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Chair

Mr. Pat Martin

Standing Committee on Government Operations and Estimates

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•(1100)

[English]

The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)): Good morning, ladies and gentlemen.

We'll call the meeting to order. We have only one hour to spend with our guests, so we'd like to make the best possible use of it.

Welcome to the Standing Committee on Government Operations and Estimates as we deal with the supplementary (C) estimates as they pertain to the Treasury Board Secretariat.

We're pleased to welcome some regular and frequent guests back to the committee from the secretariat to explain the supplementary (C)s.

I've spoken to Bill Matthews, who is heading the delegation, and he says he has some introductory remarks that might help us focus where the bulk of the costing and spending is.

I'd like to allow Mr. Matthews to take the floor first and tell us what he'd like to tell us about the supplementary (C)s. Then we'll try to maximize the questioning after that, if that's okay with everybody.

Mr. Matthews, the floor is yours.

[Translation]

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

I'm delighted to be here this morning to assist the committee in its study of supplementary estimates (C) for 2012-13.

[English]

Given that the document was just tabled yesterday, there is a presentation, which we thought we would go through very quickly, to help focus committee members in getting ready for their study.

[Translation]

I will talk about government expenditures in general, and then I'll hand the floor over to the Chief Financial Officer of the Treasury Board Secretariat to speak to the secretariat's expenditures.

[English]

If that's agreeable, we will go through the slide presentation.

To begin, Mr. Chairman, given that there is a bit of a time crunch, I would like to start on slide 4. The first three slides simply give some background on what is in this deck and how the estimates are organized. I will move right to slide 4 and get started there.

The Chair: Okay. Thank you.

Mr. Bill Matthews: What we have on slide 4 is what's in supplementary estimates (C) itself, voted items of \$1.5 billion. We have a decrease of \$0.1 billion for a total of \$1.4 billion.

I will take this opportunity to remind members of the distinction between budgetary and non-budgetary items. Budgetary items are items that affect the bottom line of the government. Non-budgetary items are things like loans, investment advances, where if all goes as planned, we would not end up incurring expense. We can talk later about Canada student loan writeoffs if that's of use, because that's a really good example on this front.

Statutory items in supplementary estimates (C) are not voted on by parliamentarians. They are here for information. We have a variety of changes in the estimates on that front, but it's worth paying a bit of attention to as we go through this deck.

Slide 5 is if you're curious about what the estimates total looks like. I always warn people about comparing supplementary estimates (A) for one year versus (A) for the previous year, because there are timing differences, but when you get to the end of the cycle, it is worth the time to step back and see what the picture looks like this year versus last year. If you compare 2012-13 versus 2011-12, you will see that we have voted \$98.6 billion in 2012-13 versus \$99.9 billion in the previous year. On the statutory front, you'll see a slight increase. We are at \$160.4 billion versus \$159.7 billion the previous year. Overall for the total, \$259 billion in authorities including supplementary estimates (C) versus \$259.6 billion in the previous year. It's worth understanding the difference between voted and statutory here.

Where I would spend most of my time is on slide 6, Mr. Chair. Those are the major voted items you'll see in these supplementary estimates (C). As I mentioned, on the previous slide in the \$1.5 billion in voted, there are some really major items that make up that amount. I'll just walk through those one by one, if that's of use to the committee.

Under National Defence, for the Canadian Forces service income security insurance plan, there's the amount of \$726 million. That's a payment that's going to Manulife as a result of an agreed-upon settlement. There was an agreement to pay back some amounts where we had offset veterans disability amounts versus the Canadian Forces disability amount. They're now being kept whole so that agreement's been reached. Manulife had advanced the payments to the members receiving them so we're now topping up Manulife for that amount.

There is the amount of \$438 million, again for National Defence. There are two items in there. You'll be familiar with part of it. We have spoken to this committee before about the elimination of severance benefits as part of the collective agreements. National Defence is part of that process as well, so in that \$438 million there is roughly \$200 million for severance. The balance of that relates to the Canada First defence strategy.

There is the HRSDC writeoff of unrecoverable student loans of \$231 million. This is a great example of budgetary versus non-budgetary. When these loans are issued, they are non-budgetary because we expect to recover them. When we get to a point where we are writing them off because the six-year statute of limitations has expired, they now become budgetary because we're taking an expense for the writeoff of the amounts. There's \$231 million for that. I'm happy to speak more about that if it's of interest.

