SENATE SÉNAT

CANADA

# REPORT ON THE *SUPPLEMENTARY ESTIMATES (B), 2011-2012*

## Standing Senate Committee on National Finance

**FIFTH REPORT**

*Chair*
The Honourable Joseph A. Day

*Deputy Chair*
The Honourable Irving Gerstein

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# REPORT ON THE *SUPPLEMENTARY ESTIMATES (B), 2011-2012*

The Supplementary Estimates (B), 2011–2012 were tabled in Parliament on November 3, 2011 and were referred to the Standing Senate Committee on National Finance. The Supplementary Estimates (B), 2011–2012 are the second Supplementary Estimates to be tabled in the fiscal year ending on March 31, 2012. The Supplementary Estimates (B) identify the spending authorities and the amounts to be included in subsequent appropriations.

The committee held three meetings to review these Supplementary Estimates. On November 15, 2011, officials from the Treasury Board of Canada Secretariat (the Secretariat) appeared. Specifically: Bill Matthews, Assistant Secretary, Expenditure Management Sector; Sally Thornton, Executive Director, Expenditure Operations and Estimates, Expenditure Management Sector; Marcia Santiago, Senior Director, Expenditure Information Division; and Isabella Chan, Director, Expenditure Management Portfolio.

On November 16, 2011, officials from the Department of Natural Resources spoke to the committee about the department's Supplementary Estimates; notably: Bill Merklinger, Assistant Deputy Minister, Corporate Management and Services Sector; Cécile Cléroux, Assistant Deputy Minister, AECL Restructuring; Mark Corey, Assistant Deputy Minister, Energy Sector; Kevin Lee, Director, Housing Division; and David McCauley, Director, Uranium and Radioactive Waste Division. Additionally, officials from the Atomic Energy of Canada Limited (AECL), including Robert Walker, President and Chief Executive Officer; and Steve Halpenny, Vice-President, Finance, discussed the AECL's appropriation requests with the committee.

Finally, at the committee's meeting on November 22, 2011, the Department of Human Resources and Skills Development was represented by Alfred Tsang, Chief Financial Officer; Kathryn McDade, Assistant Deputy Minister, Learning Branch; Louis Beauséjour, Associate Assistant Deputy Minister, Skills and Employment Branch; Nancy Milroy-Swainson, Director General, Office for Disability Issues; and Ron Meighan, Director General, Benefits Processing, Service Canada. Additionally, officials from the Canadian International Development Agency (CIDA), namely: David Moloney, Executive Vice-President; Sue Stimpson, Chief Financial Officer; and Leslie

Norton, Director General, International Humanitarian Assistance Directorate, discussed CIDA's appropriation requests.

## Overview of the *Supplementary Estimates (B), 2011–2012*

In the Estimates documents, planned spending appears as budgetary and non-budgetary expenditures, and by voted and statutory appropriations.[1] As shown in Table 1, the *Supplementary Estimates (B), 2011–2012* proposes to add $6.6 billion to federal budget authorities, including $4.3 billion in voted appropriations and $2.3 billion in statutory appropriations.

**Table 1 – Total *Supplementary Estimates (B), 2011–2012***
**($ billions)**

| | Budgetary | Non-Budgetary |
|---|---|---|
| Voted Appropriations | 4.3 | – |
| Statutory Appropriations | 2.3 | (1.4) |
| Total | 6.6 | (1.4) |

Source: Treasury Board of Canada Secretariat, *Supplementary Estimates (B), 2011–2012*, p. 8.

Total Estimates to date for 2011–2012 are $259.9 billion, including $251.3 billion in the *Main Estimates, 2011–2012;* $2.0 billion in the *Supplementary Estimates (A), 2011–2012* and $6.6 billion in the *Supplementary Estimates (B), 2011–2012*. Total Estimates to date for 2011–2012 are about 3.0% less than in 2010–2011.[2]

### Examination of the *Supplementary Estimates (B), 2011–2012*

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1 **Budgetary spending** encompasses the cost of servicing the federal public debt, operating and capital expenditures, payments to federal Crown corporations, and transfer payments and subsidies to other levels of government, organizations or individuals. **Non-budgetary expenditures,** which include loans, investments and advances, are outlays that represent changes in the composition of the federal government's financial assets. **Voted appropriations** are those for which parliamentary authority is sought through an appropriation bill. **Statutory appropriations** are those authorized by Parliament through enabling legislation; they are included in the Estimates documents for information purposes only.

