



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Government Operations and Estimates

OGGO • NUMBER 063 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Tuesday, November 20, 2012

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Chair

Mr. Pat Martin

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• (0850)

[English]

The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)): I call the meeting to order.

Good morning, ladies and gentlemen, and welcome, everyone, to the 63rd meeting of the Standing Committee on Government Operations and Estimates. We're convened today to examine the very same thing, the supplementary estimates (B).

We have witnesses today who are no strangers to this committee and are always very welcome.

We have Mr. Alister Smith, the associate secretary from the Treasury Board Secretariat; Mr. Bill Matthews, a regular and frequent guest, who is the assistant secretary, expenditure management sector; Ms. Sally Thornton, the executive director, expenditure operations and estimates; and Christine Walker, assistant secretary and chief financial officer of corporate services.

I understand there will be some opening remarks, and then we'll open it to questions from the committee members.

Mr. Smith, will that be you?

Mr. Alister Smith (Associate Secretary, Treasury Board Secretariat): Yes, please.

The Chair: Very good.

The floor is yours, sir.

Mr. Alister Smith: Thank you, Mr. Chair.

I'm pleased to be here to discuss the supplementary estimates (B) for 2012–13 for the government and for the Treasury Board Secretariat.

[Translation]

With me today from the secretariat are Bill Matthews, Assistant Secretary, Expenditure Management, Sally Thornton, Executive Director, Expenditure Management and Christine Walker, Assistant Secretary, Corporate Services.

We are here to respond to your questions on these supplementary estimates. I would first like to focus on the highlights of the supplementary estimates (B) for the government as a whole.

[English]

These supplementary estimates, which inform Parliament about the government's spending requirements, are the smallest supplementary estimates (B) of the past three years.

The 2012–13 supplementary estimates (B) provide information in support of the government's request for Parliament to approve \$2.5 billion in spending for 63 organizations. This amount includes planned expenditures for which spending authority has not yet been sought from Parliament.

The supplementary estimates (B) include a number of measures from Budget 2012. For example, there is \$162 million to continue to support the implementation of the first nations water and waste water action plan; \$91.4 million for the industrial research assistance program, which supports research and development by small and medium-sized firms; and \$75 million for the community infrastructure improvement fund.

The major items in these estimates include \$242 million for the RCMP. This funding relates to new agreements with eight provinces, three territories, and approximately 150 municipalities. These agreements came into force in April 2012. These services are offered on a cost recovery basis for periods of up to 20 years.

There is \$226 million for the Department of Health to provide supplementary health benefits under the non-insured health benefits program for eligible first nations and Inuit. This funding is to cover costs for existing clients of the non-insured health benefits program as well as the addition of new clients.

There is \$206 million for the Department of National Defence to help comply with the Federal Court decision regarding the Canadian Forces service income security plan long-term disability benefits—the Manuge class action lawsuit, in short.

There is \$184 million for Agriculture and Agri-food Canada for costs related to the transition of the Canadian Wheat Board to a voluntary grain marketing organization.

There is \$181 million for Health Canada and Aboriginal Affairs and Northern Development Canada for mental health and emotional support services, and for the continued implementation of the Indian Residential Schools Settlement Agreement.

While changes in statutory forecasts are not included in appropriation bills, these estimates do provide information on major changes to statutory items. Key items from the Department of Finance include \$733 million for payments to the Province of Quebec for the harmonization of the Quebec sales tax with the goods and services tax, \$680 million for additional fiscal equalization payments to prevent declines in major transfers to provinces, and a \$1.2 billion decrease in forecast interest on unmatured debt. Unmatured debt comprises outstanding bonds, treasury bills, and other debt instruments.

These supplementary estimates (B) reflect reductions of approximately \$483 million from the review of spending in 40 organizations reported in Budget 2012. Where appropriate, departmental funding requests have been offset by these savings, reducing the overall size of the appropriations requested.

I will now turn to TBS-specific supplementary estimates (B).

• (0855)

[*Translation*]

Let me also comment on the supplementary estimates (B) for the Treasury Board Secretariat.

The department is seeking authority for \$81.6 million through these estimates.

[*English*]

This is the result of an increase of \$83.1 million requested for vote 15, the central vote for compensation adjustments, and a decrease of \$1.5 million to vote 1, which is Treasury Board Secretariat's own departmental program expenditures.

Vote 15, compensation adjustments, is a government-wide vote that supplements the appropriations of departments and agencies for certain employee allowances that are time-limited in nature.

The amount of \$83.1 million relates principally to payments to support recruitment and retention for the architecture, engineering, and health sciences groups that have been in place for a number of years. These funds will be transferred to departments and agencies on the approval of supply.

The decrease of \$1.5 million in departmental program expenditures is largely due to some offsetting factors: an increase of \$1.9 million resulting from the reprofiling of human resources modernization funding, an increase of \$0.6 million resulting from a transfer to the Treasury Board Secretariat from four regional development agencies for the provision of internal audit services by the Office of the Comptroller General, an increase of \$14,000 resulting from the transfer to the Treasury Board Secretariat from the Public Service Commission for the national managers' community, a decrease of \$2.1 million resulting from a transfer from the Treasury Board Secretariat to the Privy Council Office for the Regulatory Cooperation Council, and a decrease of \$1.9 million related to the savings from the review of spending, which is used to offset the reprofile of human resources modernization funding.

[*Translation*]

In total, the items presented in the supplementary estimates (B) represent an increase to the Treasury Board Secretariat authorities

totalling \$81.6 million, which is appreciably lower than originally anticipated.

Mr. Chair, this concludes my preliminary remarks.

[*English*]

My colleagues and I would now be pleased to address any questions the committee may have on these estimates.

The Chair: Thank you very much, Mr. Smith. I'm sure the committee members do have a great deal of questions.

First in line for the official opposition, the NDP, is Linda Duncan.

Ms. Linda Duncan (Edmonton—Strathcona, NDP): Thank you, Mr. Chair.

Thank you very much for attending today.

We've carefully gone through the supplementary estimates (B) in comparison with the main estimates, and I have a couple of questions to ask.

I will admit that I'm a neophyte to this. Given the minimal information provided for us in the supplementary estimates, I was delving down and asking many questions before I came here to try to figure out exactly what money is being spent for what.

It is of course our responsibility constitutionally, as members of Parliament, to scrutinize spending. One of the big issues before Parliament right now is the cuts to the civil service, the decision of the government to achieve cutting the deficit by cutting 19,000 civil servants. The minister has announced, previously in the media and now in the House, that he has reached a little bit more than half that target. Our job is to try to scrutinize and match up how we're supposedly going to have savings through cutting civil servants, and in cutting civil servants, exactly what savings have been achieved.

My question to you would be this. We see no change in vote 30a and we do see an \$83 million change in...is it vote 20? It's \$83 million.

Given that you have targeted these amounts and given that the minister has stated publicly that he's met half of his target, can you provide us today with the details of the removal of the staff from the government and the details of which of the three options they've opted for? There are obviously different cash figures based on which one they opt for, and they appear at a different point in time.

I know that the PBO and the union have experienced our same frustration in trying to actually match up the forecast cuts with the dollar figure in exactly when they're occurring, so my question is this: as there are no changes in the supplementary estimates (B) on this major figure, are we to assume, as members of Parliament, that this represents all 19,000 cuts in the civil service? Does it only represent some of them? Do we know if all the cuts are going to be made by the end of this fiscal year?

• (0900)

Mr. Alister Smith: Thank you very much. I'll start and then I'll turn to my colleague Mr. Matthews.

The reductions in funding are taken over time in the reference levels of departments. They will show up in departmental funds over the three-year period.

When we come in for supplementary estimates, we are looking at requests for new funding for new budget initiatives, for example, some of which may be offset by fiscal reductions in the short run. We can talk about those offsets very shortly.

The job numbers that have been announced are consistent with the financial reductions over time, but it's a three-year program. What these current job figures show is that we're well on track—and perhaps a little bit ahead—in making the reductions in positions that were anticipated in Budget 2012.

I'll turn to my colleague Mr. Matthews for further detail.

Mr. Bill Matthews (Assistant Secretary, Expenditure Management Sector, Treasury Board Secretariat): Thank you, Chair.

To build on that, Mr. Smith mentioned that it is a three-year profile. In the way this profile ramps up over time in terms of savings, the ultimate savings are \$5.2 billion. Budget 2012 forecast \$1.5 billion in the current year, \$3.1 billion in the second, up to \$5.1 billion in the third, and \$5.2 billion ongoing. That's the buildup. It is a three-year period.

In supplementary estimates (B), we come to Parliament with an appropriation act when we need to increase what departments are going to spend. It's an “up to” amount; we don't come to Parliament to reduce an appropriation amount. When you think about why you're not seeing some of these reductions in the supplementary estimates (B), it's that we only come here if there's an increase.

The member mentioned two votes in particular. The reason we're coming for one of those votes is that we have terminable allowances, which are allowances paid to employees for things such as recruitment and retention that are being transferred into departmental reference levels.

It's an unfortunate name, “terminable allowances”. It has nothing to do with termination. It's actually a supplement to encourage retention and recruitment in job categories in which we have some issues.

That's why we're here and why you're seeing an increase in that number. It has nothing to do with the actual reductions that were spoken about in the House.

One final point is that you asked a question about the various categories of employees who had been affected by the reductions. There are three categories, as the member mentioned.