There's the amount of \$144 million, for National Defence again, for the training mission. It relates to a NATO mission. It's for training for both the Afghan National Army as well as the police force.

On Foreign Affairs, the amount of \$108 million for the London high commission is an interesting one. In that case, they're co-locating or combining two buildings into one. Currently we occupy two buildings in London. Some space adjacent to one of the buildings is being bought so they can be housed in one location. This amount is really flow-through financing. When we sell the second building, we will recover this amount, but we're using this amount to buy the adjacent property and get going on the consolidation there.

On the Copenhagen Accord, I think you may have seen before that there are some amounts for CIDA, Environment Canada, and Parks Canada related to that agreement.

On CIDA, I should mention the \$100 million for child protection, maternal and newborn health. This is not new money. CIDA is moving their funding mechanism. We're going from a contribution to a grant, but because of that we have to go to Parliament to get approval to increase the grant ceiling. So it's not new money here, but we're moving from contribution to grant.

Last, we have Public Works for \$85 million. I understand that Public Works is scheduled to appear shortly after us, so I'll let them explain their bit here.

On the statutory front, slide 7, again just for information purposes, Human Resources enhanced employment insurance benefits relates to budget 2009. The intent there is to hold the EI account harmless for the additional benefits. Initially \$2.9 billion was set aside, if I recall, so this is to top that up to cover off all the expenses there.

• (1105)

For Human Resources again, on guaranteed income supplements, we're increasing the forecast by \$143 million. You can split that into two things. One is an increase in the number of recipients by about 13,000. The balance of \$74 million relates to an increase in the actual benefit payment per recipient. So there are two pieces to that.

On the disability savings grant program, again from Human Resources, we have \$115 million. The issue there is they've changed the criteria to allow carry back. It's much like you would have if you think about income tax and the carry forward, carry back of losses.

They basically expanded it to allow carry back, which is going to increase the amounts paid out. There's \$115 million there.

For Human Resources again, on old age security, it's \$105 million. You can split that again between an increase in the number of recipients by about 6,000 as well as an increase in the actual entitlement.

Finally, there's a decrease in the forecast related to unmatured debt—so that's interest—of \$762 million, which relates to interest rates.

On slide 8, we have the horizontal items. Just to remind you, the horizontal items are items where we have more than one department receiving funding. We dedicate some paper up front in the supplementary estimates (C) document to go through horizontal items so members and parliamentarians can see which departments are receiving money. We do have the list of those who are receiving funds through supplementary estimates (C).

The Copenhagen Accord I've already touched on.

On the international crisis response for \$60 million, that's a change in the way we're actually funding that. That is supposed to be and is always intended for things like earthquakes and food emergencies around the world. With the process we had in place before, it was very time consuming for CIDA and other organizations to get their money. Given that it's a crisis response, we thought it would be better to actually put the money in the reference levels. In case there is a crisis, the department can actually take whatever required action they need to on a faster basis.

The other ones I'll flag for you here.

The modernization of the pay administration is for Public Works, in the amount of \$26 million. They, as well as Shared Services Canada, are coming up next so you may want to have questions about that.

Finally, government advertising programs, I know, get some attention so I'll mention it. There's \$1 million in here for advertising. That's totally related to Canada Revenue Agency around advertising for tax credits, deductions, and rules.

On slide 9, I did want to talk again about the budget 2012 spending review. We have spoken about this before, but you will see in the supplementary estimates (C) a line that says, "Less: Funds available within the Vote". You may recall last year when we tabled the main estimates it was in advance of the budget and we did not have the budget 2012 reductions. As departments come in for new spending, if we have moneys that were in their main estimates that they no longer have access to spend, we do a netting of the two. That's happened again here, and we've highlighted for you where we've netted off those amounts. In supplementary estimates (B) we had a netting of \$483 million. In supplementary estimates (C) we have another \$58 million. If a department does not come in for additional funds, we simply freeze the money centrally and put the controls in place that way. Basically, there's no point giving a department access to new money if they can't spend what they already have, and that's what this netting is all about.