2 Total Estimates for 2010–2011 were $267.3 billion. See: Treasury Board of Canada Secretariat, *Supplementary Estimates (C), 2010–2011*, p. 27.

During the committee's examination of the *Supplementary Estimates (B), 2011–2012*, senators explored the federal government's rationale for voted appropriation authorization requests and the reasons for changes to statutory appropriation levels for federal departments, agencies and corporations.

## A. Voted Appropriations

### 1. Public Works and Government Services Canada

In the *Supplementary Estimates (B), 2011–2012,* Public Works and Government Services Canada (PWGSC) requested $39 million for the estimated cost of additional office accommodation provided to federal departments and agencies. In responding to questions by a senator concerning the justification for such a funding request given the significant amount of government space available in Ottawa, officials from the Secretariat explained that PWGSC's funding for office accommodations is formula-driven and is based on 13% of the total salary costs for federal public servants. Consequently, any increase in these salary costs increases PWGSC's funding for office accommodations. According to the officials, this formula is a proxy for inflation.

### 2. Atomic Energy of Canada Limited

In the *Supplementary Estimates (B), 2011–2012,* AECL requested $200.5 million to meet operational requirements and the costs of ongoing programs, such as continued isotope production, legacy costs associated with the wind-down of the Dedicated Isotope Facility, health and safety upgrades, new build reactor technology development, and refurbishment project shortfalls and restructuring. AECL also requested $75.0 million for costs associated with workforce transition.

In their questioning, senators sought more details about the appropriation requests made by AECL. In response, officials from the Department of Natural Resources informed the committee that AECL's funding request of $200.5 million would finance the costs of operation of the CANDU reactor division for the first six months, specifically up to September 2012, as well as the laboratories. They also indicated that, since these funds would cover only part of the fiscal year, additional funding would be needed in the future. With respect to the $75.0 million for costs associated with workforce transition, the officials explained that this amount would finance the compensation paid to the approximately 500 employees who left AECL after the sale of the CANDU Reactor Division to SNC-Lavalin..

Some senators expressed concerns that $171 million of the $275.5 million in voted appropriations requested by AECL had already been provided to the corporation through the Treasury Board Contingencies Vote and thereby without senators' approval; in essence, senators were being asked, through the *Supplementary Estimates (B), 2011–2012,* to reimburse this amount to the Treasury Board. In response to comments by senators suggesting that this use of the Treasury Board Contingencies Vote is not proper, officials from the Department of Natural Resource recognized that AECL's current funding model for the nuclear laboratories was not sustainable going forward. They then explained that, in the future, and following restructuring of nuclear laboratories, the funding model would be adjusted to enhance sustainability.

### 3. Department of Natural Resources

In the *Supplementary Estimates (B), 2011–2012,* the Department of Natural Resources requested $1.7 million to conduct consultations, primarily with Aboriginal groups that could be affected by the Foothills pipelines project. Some senators sought more information about this funding request and this project. In response, officials from the Department of Natural Resources explained that this amount was part of $4.0 million in funding over the next two years for consultations. The officials added that this pipeline had been established some years ago by statute and that this project was ongoing. The Northern Pipeline Agency is responsible for this pipeline, which would transport gas from Alaska. In response to questions by a senator about the reasons motivating the federal decision to transport gas from Alaska given the amount of gas that is already available in Canada, the officials commented that shale gas was a fairly recent phenomenon in North America and noted that *Natural Resources Canada Outlook* for 2006 forecasted a continuing decline of the supply of gas resources and continuing increases in prices.

As well, in the *Supplementary Estimates (B), 2011–2012,* the Department of Natural Resources requested $304,000 for the assessment, management and remediation of federal contaminated sites. This horizontal item involves 17 federal departments. According to the *Public Accounts of Canada 2011*, the government has identified approximately 17,000 sites for which environmental liabilities may exist. Of these, the government has identified approximately 2,200 sites where action is possible and for which there is a liability of $4.4 billion in 2011 ($3.5 billion in 2010). In addition, the government has estimated further clean-up costs of perhaps $1.0 billion.[3]

Senators posed questions about the ways in which the $304,000 requested by the Department of Natural Resources would be used. In response, officials from that department informed the committee that $187,000 would be used to address hydrocarbon contaminated soils in Tuktoyaktuk, and $117,000 would be allocated for assessments of contaminated sites in Ottawa, Ontario's Bells Corners, of groundwater and soil in an airport hangar in Sault Ste. Marie, Ontario and of groundwater at the Acadia Forest Station in New Brunswick.