I'm going from memory, but of the roughly 2,200 people who have been impacted and have taken those options, my recollection is that 1,500 have gone for transitional support or education allowance; the other 700 have elected to wait for the year and be on surplus status.

That's the rough breakdown of what we've seen so far. These numbers will be updated as we go through this process. It is a three-year process.

Ms. Linda Duncan: I'm still not getting the answer to my question. We hear the President of the Treasury Board say that we're on track, that we've cut half. We have numbers allocated here. There are presumably numbers allocated under the specific department.

How is Treasury Board tracking? The President of the Treasury Board stood up and said “we're on track”. Can we be provided the figures, the details of the positions that are being cut, so that we can actually verify that the dollar amounts match up with the positions that are being cut or “voluntarily leaving the government”?

Mr. Bill Matthews: Again, supplementary estimates are not the best vehicle to do that.

The way I would go about doing it is there was some information released that showed the 19,200 broken down by portfolio ministry. You'll be aware that each department has to produce quarterly financial reports. The first quarter is already out; the second quarter is due at the end of this month. If you were to track those numbers against spending in the departmental quarterly financial reports, that gives your best correlation, because what you're curious about is actual spending.

• (0905)

The Chair: Ms. Duncan, you're over time. I'll have to interrupt you there.

Mr. Matthews, thank you very much.

For the Conservatives, we have Jacques Gourde.

[*Translation*]

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you, Mr. Chair.

My thanks to the witnesses for joining us this morning.

On page 15 of the supplementary estimates, there is a Treasury Board request with regard to vote 15. It mentions compensation adjustments. I am sure that there could easily be confusion on that. One might think that it has to do with the measures in Budget 2012.

Could you please explain what this vote really is and what the amounts for adjustments will be used for?

[*English*]

Mr. Bill Matthews: That is a specific vote that we use to resource departments for certain types of compensation expenses. If you think about the base salary of an employee, it is in a department's reference level already. We have these special allowances, which we manage centrally, and we transfer those funds to departments as needed, based on those allowances.

The money that is being requested in this vote relates to a couple of terminable allowances or “recruitment and retention” types of allowances that are based on some agreements that were negotiated. Specifically they are for the architecture and engineering group, which has about 3,600 members. The other major component is the health services group, which has about another 2,300 members and includes doctors and nurses. In addition to their base salary, they receive some additional funds to basically allow for recruitment and retention.

That's what this vote is all about: to get those funds into departmental reference levels for those types of things.

[Translation]

Mr. Jacques Gourde: Vote 1 for the Treasury Board Secretariat shows a transfer. Could you please tell us to whom that money has been transferred and how it will be used?

[English]

Mr. Bill Matthews: I'm sorry, Mr. Chair. Could I get clarification of which transfer?

[Translation]

Mr. Jacques Gourde: Vote 1 for the Treasury Board Secretariat shows a transfer.

[English]

Mr. Bill Matthews: That's vote 30. Thank you.

Mr. Alister Smith: Is it transferred under vote 1? I think that's what you may be referring to.

Mr. Bill Matthews: It's vote 1.

Mr. Alister Smith: The transfer of the Regulatory Cooperation Council back to....

[Translation]

Mr. Jacques Gourde: Vote 1.

[English]

Ms. Christine Walker (Assistant Secretary and Chief Financial Officer, Corporate Services, Treasury Board Secretariat): Are you referring to the transfer of \$2.1 million from the Treasury Board Secretariat to PCO for the Regulatory Cooperation Council?

Mr. Jacques Gourde: Yes.

Ms. Christine Walker: Okay.

The Regulatory Cooperation Council was established by the Prime Minister in February of 2011. Originally it was placed in the Treasury Board, because of the strong alignment between the Regulatory Cooperation Council and the Red Tape Reduction Commission, which was housed in the Treasury Board.

Around March 31, 2012, the Red Tape Reduction Commission finished and wrapped up. Subsequently, in July, the Prime Minister announced that the Regulatory Cooperation Council would transfer from the Treasury Board to PCO. The total original amount of the budget for the RCC was \$4 million, so the balance of \$2.1 million will be spent under PCO.

[Translation]

Mr. Jacques Gourde: For the advertising costs on page 22, there is an overview of the allocations for supplementary estimates (A) and (B). The figures do not correspond exactly to those in the quarterly reports and in other reports. Can you please tell us why?

[English]

Mr. Bill Matthews: I'll make a couple of my comments and then turn to my colleague for a more detailed explanation.

What you have in this document is the money that will be spent this fiscal year, and we do reference back to previous supplementary estimates. Also in these supplementary estimates (B) are the funds

that are being requested to be spent this year, with specific allocations.

On the other document that is being referred to, there is a central government advertising reserve. When there are funds allocated, which could be for multiple years to certain advertising programs, it is made public what has been allocated from that central amount. What you see here is what will be spent in the current year. That other document that was referred to is actually a more longer-term view about what has been allocated from the centre.

The third piece that I'll add before I turn to my colleague is that departments can also spend money on advertising from their existing reference levels, so this is just a horizontal piece for advertising that has been requested in these supplementary estimates, and there are two major items.

I'll turn to my colleague for additional comments.

● (0910)

Ms. Sally Thornton (Executive Director, Expenditure Strategies and Estimates, Expenditure Management Sector, Treasury Board Secretariat): If I may, I'll elaborate, because it's very confusing. There are always different numbers being presented on advertising and picked up in the media from supplementary estimates and the annual report.

Basically, as Mr. Matthews said, there are two fundamental ways to fund advertising. One is through the government advertising plan, and that is reviewed by cabinet annually to address new government priorities each fiscal year. You see those in-year requests through supplementary estimates. Departments and agencies prepare proposals for review for Privy Council. They're challenged, and they're approved at that level. Then submissions go to the board. The board approves them, and they ultimately get reflected in your estimates process.

The second route is that departments can fund some advertising from their internal reference levels. You often see that in the reports on plans and priorities.

Where do you see the bigger picture as opposed to just what's in-year? Treasury Board Secretariat posts on its website a quarterly posting of all the things that have gone to the board that have been approved. Those would be any of the advertising initiatives pursuant to the government advertising plan that have the policy approval and have gone through the submission challenge process. They're posted there quarterly as they are approved and also for multi-year. As a result, the numbers on that posting are different from what you see here, because you're only seeing this year's spending in the supplementary estimates.

On the quarterly, you will see decisions made last year that have implications for this year as well. We also show when something has been taken away, so there are reductions as well.

If you want to know everything with regard to advertising, the best place is Public Works. They do a regular annual report that captures all of the government advertising.

The Chair: Jacques, I'm afraid you're well over time. Thank you very much.

Next, for the NDP, we have Denis Blanchette.

You have five minutes, Denis.

[*Translation*]

Mr. Denis Blanchette (Louis-Hébert, NDP): Thank you, Mr. Chair.

My thanks to the witnesses for being here.

As my colleague said, what is in the supplementary estimates is interesting, but what is not there is also very interesting. For example, the fact that vote 30 has not increased means that your forecasts were quite accurate. So congratulations for that accuracy.

I would like to clarify one thing. Of course, the quarterly reports let us follow things step by step. Most of the budget cuts come from letting people go, of course, which is being done in a number of ways. Some employees are going to retire, others will be entitled to severance pay, others will change careers.

I would like to know one thing, right here, right now. We have asked for this several times now and, each time, we have been told that we will get the figures later. You are the central agency; you are in charge, as Minister Clement said yesterday in the House. I would like to know how many jobs have been eliminated to date and how the cuts are distributed.

[*English*]

Mr. Alister Smith: You're referring to the statement in the House of the breakdown of numbers to date.

We have provided some information in response to parliamentary questions on the breakdown by department, by portfolio. To get too precise on who is where within the various categories is complicated, because in many cases people are choosing. They are pursuing their options.

We first inform the individuals when they're affected, and we deal with the unions. That process works its way out. It's very hard to be absolutely precise on the categorization of individuals.

[*Translation*]

Mr. Denis Blanchette: I agree with you; it is difficult to be precise and I am not expecting that level of detail right at this moment.

However, you will surely acknowledge that you can give us figures to a certain extent. You can tell us what the trends are and what is happening. You could perhaps make a comment at the end on the effects of the cuts. We are actually starting to see that it has been necessary to rehire people after the cuts have been made. Could you tell me about the figures and then about the effect on human resources and the budget reallocations that are necessary as a result of it all.

• (0915)

[*English*]

Mr. Alister Smith: There are a series of questions there. I'll start, then I'll turn to my colleagues to provide more information.

We do have an idea, as I mentioned, that we are on track, not ahead of schedule, in the reduction of positions. Now, there is attrition—that is, people in an aging workforce are leaving the public service. You have to take that into account as well as the impacts of these reviews.

As mentioned, and I won't get into repeating this in detail, we won't be able to get great precision on who is where until the process of the workforce adjustment has worked its way through the system.

That said, we have provided information on where the reductions will be, by portfolio, over the three years, and some estimate of those that are a direct result of the spending review.

I think we have provided a fair amount of information. We do track this closely. There will be changes along the way, and we will have to pick up those changes and report them.

I should also mention that we have not frozen hiring. There will always be a need for new hires in the public service, even while other people are leaving, because there are always shortages in certain areas.

Let me turn to my colleagues.

Mr. Bill Matthews: The announcement last week, Mr. Chair, was that 10,900 jobs were eliminated so far. The vast majority of that reduction was through attrition.