Finally, on slide 10, before I pass it over to the chief financial officer for Treasury Board Secretariat, there is \$1.5 billion in voted expenditures. I did highlight some of the major changes to statutory forecasts for you. Not all departments are in here. We have 49 departments and agencies here. Again, if you're not looking for additional funds, there's no need to be in this document, so there are only 49 departments in here. If you're looking for a certain department and you don't see it, it's because they've not come forward with additional spending requirements.

As a final reminder, at the end of the supplementary estimates (C) is the draft of the appropriation bill. It is the appropriation bill itself that Parliament approves. These estimates documents are simply to help support your study of that, but you should spend some time looking at the appropriation bill itself because that is what Parliament approves.

With that, I'll turn it over to Christine Walker to speak quickly about Treasury Board Secretariat itself.

● (1110)

Ms. Christine Walker (Assistant Secretary and Chief Financial Officer, Corporate Services, Treasury Board Secretariat): Good morning, Mr. Chair.

I'm going to talk a little bit about the supplementary estimates (C) for the Treasury Board Secretariat as a department.

There are only two items in supplementary estimates (C). The first one is a very small item for \$75,000, and it's a transfer from Industry Canada to the Treasury Board Secretariat for the National Managers' Community. This community was established in 2000 and it's to help managers continue to be effective leaders as the times change. Funding for that program is actually received from 36 different departments, totalling \$2.7 million over the year.

The second item we have is the approval of the vote 15 compensation adjustments, for \$10.7 million. This is money that is actually within vote 15 and will be allocated to other departments. This is really the adjustments due to the extension of two types of allowances: transitional allowances and terminable allowances. This is not base pay; these are time limited. This is in complete compliance with the budget. Once again, these are not salary increases. This affected such groups as nurses, actuarial scientists, and financial resources within the government. These were very technical resources that received these allowances.

Slide 12 shows what the total estimates of the Treasury Board Secretariat are to date. The Treasury Board Secretariat will end at \$252 million for vote 1, and the compensation adjustments will be \$10.7 million.

With that I will end my remarks.

The Chair: Thank you very much, Ms. Walker.

Mr. Matthews, does that conclude your introduction?

Mr. Bill Matthews: It does.

I will make a final request, Mr. Chair. If members have questions that relate to a particular page in the supplementary estimates document, if they could be kind enough to let us know which page, that would help us.

The Chair: Fair enough. Thank you very much. I think this does help to focus what little time we have, although I know Mr. Ravignat wants to make a point.

Were you raising a point of order regarding the timeliness?

● (1115)

Mr. Mathieu Ravignat (Pontiac, NDP): I don't know if I would call it a point of order, but certainly if you all recall, here in the committee we asked in our recommendations on the estimates process that we be given sufficient time to study the estimates.

Look at this. We got this at 3 p.m. yesterday, roughly, and we're meeting now at 11 a.m. to discuss all of this. This is the committee that's responsible for passing the estimates. Is that the government's dedication to transparency? Was there no consideration for the recommendation brought by this committee to have more time?

It comes to a point where it becomes a question of privilege. Parliamentarians have to have the time to do their work in a way that is thorough and well done. We can only do that if we have access to the information we need.

It's unbelievable that we got this less than 24 hours before this meeting. I think that point needs to be made. There are ways of adjusting the schedule. It should have been done, and I would expect the government would be more dedicated to proper due process.

The Chair: Okay, you've made your point.

Mr. Braid, are you waiting to speak to the same point?

Mr. Peter Braid (Kitchener—Waterloo, CPC): I want to speak on the same point, yes.

The Chair: I'm trying to decide if it's a point of order or not. There was no real point you're making in terms of order other than an introductory comment. Do you want to spend some time on this?

Mr. Peter Braid: Just for the record, I want to clarify that at the subcommittee yesterday the government side also agreed that we would review the estimates on Thursday. This was a last-minute change as a result of the availability of departmental officials. Your comments are off base.

The Chair: I think we should be careful what we talk about from an in camera planning meeting.

But I can say from the chair's point of view that I met yesterday with the secretary of the Treasury Board, who told me quite plainly that these very people who we need today to talk about the supplementary (C)s are never available on Thursdays. That's the day of the one meeting where they have to be briefing cabinet, etc. Therefore the original plan to have them come on Thursday wasn't possible, so we went ahead rather than waste the meeting even with full knowledge that it's not an adequate period of time to do justice to these complicated estimates and the full knowledge that a recommendation from our committee report was that we would try to structure things in the future to give MPs more time.