In their testimony, officials from the Department of Natural Resources mentioned that the Federal Contaminated Sites program is administered by Environment Canada and the Federal Contaminated Sites Secretariat, while the Department of Natural Resources is responsible for the radioactive sites that are covered under the Nuclear Legacy Liability Program. They also noted that the funding for the Nuclear Legacy Liability Program for 2011–2012 is $129 million and that the total liability associated with radioactive sites is about $3.0 billion.

In the *Supplementary Estimates (B), 2011–2012,* the Department of Natural Resources requested $38.3 million to support the forest innovation program and $13.8 million to expand market opportunities. In response to questions from some senators about federal support of the forestry sector, officials from the department informed the committee that *Budget 2011* provided $60 million to support forest industry transformation, including $16 million for expanding market opportunities programs and $44 million for forest innovation programs. Of the $60 million in funding, the Department of Natural Resources received $7.3 million for operating expenditures, $52.1 million in grants and contributions, and $649,000 for accommodation and employee benefit plan costs. They also provided the Committee with a breakdown of this funding by program, $10 million for the Canada Wood Export Program, $6 million for the North American Wood First Program, $4 million for the Value to Wood Program and $40 million for the Transformative Technologies Program.

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3 *Public Accounts of Canada 2011*, Volume I, p. 2.30, http://www.tpsgc-pwgsc.gc.ca/recgen/pdf/49-eng.pdf.

## 4. Department of Human Resources and Skills Development

In the *Supplementary Estimates (B), 2011–2012,* the Department of Human Resources and Skills Development requested a total of $226.2 million in gross voted appropriations, including $149.5 million for the write-off of debts owed to the Crown for unrecoverable Canada Student Loans, $24.9 million for the Aboriginal Skills and Employment Partnership, $11.8 million for the Targeted Initiative for Older Workers, $9.5 million for government advertising programs and $2.5 million for the provision of timely assessment and recognition of foreign qualifications through the Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications.

With respect to the $149.5 million for the write-off of debts owed to the Crown for unrecoverable Canada Student Loans, officials from the Department of Human Resources and Skills Development informed the committee that this item was the same item contained in the *Supplementary Estimates (C), 2010–2011;* it was re-introduced in the *Supplementary Estimates (B), 2011–2012* because the corresponding *Appropriations Act* had not received Royal Assent. As well, they explained that the *Canada Student Financial Assistance Act* establishes a limitation period of six years between the date on which the borrower last acknowledged his or her Canada Student Loan and the date on which the Crown can undertake legal action to recover that debt.

Following questions by senators concerning the process and criteria for write-off of Canada Student Loans, the officials from the Department of Human Resources and Skills Development explained that, according to the *Debt Write-off Regulations, 1994* made under the *Financial Administration Act*, no debt, or any part of a debt, shall be written-off from the accounts of a department unless:[4]

a) all reasonable collection action has been taken and all possible means of collection have been exhausted;

b) there is no possibility now or in the foreseeable future of collection through set-off; and

[4] Department of Justice, *Financial Administration Act*, *Debt Write-off Regulations, 1994*, http://laws.justice.gc.ca/eng/regulations/SOR-94-602/page-1.html#h-5.

c) the appropriate Minister, or the officer authorized by that Minister in writing, is satisfied on reasonable grounds that

   i. the debtor is not resident in Canada, there are no apparent means of collecting the debt and there is no evidence that the debtor has a family or business concerns in Canada that could lead the debtor to return to Canada,

   ii. the debtor cannot be located,

   iii. evidence of the debt has been lost or destroyed and the debtor denies that a debt exists,

   iv. legal proceedings are statute-barred or the debt is otherwise legally unenforceable, the debtor has refused to pay and there are no apparent alternative means of enforcing payment or collecting the debt,

   v. the debtor is an undischarged bankrupt individual,

   vi. the debtor is deceased and there is no known estate, or

   vii. the debtor is incapable of repaying the debt, is not reasonably expected to have the capacity to repay the debt in the foreseeable future and does not own personal property or financial assets that could be applied toward discharging the debt, in whole or in part.