As my colleague has already mentioned, in an average year roughly 12,000 people leave the public service. They leave through retirement or they decide to make a career change. When you think about eliminating 19,200 positions over the three-year period, and you have a norm of 12,000 people per year leaving the public service, it's easy to see that a good deal of this can be done through attrition.

To date, of the 2,200 or so who have been through workforce adjustment, as I mentioned, 700 are on the surplus—

[*Translation*]

Mr. Denis Blanchette: Forgive me for interrupting, but are you able to provide a breakdown of retirements, which are helping you meet your objectives, and the positions that have been eliminated and that would be maintained if you were not subject to this job-elimination policy?

[*English*]

The Chair: Give a very brief answer, please, Mr. Matthews.

Mr. Bill Matthews: Mr. Chair, of the roughly 10,900 jobs eliminated to date, I cannot distinguish between people who have retired and people who have decided to leave the public service for another career, but roughly 7,500 of those jobs have been eliminated without having to use workforce adjustment, and 2,500 or so through workforce adjustment. These numbers are going to change as we go through the three-year process.

The Chair: Thank you, Mr. Matthews.

Mr. Cannan is next.

Hon. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

Thank you again to our distinguished Treasury Board staff. The subcommittee of our government operations committee appreciates your willingness to provide more insight into this very daunting task. We throw around numbers in the millions and billions. It's a humongous amount of money that's being appropriated here. It's not just this committee that's doing an overview of the supplementary estimates (B), but other committees as well, and I want to ensure that all of us will be responsible for that oversight.

Specifically to the Treasury Board submission that you had this morning, I wanted to clarify one of your opening comments. You talked about 63 organizations and a request to approve \$2.5 billion. How many organizations overall in the government are there, and why are there only 63 specifically in the supplementary estimates (B) that you are reporting back to the committee?

Mr. Alister Smith: The short answer on the last part is that only 63 organizations at this point had a request for additional funds that had to be included in this document. Some departments have not had a requirement for new appropriations and had no new budget initiatives. Therefore, they would not show up in supplementary estimates.

Mr. Bill Matthews: Maybe I'll give a bit of additional context, Mr. Chair. There are roughly 135 organizations that could come in for funding. As already had been mentioned, this is a subset.

Supplementary estimates (B), or our fall supplementary estimates, are traditionally the biggest of the three supplementary estimates, just because of the time of year. It does give departments some time to deal with any budget funding they might want to deal with, but departments are not obligated to come in. Departments only come in for funding if they have been to Treasury Board to get a new program or additional funds approved. There's no obligation on departments, but supplementary estimates (B) are the largest of the three, typically.

If you're curious about how it relates to previous authorities at this stage of the year, on the voted front, as was already mentioned, we're at about \$2.5 billion in supplementary estimates (B) this year. We're down over the previous year's roughly \$2 billion at this time of year. If you go back two years to 2010-11, we're at about \$8 billion less. We're about even with the 2009-10 numbers, just to give you some perspective of where that is. On the statutory front, we are at slightly less than the last couple of years.

However, there's no obligation for departments to come in. Of this 135, we have a subset, but traditionally this is the largest of the supplementary estimates.

• (0920)

Hon. Ron Cannan: Thank you for that clarification.

Additional major items, as you mentioned, are just over \$91 million for IRAP, the industrial research assistance, where we're investing in innovation. There's also first nations drinking water. Another one that's very important—I spent nine years in local government—is that we continue to invest in community infrastructure, with \$75 million.

On page 11 of the supplementary estimates, the Office of Infrastructure of Canada request is for \$122 million “to meet the government's commitments to the Gas Tax Fund to support environmentally sustainable municipal infrastructure projects that contribute to cleaner air, cleaner water and reduced greenhouse gas emissions”, which I know is very important to my community of Kelowna—Lake Country.

I spent nine years in local government working with the Federation of Canadian Municipalities. We struggled and were able to ascertain that the ongoing \$2 billion commitment for gas tax was enshrined in budget. Could you clarify that this is money that ensures the \$2 billion is then reprofiled for 2012-13 going forward?

Mr. Bill Matthews: Correct.

Mr. Chair, the question is around the gas tax. The way Parliament approves money is annual; if money is not spent in a given year, it lapses. If the department wishes to spend that money, they need to come back to Parliament and get permission to spend that money.

Because departments are not allowed to exceed their appropriations—it's against the law to spend more than what Parliament has appropriated—departments estimate the most they can spend. When you're dealing with things like the gas tax, where you're negotiating with provincial and municipal governments, there are often delays in spending. This is a case where the ideal was to spend some of that money in the previous year. It didn't happen and they're moving into the current year, but because Parliament appropriates money annually, we have to come back for that money again this year.

Hon. Ron Cannan: That's great. I know that FCM will be happy to have that strong, stable, predictable funding that's there—

Mr. Bill Matthews: Sorry; my colleague wanted to add something.

Hon. Ron Cannan: Sure.

Ms. Sally Thornton: In this specific instance, the moneys that are being reprofiled are being reprofiled because of three jurisdictions: New Brunswick, Yukon, and the City of Toronto. There were simply delays in meeting their reporting requirements. This is to ensure that they have those resources available this year, once they meet those commitments.

Hon. Ron Cannan: As I said, page 11 talks about \$122 million, but then, in your chart on page 13, it talks about a 2.1% increase to the Office of Infrastructure of Canada. That's only \$108 million. What would be the discrepancy of approximately \$14 million?

Mr. Bill Matthews: If I recall correctly, there's additional funding in here from infrastructure beyond just the reprofile, so it's the reprofile plus some additional funds. That's why you get the increase.

Hon. Ron Cannan: Okay.

Moving forward—

The Chair: I'm sorry, Ron, you're over your time. Thank you very much.

Hon. Ron Cannan: Time goes by so fast when you're having fun.

The Chair: Yes, indeed.

Hon. Ron Cannan: Thanks.

The Chair: Next, for the Liberals, we have John McCallum.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you.

Thank you to all for being here.

In your supplementary estimates, you talk about “savings identified as part of the Budget 2012 Spending Review”.

I wonder if, in the context of that spending review, you could tell us which program activities have been cut, and by how much.

Mr. Bill Matthews: Thank you, Mr. Chair. I'll say a couple of things on that question, because it's more complicated than it sounds.

Parliament votes, as we know, by capital and operating and grants and contributions, in most cases, so when we bring supplementary estimates forward, if there's additional funding being requested and we have some money available that basically they're unable to spend, we do an offset. Those are the offsets that are referred to in the question. In these supplementary estimates, you will find roughly \$485 million in offsets because of Budget 2012.

The question then turns to which program activities have been reduced as a result of Budget 2012. We don't have that information in these supplementary estimates, because that's not how Parliament votes, but each department, I believe, has now posted on their website a breakdown by program activity of what's been reduced. It's not here, but it is on each department's website. I believe if you go to the Treasury Board Secretariat website, you can see a consolidated link of all those reductions.

• (0925)

Hon. John McCallum: Can we also get a breakdown of the cuts by sub-activities? Is that available?

Mr. Bill Matthews: Sub-activity is an interesting one. We do not have sub-activity at the centre. It's not information we would request.

Would a department have the information of reductions by sub-activity? I think you would see a mix. I'm not certain they would, but I can't say one way or the other. It's not information that we would use at the centre, so I can't say for certain if departments would have that level of detail.

Hon. John McCallum: My next question is about vote 5 transfers. I understand that vote 5 is the government contingencies fund, which is meant for urgent or unforeseen spending requirements that can't wait until the next round of estimates. I think there are two cases: \$38 million for the Canadian Museum of Human Rights and \$29 million for Industry Canada to pay an out-of-court settlement.

What was this money used for, exactly, and what was “urgent or unforeseen” about these expenditures?

Mr. Bill Matthews: There were two cases mentioned, Mr. Chair. The first one, around the museum, is not actually new funding. What's happened with the Museum of Human Rights is that it's funded by a mix of various levels of government. There were some issues around timing of receipt of funds to actually make sure the museum could continue its construction.

What's happened here is that basically a federal contribution from a future year has been advanced to allow that museum's construction to continue on schedule. It's actually not any new, additional money for the museum in terms of what was originally committed, but there was a change in the profile. There was an urgent need on that part.

On the second one, the out-of-court settlement, sometimes when you have settlements there's a legal requirement to make a payment on a certain date. Because of the timing of estimates, the department couldn't wait for supplementary estimates (B) to actually comply with what had been agreed to.

Hon. John McCallum: Okay.

Do I have time for one more?

The Chair: You have about a minute and a half, John.

Hon. John McCallum: Okay.

In your report on plans and priorities, you said that the secretariat “will also pursue greater efficiency and effectiveness in its own operations, including streamlining and automating its internal business processes”. Have you delivered on that, and if so, in what form have you delivered on it?

Mr. Alister Smith: Let me start, and then I'll turn to Christine.

We have indeed been working on streamlining our internal processes and making efficiencies in a number of areas, including the expenditure management sector and corporate services, which Christine represents.

One example of a streamlined process, I think, is a common human resources business process, which we've implemented and are implementing across government. Under this, we effectively streamline staffing, classification, and whole other areas of HR. We are applying this across government. We are, of course, eating our own cooking and applying it within Treasury Board as well.

Christine, you may want to add something.

Ms. Christine Walker: In the strategic and operating review, approximately 70% of the cuts within the Treasury Board are related to what we would consider “back office”. One of the areas we are looking at is consolidating all of our administration for the corporate services sector. We're a pilot for the rest of the organization. We have changed the way we actually do administration within the sector, which is, again, the largest sector for the Treasury Board. It's a pilot, and we're well under way. Once the pilot is complete, we will look at rolling that out throughout the rest of the organization.

Another thing we have done is that the IT department has worked very closely with my colleague Sally Thornton to streamline the way the estimates are produced, and that has been going on, actually, for a number of years. Not only have we worked on streamlining and making it easier for EMS to produce the estimates, but we've also significantly changed how the software is configured, moving to more of a vanilla version of software, significantly reducing the costs of maintaining the software in the future.

These are just two examples of what we've done.

Hon. John McCallum: Thank you.

The Chair: Now you're out of time, John. Thank you.

Mike Wallace is next.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

I thank our guests for coming today. I appreciate their piece.

I'm looking forward to your presentation in a few weeks on the program piece, so I'm just going to ask you some rather basic questions. I'm still happy to read the blue books, and I have lots of notes everywhere.

I appreciate the chart on major net changes to individual votes, and then before that you have an introduction to supplementary estimates that lists major items. The major items have a bit of description. Not all the items that are on the major net changes chart are in the major items descriptions. Why wasn't everything itemized?

• (0930)

Ms. Sally Thornton: The threshold for major items is usually \$100 million, so anything above \$100 million we would put in major items. It's just the number, the dollar value.

Mr. Mike Wallace: Can I make a suggestion that in the future we may look at percentage change as a criterion, because even though it's \$90 million or whatever it is for the National Research Council of Canada, it's a 53% change. To me it seems odd that it was a big change.

Ms. Sally Thornton: It is, exactly, and that is why we just introduced the major net changes, the ones on page 13. That's where we look at the vote and the percentage change. That's because a very small-dollar item for a small organization can be 100%. It can represent a big change.

Mr. Mike Wallace: If we're going to continue these books in the future, my recommendation is that they be included in major items. I appreciate that clarification.

I'd like another clarification on horizontal items, just in general.

We have three or four pages of horizontal items. My understanding of horizontal items is that departments are working together

on a project, so they're funding a project out of a bunch of different pieces. Then are the moneys listed there savings from votes? Are these all new moneys? Are you asking for little bits from different departments, but all as new money for that project? Is that correct?

Mr. Bill Matthews: Mr. Chair, these estimates are for new money for these horizontal projects. This is not what each department is allocating from their existing money. This is what's in these estimates that relates to horizontal projects.

Mr. Mike Wallace: So this is all new money.

In the future, because many of these are, in my view, programs, who will make that decision to ask for \$3.4 million or \$2.2 million? How does that work?

Mr. Bill Matthews: That would start when departments begin collaborating, when they go off to cabinet with a memorandum to cabinet about how to best deliver something. Then as the proposals actually get fine-tuned, departments would land on what they need, respecting the initial overall envelope of what was allocated to the project, but that's very much a detailed costing by departments. Then there would be some back-and-forth, I'm sure, to respect whatever the set-aside was.

I'm not sure if you want to add anything, Sally, on additional reporting on horizontal database stuff.

Ms. Sally Thornton: Well, it is interesting that you focus on that, because this is a relatively new area that we've introduced as a result of comments from your committee and the Senate committee. What is new in this round this year is that we've included not just the horizontal issues identified within these supplementary estimates, but if something was requested in supplementary estimates (A), we've also included that. The intent is that you see the incremental and the full picture within that year.

Mr. Mike Wallace: Right.

Sally, you beat me to my next question. When I see the supplementary estimates (A) in this piece, they have already been approved, and it's just showing this for information. Is that correct?

Ms. Sally Thornton: We're just reminding you, because the point you made was that you see a piece here and a piece there, so could we put it together for you.

Mr. Mike Wallace: Okay. I just wanted to make sure that's what it is.

There's nothing really in your estimates today. Let's be honest—

Voices: Oh, oh!

Mr. Mike Wallace: There's really nothing in the supplementary estimates (B) today from the Treasury Board, so I have another process question.

I'm looking at the agriculture department, just because it happens to be on the page. When it says “Funds Available”, and then says—this happens in all of them—“Less spending authorities available within the Vote”, it means that's money that has been saved within a vote and they're applying it somewhere else. Is that correct?

Mr. Bill Matthews: That's correct.

I'm trying to keep this short, Mr. Chair, but you'll recall that when we tabled the main estimates, it was in advance of the Budget 2012 reductions, so there's money in departments' main estimates that they no longer have access to. We've frozen that at the centre, and departments know they can't spend it. When a department comes along and says it has approval to spend some new money, the first thing we do is look to see if we can offset it with something we've already frozen to avoid coming to Parliament to increase the appropriation on it.

Mr. Mike Wallace: I have just a tiny technical question, and I know you'll have the answer for me.

In anything else that's a reduction, there are brackets around it, except for this piece. When I'm looking at "Total Voted Appropriations" and the \$10.8 million—in this case it's on page 34, but it doesn't matter—it's not bracketed. I was attempting to read it as an addition, just because everything else above is added together as an addition, in the positive sense. Is there a reason that it's not bracketed?

• (0935)

Ms. Sally Thornton: Oddly enough, yes, but perhaps it's not a good reason. It's because the descriptor is "Less: spending authorities available...", so if you look at the far left of what that number is—

Mr. Mike Wallace: Yes, I can read that.

Ms. Sally Thornton: Yes, I know. The debate was that if we bracketed it, would it be minus a minus, hence a plus? Then you'd be adding it, so....

Mr. Mike Wallace: Okay. Below it says there is a "reduction"; "less" and a reduction, to me, mean the same thing.

Ms. Sally Thornton: You're absolutely right, though: everything else that is out of that vote...yes.

Mr. Mike Wallace: Okay.

The Chair: That's all the fun—

Mr. Mike Wallace: That's it?

The Chair: —we can have for now.

Mr. Mike Wallace: Well, I may get another turn, Mr. Chair. You never know.

The Chair: That's six minutes, Mike.

Mr. Mike Wallace: Thank you.

The Chair: That does conclude our first round, but I think Mr. Wallace's line of questioning is a good graphic illustration of the complexity and of the degree of difficulty that ordinary members of Parliament might have. Not all of us are as well versed as Mr. Wallace is, frankly, and he's made it a hobby of his, almost—

Voices: Oh, oh!

The Chair: —to try to figure out the estimates.

I have one question before we go to the second round.

It seems by virtue of these estimates that marketing freedom for farmers is not quite as free as we might have expected. There's a budget line in here for the Canadian Wheat Board, with a couple of hundred million dollars for the Canadian Wheat Board.

I'm the critic for the Canadian Wheat Board, and it's in my riding. I know that it hardly exists anymore, right? It has been essentially eliminated. What are we spending on for the Canadian Wheat Board that is no longer there?

Mr. Bill Matthews: I can start.

This is very much related to the transition costs. This would not be an ongoing type of funding, but it is related to the transition. I'm not sure if Sally wants to add additional....

Ms. Sally Thornton: Specifically, the Wheat Board is going to use the funds to reduce debts and liabilities from their previous operations. Specific examples are settlement of pensions and post-retirement benefit obligations, penalties related to the modification of long-term contracts because of the transition, and costs associated with the downsizing of the organization. It should enable the new organization to be in a more financially sustainable position.

The Chair: Well, that's very good. Those are specifics.

Finally, is that the whole amount? Was there any in the supplementary estimates (A) or the main estimates, and will there be any subsequently in the supplementary estimates (C) or the next estimates?

Mr. Bill Matthews: I can't make any promises as to what might be in future estimates. I suppose we'll have that chat at the supplementary estimates (C). This, to my knowledge, is what they will need this year. If they're still in transition next year, we may have the same issue again, because estimates are for an annual appropriation. We'll have to see how they do in the future.

The Chair: Okay.

We're going to be begin our next round with Jean-François Larose.

You have five minutes, please, Jean-François.

[Translation]

Mr. Jean-François Larose (Repentigny, NDP): Thank you, Mr. Chair.

My thanks to the witnesses for joining us.

My first question on the supplementary estimates (B) is this. Are these savings the result of budget reduction action plans, also called the Strategic and Operating Reviews?

[English]

Mr. Bill Matthews: Thank you, Mr. Chair.

The vast majority of the offsets you're seeing here in the supplementary estimates (B)—and there are a few different varieties—are related to savings that were identified in Budget 2012. I believe there is still the odd reduction being done for things like strategic review, because there are still some strategic review decisions being implemented. I'm looking to Sally to confirm that.

Ms. Sally Thornton: Yes. Of those, almost 95% are from the strategic and operating review from Budget 2012, but there are still some tails from the previous rounds of strategic reviews flowing through, and also some instances in which organizations have indicated they will not be using the funds, so we're reprofiling them.

Mr. Jean-François Larose: So the answer would be yes?

Ms. Sally Thornton: Yes.

[Translation]

Mr. Jean-François Larose: Here is my second question. Is the government counting on cuts to make up for those budget reallocations that were actually supposed to go towards eliminating our deficit?

[English]

Mr. Bill Matthews: Would you expand on that question? I'm not sure I quite understand it.

Mr. Jean-François Larose: I could maybe translate it. I'll go more slowly.

[Translation]

Is the government counting on cuts to make up for those budget reallocations that were actually supposed to go towards eliminating our deficit?

[English]

Mr. Bill Matthews: What you're seeing here, the actual reductions that are in place, are the responsibility of departments to implement, because they're very much based on proposals that departments and ministers brought forward.