In their testimony, these officals mentioned that approximately 13.0% of all Canada Students Loans were in default and were never repaid to the federal government.

Some senators posed questions concerning the role of the federal governement in the assessment and recognition of foreign qualifications through the Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications. In response, officials from the Department of Human Resources and Skills Development said that the federal and provincial governments had signed the framework in 2009 and had identified 40 priority occupations for which the process for foreign credential recognition would be accelerated. Following questions by senators about the stakeholder group leading this initiative, these officials answered that foreign credential recognition was a complex issue involving more than 300 stakeholders; federal and provincial governments, national associations and some foreign governments are involved. They also explained the joint nature of this effort, and said that although regulators determine the process by which foreign credentials are recognized for regulated professions, the federal government was playing a lead role by working with these regulators.

A number of senators sought additional information about the Targeted Initiative for Older Workers. In response, officials from the Department of Human Resources and Skills Development said that communities affected by significant downsizing and closures propose projects to support unemployed older workers. These proposals are made to the provinces and territories, which are responsible for the design and delivery of the projects; the federal government provides funding equal to its share of the cost of the program. They also mentioned that 16,000 older workers had benefited from this initiative since 2006.

## 5. Canadian International Development Agency

In the *Supplementary Estimates (B), 2011–2012,* CIDA requested $130 million in gross voted appropriations, including $125 million for additional grants to be provided to international organizations to help them address emerging global requirements for development assistance, food aid and nutrition, the development of sustainable agriculture, research and development, and education. As well, it requested $5 million to support infrastructure integration in Central America and the Caribbean. In their testimony, CIDA officials informed the committee that the amount of $125 million for additional grants was not a new request for funding, but was rather a realignment of existing spending authorities from contributions to grants. According to the Treasury Board's policy on transfer payments, "grants" are transfer payments to an individual or organization for which the federal government accountability and auditing requirements do not exist, but for which eligibility and entitlement may be verified or pre-conditions must be met by the recipient. "Contributions" are conditional transfer payments to an individual or organization for a specified purpose pursuant to a contribution agreement that is subject to accountability and audit requirements.[5]

Following questions by some senators concerning the rationale for changing existing spending authorities from contributions to grants, officials from CIDA answered that grants are the established approach to providing funding for programs with multilateral organizations, global agencies and humanitarian organizations that are assessed as low risk and as sound managers of taxpayer funds. As well, they noted that grants provide CIDA with the flexibility it needs to respond to development and humanitarian needs in a timely manner for programming such as food aid and nutrition as well

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5 Treasury Board of Canada, http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?section=text&id=12178.

as other kinds of emergency assistance. These officials then explained that, in order to qualify for grants, recipients must be entities with which CDA has partnered in the past and they must demonstrate a proven track record, the capacity to respond efficiently “on the ground” as well as to demonstrate sound financial management; specific mention was made of the World Food Program, the International Committee of the Red Cross, the International Federation of Red Cross and Red Crescent Societies.

Some senators posed questions about the $5.0 million requested by CIDA to support Infrastructure Integration in Central America and the Caribbean. In response, CIDA officials explained that the Inter-American Development Bank, on behalf of donors that essentially were Canada and the United States, would establish a fund and provide financing for specific projects; these projects would be led by local governments, the private sector or not-for-profit organisations in Central America and the Caribbean. The goal of this fund would be to assist in the building of infrastructure that would help to “knit together” the Americas. The recipient countries would approach the Inter-American Development Bank to propose projects. In their testimony, officials from CIDA also mentioned that they would put a particular focus on infrastructure that would help the Caribbean countries to develop a common market, such as ports and various kinds of physical facilities.

Finally, a number of senators posed questions about the federal government’s matching program for donations by Canadians to Haiti. Officials from CIDA responded that the department had not sought additional funds specifically for Haiti through the *Supplementary Estimates (B), 2011–2012*. They also noted that the federal government had committed $400 million to support Haiti, including $220 million related to its matching program for Canadian donations to Haiti. According to these officials, the amount of $400 million will be delivered by the end of the current fiscal year.