You'll see, as we do main estimates for next year, how each department's reference level has been impacted by the cuts. You'll compare next year's to the current year's and you'll actually see the reductions for each department.

I'm not sure if that answers the question. Did you want to add something?

• (0940)

Ms. Sally Thornton: The cuts are taken off the top at one instance, so they are realized. There are internal reallocation efforts going on throughout departments, but no matter what, those cuts are realized.

[Translation]

Mr. Jean-François Larose: So we can anticipate more reinvestments of the savings from the reviews in future estimates?

[English]

Mr. Bill Matthews: The goal of the strategic and operating review was to look at both operations and departmental spending in an effort to get the government back to a balanced budget. The Minister of Finance recently tabled his economic update in terms of how that factors in. The \$5.2 billion in ongoing savings will be directed towards getting back to a balanced budget. It's not about reinvestment; it's very much about meeting the government's goal of a balanced budget.

[Translation]

Mr. Jean-François Larose: I can understand that it is difficult for you to answer. The reason is simple: the minister was supposed to be here today and the questions were more intended for him. Unfortunately, he is not here, but I still appreciate your presence.

Could you give us an in-depth explanation of the differences between vote 15b, compensation adjustments and vote 30a, payroll requirements?

[English]

Mr. Bill Matthews: In terms of an overall payroll package, the a salary for a departmental employee is in the department's existing reference levels.

We have certain examples of cases in which we didn't want to permanently increase departmental salaries for a given occupation group, but we recognized there were recruitment and retention issues. Doctors and nurses are a great example. They have allowances that we manage centrally, because the money for those is not put into departmental reference levels because it's not yet part of the employee's salary.

The goal of those allowances is to be temporary in nature. If we get to a point where the allowance has been temporary for a number of years, we say, "You know what? Maybe we should roll this into their salary", and at that point we transfer the money to the departments.

This is basically compensating departments for those employees who receive these allowances, which are generally related to recruitment and retention and therefore are not part of their base funding. They're still managed in the central reserve, and we basically allocate out to departments.

I mentioned that the engineering and architects group was a big part of this one, as is the health services group, which is doctors and nurses. They're the two major components here.

The Chair: You have about a half a minute if you want it, Jean-François.

[Translation]

Mr. Jean-François Larose: Thank you.

What I can understand is that you are treating employees differently.

Can you give us a written summary of the different categories, the number of employees in each one and what that means for salaries and benefits?

[English]

Mr. Bill Matthews: Regarding the actual list of terminable allowances that are contained in these estimates, I've mentioned the two big ones, but I can run through the major groups and tell you the number of people, if that's worth doing.

In the architecture, engineering, and land survey group, there are 3,600 employees. The research group has 834. Health services, which I've mentioned already—that's the doctors and nurses group—has 2,323. We have a fourth group, applied science and patent examination, with about 600 employees in it. We have a technical services group, which has about 900 employees, and the university teaching group, which has 200.

Those are the ones with allowances that are impacting these supplementary estimates (B).

As I mentioned, sometimes if there are allowances that have been temporary for a number of years but are still needed, we formally put them into an occupational group salary level, but that's part of the collective bargaining process, so I can't really comment on changes there.

The Chair: Your time is up, Jean-François. Thank you.

For the Conservatives, we have Peter Braid.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you very much, Mr. Chair, and thank you to our guests from the Treasury Board Secretariat for being here once again.

My first question arises from the supplementary estimates (B). Could you elaborate on the transfers of \$150,000 each from FedDev and the other economic development agencies? Could you elaborate on the purpose of those transfers and where the funds were transferred to?

Mr. Alister Smith: I'll ask Christine to answer that.

Ms. Christine Walker: The transfers totalled \$600,000 for four regional development organizations: the Atlantic Canada Opportunities Agency, ACOA; the Federal Economic Development Agency for Southern Ontario; Western Economic Diversification Canada; and the Economic Development Agency of Canada for the Regions of Quebec. Those were the four agencies.

Each transferred \$150,000 to Treasury Board, to the internal audit section of the Office of the Comptroller General. They've outsourced their internal audit functions to the Comptroller General, who will now provide all of their internal audit functions. It's a more effective and efficient model because they're small organizations, and this was part of the announcement in Budget 2012.

As for the new functions of TBS, they'll do normal internal audit functions. They'll do the risk-based audit plan, they'll perform core control or compliance audits on financial management policies and directives, and they'll do specific internal audits as requested by the regional development agency.

● (0945)

Mr. Peter Braid: Okay, great.

So that's a streamlined, harmonized process—

Ms. Christine Walker: Yes.

Mr. Peter Braid: —now managed by the Treasury Board Secretariat for those agencies.

Ms. Christine Walker: That's correct.

Mr. Peter Braid: Thank you. It makes sense.

I have two questions arising out of your opening presentation.

I'm curious about the \$91.4 million for IRAP, which helps to meet a budget measure. Could you elaborate on the purpose of that additional investment? I presume that this is new funding, and those are new dollars. Is that correct?

Mr. Alister Smith: That is new funding, and I'll ask one of my colleagues to elaborate on the specifics of that new funding.

Mr. Bill Matthews: That program is not a new program, but to my recollection this is new funding.

Mr. Peter Braid: It's \$91.4 million for IRAP.

Mr. Bill Matthews: Yes, it is new funding, if I recall correctly. I'm just going to turn to my colleague to see if she can...

Can we maybe look for that while you ask your next question?

Mr. Peter Braid: That's fine. IRAP is such an important, effective program that I would encourage you to find any additional funding you could.

My last question—I was sort of curious and intrigued by this—is about a \$1.2 billion decrease in forecast interest on unmatured debt. Again, I'd like some elaboration here. It sounds as though the government as well has been a victim, if you will, of bond markets, and that this has affected the government's bottom line. Is that essentially what's happened here? I'm curious to know from a financial and investment perspective what has occurred here.

Mr. Alister Smith: I'll turn to Bill here, but just to start, we take these estimates every year from the Department of Finance. They're not really part of the supps package per se, in terms of requests to Parliament, but we reflect any changes in interest, for example, from the Department of Finance passively. We don't do the work ourselves on that; they provide that information to us.

Bill, you may want to elaborate more.

Mr. Bill Matthews: The interest expense on public debt includes everything from regular debt as well as pensions and long-term liabilities, so it is very much influenced by those large numbers.

The government's debt mix, as Mr. Smith has already mentioned, is a finance issue. It is a mix of short-term and long-term borrowings. What they've done is simply updated their forecast here. I believe the reason for the decrease is the longer-term projections for interest rates are now a bit lower than was originally forecast, so that's why they've adjusted their forecasts.

Mr. Peter Braid: Okay, great.

Mr. Bill Matthews: I think Sally now has the answer for you on the previous question.

Ms. Sally Thornton: On the IRAP issue, in the Budget 2012 announcement they announced \$110 million a year in ongoing new funding to expand the National Research Council's program. They're seeking access to \$91 million this year. The program is to provide funding and advisory services to small and medium-sized enterprises, as you indicated, and specifically to increase contributions to firms for projects that support commercialization, to expand advisory services through the hiring of industrial technology advisers who will then provide business and technical expertise to the small and medium-sized enterprises, and to launch a service to improve access to information for small and medium-sized enterprises concerning government programs, specialized research facilities, technical and business experts, and international business opportunities.

Mr. Peter Braid: Thank you for that clarification.

Thank you, Mr. Chair.

The Chair: Thank you, Peter.

For the NDP, we have Linda Duncan.

Ms. Linda Duncan: Thank you, Mr. Chair.

I know you are doing your best to respond to the questions that I and my colleague have been asking about the specifics of dollars saved by the cuts to the civil service. I mean, it is clearly the mandate of the Treasury Board—it's right in the statute—to deal with estimates, expenditures, reviews of annual long-term expenditures, and human resources management, and the decision has been made of a certain percentage across the board in cuts. The one thing the Treasury Board appears to have voluntarily decided is that they have delegated away their mandate to track, overall, the dollar figures with the cuts. Given that we don't seem to be getting....

I will ask the question once more. The minister has stated publicly that he has already achieved a little bit more than half of his target in the cuts toward the deficit. Therefore, one presumes he knows the dollar figure that all those cuts represent. I guess the logical question for us....

It's our duty. It's why our committee was established—to monitor spending and to review the estimates in detail. Given the timeline for the review of estimates and the tabling back in the House, we don't have the luxury of bringing in every department and agency to ask them individually about where they have made the cuts and what the dollar figure is.

I am going to ask once more: can you at least give us the detailed breakdown where in fact, clearly, if the minister says those cuts have been made, the decision must have been made? Those employees must have opted for one, two, or three, and therefore you should know what those dollar figures are. Can you provide those to us? At least for the employees, presumably if half the cuts have been made, they have opted.

● (0950)

Mr. Alister Smith: Let me try again, because maybe we are just misunderstanding the question.

As a result of the spending reviews, departmental budgets have been reduced, and reduced in future, so their reference levels have already been reduced. Next year's reference level will be reduced by a certain amount, and year three as well. They have correspondingly made plans to reduce the number of positions in the department.

Employees are informed that they're affected. Some will end up losing their jobs. They have certain options available to them. We're going through that process now under workforce adjustment, which is collectively bargained and which respects the rights of individuals to make certain choices.

As we go through that process and people opt, we will see exactly what categories people fall into. Some may decide to stay in the public service for a year on surplus to try to find another job. Others may decide to leave with a transition allowance. Some may go back to university or community college.

Ms. Linda Duncan: I understand all of that, but clearly some of them must have opted.

Mr. Alister Smith: Yes.

Ms. Linda Duncan: So....

Mr. Chair, I regret to have to do this, but we don't seem to be getting this information. I think this information should be made available to us. It's our committee's responsibility to overview the

estimates, so I am tabling the motion that the request go out again to the President of the Treasury Board to appear and to see if he can provide to us that detailed breakdown. We just simply don't have the ability to bring in every one of these departments and agencies to verify whether the cuts and the dollar figures match up.

The Chair: I think the motion is in order, given that you don't need to serve notice when it is subject matter that we're currently dealing with.

There is a motion on the floor that the minister be called to the committee.

You should know, as well, that the minister was invited to be here today. He was invited on September 25, or at the end of September; he was invited two months ago. He notified us that he was unable to attend.

The committee has dealt with the estimates four times in this Parliament. Twice the minister came, once for supplementary estimates (B) for 2011-12 and once for supplementary estimates (C) for 2011-12. He did not attend for supplementary estimates (A) for 2012-13 or for supplementary estimates (B) today.

There is a motion on the floor. It's in order.

All those in favour of calling the minister to attend to defend supplementary estimates (B)?

(Motion negated)

The Chair: The motion does not succeed.

You have about a minute left, Linda, if you would like to continue.

Ms. Linda Duncan: Okay.

Well, I tried. I guess I'm puzzled as to why that information can't be forthcoming.

In the information you have kindly provided to us, a summary of what's provided in supplementary estimates (B)—which is really helpful—there's mention of \$162 million combined between Health Canada...and I notice it still says "Indian Affairs", but I presume you mean Aboriginal Affairs, or is it still legally called Indian Affairs?

● (0955)

Mr. Alister Smith: That's what it is legally.

Ms. Linda Duncan: They have to change that by law.

Presumably the government is going to push through its safe drinking water legislation, and they have undertaken to consult with the first nations on the drafting of the implementing regulations. That bill also provides for each one of the 600 first nations to develop its own safe drinking water regime. Does that \$162 million cover that as well?

Mr. Bill Matthews: I'll start and then turn to my colleague.

That figure covers some infrastructure-type funding around actually getting water conditions improved. The Health Canada piece is around water quality monitoring as well as some education in the communities themselves to do some teaching on monitoring water quality, to raise awareness, and those types of things.

Whether it covers the full spectrum of what you've asked for, I'm not quite certain. Sally, do you want to add anything on that?

Ms. Sally Thornton: Basically it's to focus on the capital construction and on operation and maintenance of on-reserve water and waste water facilities. Upgrading of infrastructure is done through the contribution agreements with first nations.

The focus of this one, though, is really much more on training operators and increasing the number of trainers going on site and mentoring than on the legislation. This is about the infrastructure.

Ms. Linda Duncan: In other words, it doesn't cover that undertaking to negotiate the regulation?

Ms. Sally Thornton: The funds in these supplementary estimates do not.

Ms. Linda Duncan: Okay. Thank you.

The Chair: Thank you very much, Linda.

Next, for the Conservatives, we have Bernard Trottier.

Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC): Thank you, Mr. Chair.

Thank you, witnesses, for coming in today.

I was just looking at the 2011-12 departmental performance reports. In there you cite the report on plans and priorities, but it's just in the 2011-12 report on plans and priorities that you mention priorities 1 and 2. The top two priorities out of five are, number one, to support the government in ensuring value for money and sound financial management, and, number two, to advance initiatives to modernize government operations.

Are those still the top two priorities within the Treasury Board Secretariat?

Mr. Alister Smith: Well, yes, our priority, I think, is still to support the government in becoming leaner and more efficient, containing costs, modernizing processes, and strengthening our management.

The comprehensive review of spending was one element of that, but there's a much broader agenda to modernize and make more efficient all of our government processes, under which we refer to some of our own internal processes that we are trying to streamline and improve.

Mr. Cannan mentioned the subcommittee on government administration, which is also engaged in trying to find more efficient ways of doing business as a government. These remain high priorities for us.

Mr. Bernard Trottier: One group that we've had in this committee in the past year is Shared Services Canada, which represents a major horizontal approach to government that's being implemented. It's not listed within the supplementary estimates as a horizontal item—

Mr. Alister Smith: No.

Mr. Bernard Trottier: —but I think it is a horizontal construct within the federal government. Is Shared Services Canada having an impact today, this year? It's gone beyond planning, and it's actually

implementing things that are driving efficiencies across government ministries and departments.

Mr. Alister Smith: Absolutely.

As you know, Shared Services Canada consolidates a number of very crucial back-office IT elements for us: email systems, data centres, networks. Resources have been transferred to create the organization. The organization has been stood up and is engaged in improving all of those areas of government.

It's a long-term plan, of course, to consolidate and standardize our IT systems and back-office functions, but it's a very good example of the kind of efficiency and modernization measures that the government's taking.

Mr. Bernard Trottier: Is the implementation of some of those Shared Services Canada initiatives reflected in some of the head count and payroll items within the supplementary estimates?

Mr. Alister Smith: Well, indeed, modernizing and reducing unnecessary operational spending does require better IT in general and better business processes as well, which underlie IT, so without something like Shared Services Canada, I think you would be at a disadvantage. It certainly will provide a good basis for further modernization of all those back-office processes. There's no question.

• (1000)

Mr. Bernard Trottier: Beyond information technology and information services, and I suppose some of the contracts that are out there, and some of the real estate, are there further business processes that the Treasury Board Secretariat is looking to consolidate across departments? I think of things like accounts payable and other back-office things that don't necessarily affect front-line services to citizens. What kinds of initiatives are you looking at within the Treasury Board Secretariat?

Mr. Alister Smith: I think that's an important point. These don't affect services to Canadians directly, although a more efficient government will provide better services to Canadians down the road, but certainly there are many ways in which we can continue to improve some of our internal processes.

I mentioned this common human resource business process. It's very important to be able to standardize the way you do HR management across government. It becomes easier to transfer employees and to have common approaches to staffing and classification and recruitment. It's the same thing on the finance side and the same thing on the financial systems side. It's the same in other areas as well.

There are a lot of ways in which we can become more efficient and a lot of ways in which we can improve business processes. We can continue to make economies in travel. We can make better use of video conferencing. We can undertake a large number of other useful reforms to standardize, consolidate, and improve the efficiency of government.

Mr. Bernard Trottier: The supplementary estimates focus on the inputs, i.e., the costs. The other important and critical part of the ledger is the outputs and services that the Treasury Board Secretariat is able to provide. What's your quick summary of the services you're able to provide despite some reductions on the input side?

Mr. Alister Smith: Well, as a central agency, we work with other departments in the approvals of their spending and in the authorities they require for contracting and other things. In that sense, we can improve the services we provide to other departments by being more efficient internally.

Christine mentioned some of the efficiencies that she has introduced in her sector, and Sally and Bill in their sector. They work with departments. All of that makes government more efficient, and therefore, one hopes, provides more efficient services to the public as well.

Sally may want to add something.

Ms. Sally Thornton: Mr. Smith mentioned financial systems. The upcoming potential to have clustering and sharing of services in financial systems goes right back to your report on the scrutiny of estimates and recommendation 2. The timing is perfect. If we can get in and leverage the ongoing work to centralize, upgrade, and consolidate financial systems, that will seriously make a positive impact and enable us to better meet the change in vote structure.

Mr. Bernard Trottier: Thank you.

The Chair: Thank you, Bernard.

Thank you, Ms. Thornton.

I think it's nice that people actually make reference to the recommendations of our committee report. They are not only aware of it, but they can cite references and sources. It's heartening.

John McCallum is next.

Hon. John McCallum: Thank you.

I think there was perhaps a lack of clarity in my question the last time. When I was talking about cuts in program sub-activities, I meant to be referring to Treasury Board itself, and not to the whole of government.

I notice from your website that you do show expenditure reductions for five very broad frameworks or policy areas: management framework, people framework, expenditure management, financial management, and internal services. If one wants to do a meaningful analysis of where the expenditure reductions have come, this doesn't really get us anywhere, because it's so broad as to be virtually meaningless in terms of any kind of analysis.

My question to you is whether you can provide us with information at a more disaggregated level by sub-activity. Can you take each of those five areas and break them down into smaller chunks so that we can better understand what is going on?

Mr. Alister Smith: As you mention, we show those reductions in terms of our program activity areas, so you're right: that's a more general category. For example, that's expenditure management in Bill's and Sally's area or on the financial management side. Within those areas, yes, there are multiple sub-areas, which is where we do actually bring into play these new processes that I was discussing earlier.

Christine can provide you with some examples on just what we have been trying to do within the corporate services side.

• (1005)

Hon. John McCallum: But my question is whether you cannot give us examples—give us dollar numbers—of cuts by sub-activity within each of those large categories.

Mr. Alister Smith: We generally have not asked departments, and that would include ourselves, to break it down in that way. We have mainly worked up to the program activity area with the reductions in each of those general areas within our organization, so it's a little bit difficult to provide that level of detail. We're talking about thousands of sub-activity areas within government—thousands—and that's part of the difficulty.

I also would mention that when you're changing a process, especially at that level of granularity, you're changing several subprogram areas. If Christine brings in a new process for streamlining our accounts payable within the organization, she may be affecting three or four different sub-areas.