## B. Statutory Appropriations

### 1. Canada Account

In the *Supplementary Estimates (B), 2011–2012,* Export Development Canada (EDC) – after receiving repayments from Chrysler Canada – made payments of about $1.6 billion to the Consolidated Revenue Fund from the Canada Account. The financial transactions with Chrysler

Canada were considered to be above EDC's risk threshold; as such, the transactions were made with federal contributions to the Canada Account. According to officials from the Secretariat, repayments from the Canada Account are non-budgetary in nature.

Some senators posed a number of questions about the payments being received from Chrysler Canada. In their testimony, officials from the Secretariat reminded the committee that the federal government had entered into agreements with Ontario to provide financial assistance to the automotive sector, whereby Ontario contributed one third of the financial assistance and participated with the federal government in any future economic loss resulting from these transactions. Initially, this financial assistance took the form of loans that were given to General Motors and Chrysler; subsequently, some of those loans were transformed, for both General Motors and Chrysler, into shares, while other loans continued to exist in that form. These officials also indicated that the statutory appropriation of $1.6 billion in the *Supplementary Estimates (B), 2011–2012* for EDC related to the repayment by Chrysler Canada of a loan in advance of the scheduled date. Following questions by some senators concerning the value of the loans to Chrysler Canada that were still outstanding, the officials from the Secretariat responded that less than $500 million in loans to the original Chrysler Canada Corporation continues to be outstanding.

As well, some senators sought information about the value of the federal government's shares in Chrysler Canada. In their testimony, the Secretariat officials shared their belief that the federal government had divested its shares in Chrysler Canada in July 2011, selling these shares at a relatively small profit since – when those loans were turned into shares – Chrysler Canada was emerging from bankruptcy. As well, they informed the committee that the details of the transactions associated with the financial assistance to the automotive sector were disclosed in the *Public Accounts of Canada 2010*.

According to the *Public Accounts of Canada 2010*,[6] the federal government entered into agreements with various corporate entities of General Motors and Chrysler to provide loans to both companies as well as to acquire common and preferred shares in a restructured General Motors and

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6 *Public Accounts of Canada 2010, Volume I*, for the fiscal year ended March 31, 2010, http://epe.lac-bac.gc.ca/100/201/301/public_accounts_can/2010/49-eng.pdf, p. 2.13.

membership interests in Chrysler. In 2009–2010, $10,846 million was disbursed to General Motors and $2,637 million was disbursed to Chrysler. On July 10, 2009, the federal government exchanged loans to General Motors totalling $9.8 billion for 16,101,695 series A preferred shares and 58,368,644 common shares, representing 4.5% and 11.7% of the outstanding preferred and common shares respectively. At the exchange date, the fair value of the preferred and common shares was estimated to be $3.2 billion, $6.6 billion less than the original value of the loans. A net amount of $4,402 million, representing the federal government's two thirds share of the difference between the face value of the loans and the fair value of the equity as at the exchange date, has been recorded as a transfer payment expense on the Statement of Operations and Accumulated Deficit. On March 31, 2010, loans outstanding to Chrysler totalled $2,902 million. Repayment of these loans is scheduled to be completed by 2017. As additional consideration for its loans to Chrysler, the federal government acquired 24,615 class A membership interests, representing 2.5% of the membership interest in Chrysler on an undiluted basis, or 2% on a fully diluted basis, with an estimated fair value of $20 million at the acquisition date. This amount has been recorded as an increase in loans, investments and advances on the Statement of Financial Position.

The senators found no transactions associated with the financial assistance to the automotive sector in the *Public Accounts of Canada 2011*, which suggests that the divesture of the federal government's shares in Chrysler Canada, which happened in July 2011 according to Secretariat officials, will probably be included in the *Public Accounts of Canada* next year.

## 2. Department of Finance

In the *Supplementary Estimates (B), 2011–2012*, the Department of Finance requested $952.1 million in statutory appropriations for "Additional Fiscal Equalization Payment – Total Transfer Protection." These payments are made to provinces that otherwise would have experienced a decline in major transfers from the federal government between 2010–2011 and 2011–2012. Following questions by a senator concerning these additional fiscal equalization payments, officials from the Secretariat explained to the committee that this amount was not an adjustment to a forecast and it had not been included in the *Main Estimates, 2011–2012*. According to them, it is for these reasons that the amount seems to be large. These officials also added that these payments were introduced as part of Bill C-3, An Act to implement certain provisions of the 2011 budget as updated on June 6, 2011.