Hon. John McCallum: I don't understand, because in order to come up with the number of \$626,000 for management frameworks in year one, you must know the components that add up to \$626,000. If you have that information, I don't know why you can't share it.

I'm not asking for 100 subcomponents for management frameworks—10, maybe—and you can do your own aggregation as to how best to do that.

For us as a committee studying estimates, to have information this broad is meaningless. I'm asking whether you can't give us, for example, something on the order of ten sub-policy areas for each of the five major ones or whatever is appropriate—not 100, but not zero.

Ms. Christine Walker: In our quarterly financial report, we did explain really the bulk, a good portion, of the financial management area in the cost containment section of the QFR that we published. In that report, we actually do talk about what we achieved.

There were two key things. One, the internal audit human resources management framework is a program that we ended. As well, the financial interoperability and stewardship initiative is another program that we ended. That is a big portion—\$4.8 million—of, for instance, what's in the financial management. As we issue the QFRs and these cuts are being put into place, they will be noted in the quarterly financial statements.

The other thing—

Hon. John McCallum: Perhaps I could put the point more formally. I would formally request that you provide us with more disaggregated information on these cuts by major program activity.

Are you able to do that?

Mr. Bill Matthews: Is the question for TBS?

Hon. John McCallum: For TBS alone, yes. I'm not asking you to do this for other departments. Other committees might be able to ask the same question to other departments.

Just for TBS, can you provide us with information on the cuts, information that is somewhat more meaningful than these five huge categories?

Mr. Alister Smith: We can provide more information, as Christine mentioned, in our QFR, where we have described the actual details of the changes we've made.

If you are looking for us to apply a different aggregation for the subprogram activity area, I think that might become quite cumbersome. It may be difficult to even explain to.... If we're affecting more than one subprogram activity area, we'll have to explain that this program, this change, has affected three things. It can become very complicated when you get down to that level of granularity.

I'm not sure that this is necessarily—

Hon. John McCallum: Well, I'm asking for what you might call “medium-level” granularity—not 100 subcategories, but something on the order of 10.

Mr. Alister Smith: That's what we thought we were providing in the QFR, actually, but we'll have a look at that and we'll respond to the committee.

Hon. John McCallum: Okay. Thank you.

Ms. Christine Walker: Perhaps I can add an additional comment. I don't think providing information by sub-activity would give you what you want.

Hon. John McCallum: I beg your pardon?

Ms. Christine Walker: Even if we did put it at the program sub-activity level, I actually don't think, because of the things that Alister has mentioned, it would give you the information you want.

Hon. John McCallum: Well, it would give us more than we currently have.

Mr. Alister Smith: We'll have a look at it.

The Chair: Thank you, John.

Mr. Smith, thank you very much. We'll look forward to the second QFR, I believe, and there'll be more detail in that as well, as I understand it.

Mike Wallace is next.

Mr. Mike Wallace: Thank you, Mr. Chair.

I have just a few more questions. Again, a few of them are process-related, in a sense, with the numbers we have here.

This is not your department but another department whose estimates I was looking at. There's an explanation of funds, and it's under a vote 5—it doesn't matter which department—and there's \$1.6 million in authorities available. There's a little over \$1 million through that vote, within the vote, and then \$500,000 within another vote, due to savings identified as part of the budget.

If I understand that correctly, the department had made an estimate on how much they were going to spend on a certain item. They did not spend it. Now they're asking, through this, to transfer it to something else that they're going to spend it on. Therefore, it's not really savings, in the end; they're spending it anyways.

Am I not reading that correctly?

• (1010)

Mr. Bill Matthews: Well, there are two things. As part of Budget 2012, there were some reductions in the budget, \$5.2 billion over three years, and there was also some new spending. When we have a reduction from a department but it's offset by some new funding, that's exactly what's happening. Because there's already money in the department's votes that Parliament has approved from a dollar perspective, we don't need to bump up the appropriation acts. Rather than bump up the appropriation, we just do an offset.

But if you do look at Budget 2012, under the overall spending, yes, there's reduction forecast of \$5.2 billion—

Mr. Mike Wallace: Right, overall.

Mr. Bill Matthews: —but there's also some additional money going in. What you're seeing here are some approvals for new spending being offset by some previously approved reductions.

Mr. Mike Wallace: Okay.

I have a question from your estimates. You mentioned earlier that the amount here in appropriations for the RCMP is a cost recovery item. Is it dollar for dollar—every dollar we spend we get back—or does the province only give us a certain amount back?

Mr. Bill Matthews: No, to my knowledge, it's full cost recovery. It's a little complicated in that when you're dealing with police services there's some capital involved. You need police cars and police stations and those things. I can't say that in-year it actually matches penny for penny, but the objective when they negotiate those agreements, as far I know, is complete cost recovery.

Mr. Alister Smith: Are you talking about the RCMP contract policing—

Mr. Mike Wallace: Yes.

Mr. Alister Smith: —arrangements with provinces? Those are cost-shared with the provinces and municipalities.

Mr. Mike Wallace: So they're cost-shared. They're not—

Mr. Alister Smith: They're cost-shared.

Mr. Mike Wallace: —they're not 100% dollar-for-dollar back?

Mr. Alister Smith: No, these are cost-shared.

Mr. Mike Wallace: I didn't know. That's why I asked the question.

In response to Mr. McCallum's question—and this is the first meeting we've had on this particular item—I've read the plans and priorities document that came out, and I've also read the performance review. One's 25 pages and one's 62, one's more onerous than the other.

I have two questions. To his point, could you not use your plans and priorities piece to do a more descriptive aspect of different programs—subprograms, as he calls them—on what your plans are for the year?

Mr. Alister Smith: Well, in the past, we had been criticized for having had too much information in our RPPs. They were long and woolly and were hard to... They didn't have enough concrete information. Over a period of time, we tried to provide a much more concise document, with concrete information on program activities and all the rest of it in the documents.

It's a matter of what parliamentarians really want and find most useful.

Mr. Mike Wallace: Okay, I appreciate that.

Mr. Alister Smith: We could provide more description or less, as you require.

Mr. Mike Wallace: Right.

I have one other technical question, then. From your plans and priorities for this year, you have the planning summary table, you have forecast spending, and then planned spending for the next three years in advance—2012-13, 2013-14, 2014-15. On the summary, under “Government-wide Funds and Public Service Employer Payments”, it's \$4.1 billion—that's the number—for 2011-12, and then this year, 2012-13, it goes to \$5.4 billion.

Why is there such a change? Do we know?

Mr. Alister Smith: This will be the central votes. It typically is not Treasury Board as a department; it's central votes.

Mr. Bill Matthews: Mr. Chair, I think members will remember we spent a great deal of time at previous meetings talking about severance to employees because of the—

•(1015)

Mr. Mike Wallace: Okay, yes.

Mr. Bill Matthews: —old entitlement whereby employees built up one week of severance based—

Mr. Mike Wallace: So that's where that money is.

Mr. Bill Matthews: —upon the year they worked, so that is funded from a central vote.

Mr. Mike Wallace: Perfect answer. Thank you very much. I understand that.

Then when I look at your performance review here, and then I look at the accounts for that year, because the performance review is for the year past, can I find these numbers that are in this document in this other document, or do they not relate?

Mr. Bill Matthews: Where you're dealing with actual expenditures that you'll see in a departmental performance report, if it's against authorities, you would look to *Public Accounts of Canada*, volume II. It's listed department by department, and you should see the actual expenditures match against what's in the—

Mr. Mike Wallace: I should be able to find those numbers in this document also in this other document?

Mr. Bill Matthews: Yes.

Mr. Mike Wallace: I'll keep working on it, then. Thanks very much.

Voices: Oh, oh!

The Chair: You might want to pack a lunch if you want to connect those dots.

That concludes our second round of questioning.

I'd like to ask one question from the chair, and it's also from the report on plans and priorities for 2012-13. On the open government initiative, your report says:

The Secretariat will advance the Open Government initiative by developing and implementing an action plan that will enhance Canadians' access to government data and information, and support Canada's participation in the international Open Government Partnership.

How much of your \$83 million proposed spending is dedicated to the open government initiative, and what's the status of the much-ballyhooed open government plan to get it all up on the website just like the Americans have done?

Ms. Christine Walker: The open government plan is on the Treasury Board website. To date we have spent roughly \$2 million on open government within the Treasury Board and we are absorbing that within our reference level.

There have been a number of initiatives on open government, and as I said, our action plan is posted on the Treasury Board website.

The Chair: Could the general public find the information to questions put to you today on that open government website? Maybe John's questions, the detail he was seeking that you maybe used to put in your reports—is that going online so the general public can get answers to those questions?

Mr. Alister Smith: There is a great deal of information on open government on our website, information on the action plan and on our commitments.

The Chair: It's on the action plan. Generally all government finances are now the economic action plan. Is that right?

Mr. Alister Smith: This is not a subprogram activity area in that sense. This will continue to develop over time, but we don't have a particular part of our organization dedicated only to open government. It's done by a number of people within several other areas with program sub-activities, if you wish, within our organization. It's an example of a complication that arises when you try to show things on the sub-activity level, but there's quite a lot of information on open government on our website.

The Chair: Will there come a day where people don't have to file access to information requests anymore? They will go to their open government website and see what their government is doing with their money. Is that the goal?

Mr. Alister Smith: Let me mention that there is an open data portal, which has a tremendous amount of information now on all manner of government...