As well, in the *Supplementary Estimates (B), 2011–2012*, the Department of Finance requested $536.1 million in statutory appropriations for a Transitional Payment to Newfoundland and Labrador. Since this payment is a result of the *2005 Offshore Arrangement* between the federal government and the government of Newfoundland and Labrador, a senator sought clarification about why the requested amount had not been included in the *Main Estimates, 2011–2012*. Officials from the Secretariat responded that the Department of Finance may not have had a precise estimation available when the *Main Estimates, 2011–2012* were tabled.

**3. Department of Natural Resources**

In the *Supplementary Estimates (B), 2011–2012*, the Department of Natural Resources forecasted $386.6 million in additional grants in support of the ecoEnergy Retrofit – Homes program. In their testimony, the officials from this department mentioned that the renewed retrofit homes program would help more than 250,000 Canadian homeowners to improve their home energy efficiency, and would generate as much as $4 billion in economic activity.

Some senators posed questions concerning the average value of the grants associated with this program. The officials from the Department of Natural Resources informed the committee that the grants averaged about $1,400 per home during the first phase of the program, which occurred over the 2007 to 2011 period. They also explained that the amount of the grant is a function of the energy savings associated with the measures that are undertaken by qualifying homeowners. For example, the ecoEnergy Retrofit – Homes program gives $40 for replacing a window, because this change has a small impact in terms of energy savings, and gives a higher amount for replacing an existing furnace with an energy-efficient model, because this change leads to higher energy savings.

Following questions by some senators concerning the future eligibility of homeowners who had already participated in the first phase of this program, officials from the Department of Natural Resources noted that the maximum grant that a qualifying homeowner could receive was $5,000 over the life of the program. For example, a homeowner who received $3,000 in the first phase could be eligible for other retrofits and could receive up to an additional $2,000.

A number of senators also asked questions concerning the cost of the energy adviser who conducts the energy analysis of the house. The officials from the Department of Natural Resources said that the cost of the energy adviser was based on market pricing, and varied between $300 and $500. They noted that, although the federal government does not reimburse the cost associated with assessment conducted by the energy adviser, the provinces subsidize a part of this cost.

### 4. Atomic Energy of Canada Limited

In the *Supplementary Estimates (B), 2011–2012,* AECL forecasted a $285.0 million increase in statutory appropriations associated with the divesture of the CANDU Reactor Division of AECL. In response to questions from senators officials from the Department of Natural Resources informed the committee that this funding request included a $75 million contribution towards the finalization of the next generation of CANDU 6 reactors and additional costs related to the pre-closing liabilities that were with AECL and the CANDU Reactor Division before the sale to SNC-Lavalin. They also commented that these pre-closing liabilities were mostly related to the four extension projects that were “on the books” of the federal government at the time of the sale: Wolsong in Korea, Point Lepreau in New Brunswick, Bruce Power in Ontario and Gentilly 2 in Quebec. As well, these officials told the committee that additional amounts related to these pre-closing liabilities would be requested in the following years until all retained liabilities have been discharged by the federal government. According to them, the federal government would have had to cover these liabilities even if it had not sold the CANDU Reactor Division of AECL to SNC-Lavalin.

### 5. Department of Human Resources and Skills Development

In the *Supplementary Estimates (B), 2011–2012,* the Department of Human Resources and Skills Development forecasted an increase of $43.8 million in statutory appropriations related to the Canada Disability Savings Grants payments to registered disability savings plan (RDSP) issuers on behalf of RDSP beneficiaries in order to encourage the long-term financial security of eligible disabled individuals.

Some senators posed questions about the number of disabled individuals who were benefitting from this measure. In response, the officials from the Department of Human Resources and Skills

Development said that, as of September 2011, there were 49,000 RDSPs in place, and Canadians had contributed $180 million to these plans. Because of the matching provisions with respect to the contributions made by those establishing plans, the federal government contributed $211.4 million in matching grants; as well, $84 million in bonds were contributed to accounts in relation to Canadians with low incomes for which no contributions by the person establishing the plan is required.

Following questions by a number of senators about the total number of individuals who were eligible for RDSPs, the officials from the Department of Human Resources and Skills Development informed the committee that approximately 450,000 individuals were eligible for RDSPs, of which about 10% had established an RDSP. This rate suggests that statutory appropriations related to RDSPs could increase in the future if other individuals who are currently eligible for an RDSP decide to establish a plan.