The Chair: A portal—that sounds like a black hole. We're trying to put a ring fence around a black hole.

Mr. Alister Smith: We've been putting up more and more expenditure data up on that portal in quite a lot of detail.

The Chair: I shouldn't take too much time here anyway.

Now it's Linda Duncan's turn.

Ms. Linda Duncan: I'm deferring to Denis.

The Chair: Go ahead, Mr. Blanchette.

[Translation]

Mr. Denis Blanchette: Thank you, Mr. Chair.

In my previous comments, I tried to get you to be specific about the number of people who have lost their jobs up to now. Really, I have not got an answer. The minister has stated that he was satisfied, given the targets he wanted to meet. I respect the minister. I believe that, if he says that, it is surely because he has information that allows him to do so. You mentioned the quarterly reports, which give us an idea about things. So, every quarter, could you provide data on the process of job cutting, with figures showing the retirements, the surplus positions, the reassignments, the voluntary departures, the unfilled positions and the savings achieved as a result of it all, for all departments? You are the central department; you are in charge. So, at very least, you should be able to keep track of all this. I would like to have that information quarterly.

A lot of jobs have been eliminated, but it is all very vague. We do not yet know all the consequences of the cuts. Corrections will certainly have to be made. There is a human resources director in the Treasury Board. Could you tell me whether she has the mandate to assess the effects of the cuts?

• (1020)

[English]

Mr. Alister Smith: I'll let Bill start with the first part.

Mr. Bill Matthews: Mr. Chair, in terms of tracking the actual reductions in employment, I would separate the dollars from the positions. First and foremost, departments' budgets have already been reduced, and you'll see it again when we do main estimates. Next year you'll see the reductions again, based on the three-year profile in the budget. That money has been lifted from departments' budgets.

The tracking of HR hiring and people leaving for retirement by position is very difficult to do from the centre. The Office of the Chief Human Resources Officer certainly has some information. I'm not certain they can give...

[Translation]

Mr. Denis Blanchette: Excuse me, but if the minister states that we are on track, he has to be basing that statement on something. I respect the minister too much to think that he is picking the statement out of thin air. He is relying on a report, on facts. So can we have a summary of what he based himself on when he made the statement. That is what I am asking.

I do not see why a central agency which issues orders about budget cuts does not look for quick feedback on the effects those orders are having.

I am asking for an overview, not a detailed picture. If you want to tell us about the effect of the cuts in a more general way than I was able to pick out the information, I have no problem with that. You can tell us how many people have retired, how many people have left, and so on, and then give us the total. I would be satisfied with that information. I do not want anything extremely detailed.

I just want some figures added up, with the total in dollars, so that I can see where we are. We have been doing a program review for four years already and we are having a hard time getting an overall picture of things. Now an order has been issued about reducing the number of employees in the public service and we want to know what it means.

You have to remember that the name of our committee also includes the words "government operations". So basically, we want to know the effect on government operations. That is why we want the overall picture to start with. We cannot do our job if we do not know how many positions have been eliminated, whether that is just because of retirements, or whether we are talking about positions and programs. I do not even want to go that far. I am just asking you for an overall picture.

[English]

Mr. Bill Matthews: I think, Mr. Chair, the information the minister released last week was a status report of where we're at today, which was 10,980 jobs eliminated. As I mentioned earlier, of that amount, 2,200 were because of workforce adjustment types of arrangements. Of the 2,200, 1,500 were transition supports and 700 have agreed to work an additional year and try to find another job. Time will tell in terms of how successful they are.

Beyond that, when people elect to leave the public service, we do not have information at the centre that says why they left. Our chief human resource officer does monitor hiring, inflows, and outflows, but not at the level of why they left, whether retiring, etc.

The Chair: Thank you, Monsieur Blanchette and Mr. Matthews.

We'll go to Mike Wallace again.

Mr. Mike Wallace: Thank you, Mr. Chair.

I'm going to follow up a little bit on what was just said.

The question that was asked, Mr. Chair, was just answered, I think, for the third time today: the information that the minister brought to the House in terms of the number of cuts was based on the information Mr. Matthews just presented.

If you really want to know the numbers, you go to the departmental performance reports. This one is for last year; you'll have to go to next year's. I happen to have Treasury Board's here for 2011-12. There's a line item that says "2011-12 human resources", "planned", "actual", and then the difference. It shows what was planned and what the actual was, and in this case they were down 95.

There's nothing to hide. It's a public document. It's on the website, and I printed it off the website, actually. People don't like me to print things, but I like it printed instead of just sitting with the screen.

There's no secret about that information. Mr. Matthews just said what it was. It's available in the documents, and it will continue to be available in the documents.

On the same line of questioning, I'll go back to plans and priorities. I like the report on plans and priorities because it talks about the program activity—and I know we're going to get to a little more of that in the future—and tells why it is a priority underlying something. In actual fact, the chair asked a question about open government.

I probably should have provided this question in advance. With regard to having a set of priorities, I know Treasury Board is a little different from other departments. It's an internal support system for the running of government; it's not necessarily programs to outside constituents. It's the constituency of government inside.

When you say that developing a comprehensive approach to compensation is one of the priorities, I don't know what that means. We probably, in my view, should have a meeting just on the plans and priorities document so that we can have a discussion and not wait until the estimates and do it at that time. We may be able to do it with a new change in the program review, and the things we're looking at.

You have listed plans for meeting priorities. What does that mean to you as an organization, and what does it mean to us? I'll use that as an example.

• (1025)

Mr. Alister Smith: On compensation specifically, it means not considering elements of compensation in isolation—so not just wages, not just benefits, not just pensions in isolation, but in a comprehensive way.

In the private sector people talk about total compensation, and that's a comprehensive view of compensation that takes into account all aspects of compensation.

Mr. Mike Wallace: As a strategy or a vision for the department, in terms of work, what do you do to implement that? What's the change that's happening?

Mr. Alister Smith: If you're talking about a strategy, you are talking about trying to come up with a plan for compensation that is appropriate for your workforce over the long term. It may involve recruitment and retention. It may involve pay for performance. It may involve a whole series of elements that are appropriate for your workforce.

It's at that level of generality that you talk about a compensation strategy.

Mr. Mike Wallace: For example, on this one, is that something new?

Mr. Alister Smith: No.

Mr. Mike Wallace: A lot of these are ongoing projects.

Mr. Alister Smith: That's correct.

Mr. Mike Wallace: Okay. Somewhere in the document on the performance piece you have an evaluation; you're at 65% there, 95% there. I think you've told me this before, but I'm unclear. Who does the actual evaluation to decide whether you're on target or not?

Mr. Alister Smith: Do you want to answer?

Ms. Christine Walker: Each one of the programs responds as to where they are in terms of meeting their commitment. Then that is validated at a more senior level to see if it really makes sense or not, to see whether they are correctly reporting what that is. Before the report is finalized it's given that kind of quality assurance—for example, yes, we are 65% along or 75% along, or wherever we are.

• (1030)

Mr. Mike Wallace: Okay.

Mr. Alister Smith: To add one thing on that matter, we test and track our own performance internally, quarterly, and that rolls up into our DPRs. We track how well we're doing against our objectives.

Mr. Mike Wallace: Thank you.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Wallace.

Committee members, it's 10:30. We do have a little bit of business that we need to do as a committee in camera.

John has one brief question he would like to ask, and then we'll thank our witnesses for their time.

Hon. John McCallum: Thank you, Mr. Chair.

Just before you end this meeting, I'd like to propose my motion. Would you like me to read it?

The Chair: Are you just giving notice of motion at this time, or are you putting the motion on the floor?

Hon. John McCallum: I would like to put it on the floor.

The Chair: It is in order, yes.

Hon. John McCallum: The motion reads,

That, in relation to the decision of the House of Commons to refer the Seventh Report of the Committee back to the Committee, the Committee hold at least one meeting to hear from the President of the Treasury Board in order to know which specific recommendations require "clarification and enhancement";

Mr. Mike Wallace: I have a point of order, Mr. Chair.

I thought the motion was to deal with the estimates. This has nothing to do with the estimates. It has something to do with the future. If he wants to talk about that motion, I'm happy to talk about it in camera, because it's future business.

Hon. John McCallum: The chair has just ruled it in order.

Mr. Mike Wallace: No, we assumed you were talking about the estimates, Mr. McCallum, and—

Hon. John McCallum: It's not for you to rule whether it's in order.

The Chair: That doesn't change the fact that I asked the clerk if it would be in order. Notice of motion had been served on this motion, I understand. The requisite 48 hours' notice has been given. I thought Mr. McCallum was going to be questioning our witnesses. He chose to use his time to put his motion, so he can finish reading his motion and we will deal with it as such.

Hon. John McCallum: I'm almost finished.

that the Committee also consider amending the recommendations in the report; and that at the end of the meeting, it report back to the House an amended report.

That is the motion. I think it's self-explanatory, so I won't comment further except to put it on the table and propose that we accept it.

The Chair: We appreciate that, because we do have witnesses sitting here.

Is there any further debate on the motion?

Mr. Mike Wallace: I move to move it in camera.

The Chair: The motion to go in camera is non-debatable.

(Motion agreed to)

The Chair: We will then thank our witnesses for their testimony today. It was very helpful and we appreciate the effort you've taken to help us understand the supplementary estimates (B).

Thank you, ladies and gentlemen.

The meeting is temporarily suspended while the witnesses leave the room.

[Proceedings continue in camera]

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