It didn't happen this time and your point is well taken, but I don't know if there's any real point in debating it much further.

Mathieu, please be brief, and then we'll go on to questions.

Mr. Mathieu Ravignat: With all due respect to my colleagues and the chair, this touches on relationships between parliamentarians and the staff and our relationship to the departments and ministries that we're ultimately responsible for. That a particular person is not available for a meeting just doesn't cut it. As far as I'm concerned, it's up to the public service to adapt. It's up to Treasury Board to adapt in order to give us the time to properly study these estimates because, ultimately, we're the ones responsible and this committee is responsible.

The Chair: Dan, keep it brief because we're losing time that we can question the witnesses.

Mr. Dan Albas (Okanagan—Coquihalla, CPC): That's a fair concern, but again there are many different things.... One of the reasons an opposition member chairs this committee is to deal with these things as fairly as possible.

Mr. Chair, it's not a job I would personally like to have.

I would suggest, though, that if you do have concerns about the scheduling to express them discreetly to the chair on your own time, or perhaps to your member on the steering committee. I think all of us here want to work together and make sure parliamentarians have access. If you look at the report that you guys put out earlier, obviously the government is reviewing that. It sounds to me that this committee, quite frankly, is very committed towards making the estimates process better.

I would ask to see a little bit more even-handedness on the comments like that, particularly since we are supposed to be working together to make sure that Parliament has full scrutiny over these documents.

Thank you.

The Chair: Let's hear from the Liberals, and then let's close it off and go to questioning.

• (1120)

Hon. John McCallum (Markham—Unionville, Lib.): Notwithstanding that we've not had these estimates for very long, some of us, including me, have spent some time studying them and do have questions. So I would propose we go immediately to questions.

The Chair: Fair enough. That seems to be a general consensus.

The first question will be for the NDP, Mathieu Ravignat.

Mr. Mathieu Ravignat: Thank you, Mr. Chair.

Following up on my colleague's comments, I indeed have a number of questions. Regardless of my opinion on the length of time we had to study, I think any reasonable person would recognize it was way too short, particularly considering the recommendations by this committee to have a longer time to study the estimates.

My first question is on advertisement. It's just a matter of confirming something for me.

I'm looking at page 17 of the supplementary estimates. In your presentation, you said that the \$1 million was completely related to Revenue Canada and the tax process. Is the figure 56,600, which I believe is the cumulative total, also included in that \$1 million?

Mr. Bill Matthews: If you look at the chart on page 17—Sally do you mind finding the reference in French for me?

Mr. Mathieu Ravignat: I believe it's page 17 in the French version as well.

[*Translation*]

Mr. Bill Matthews: Same thing? Thank you very much.

Mr. Mathieu Ravignat: My pleasure.

[*English*]

Mr. Bill Matthews: It's on page 17 in both French and English, apparently.

The \$1.4 is what is in supplementary estimates (C). When we present horizontal items, we not only show all departments but we also show you the history for the year. What you see for advertising is funding that has been approved through supplementary estimates (A), which was the \$51 million. Then you have another subtotal, supplementary estimates (B), which had two amounts: Canadian Heritage and Natural Resources. That's the last round of supplementary estimates.

In these supplementary estimates (C), the \$1.4 total relates to Canada Revenue Agency, as the member said. The total is \$56.6, which is the annual total of all three together, but what is in supplementary estimates (C) is the Canada Revenue Agency piece for \$1.4 related to tax measures.

Mr. Mathieu Ravignat: So, we are talking about \$56 million spending on advertisement.

Mr. Bill Matthews: If you look at all three combined for the year to date, in terms of what's been asked for, for authority through supplementary estimates, it's \$56.6.

Mr. Mathieu Ravignat: The additional \$1 million is related only to Canada Revenue.

Mr. Bill Matthews: That is correct. What's in the supplementary estimates (C).

Mr. Mathieu Ravignat: Okay. Thank you for that.

[*Translation*]

Now for my second question.

I'm going to take advantage of your being here today to ask you a general question that is clearly on the minds of Canadians. I'm talking about the conflict between the Parliamentary Budget Officer and the President of the Treasury Board regarding the impact that the public service cuts will have on services to Canadians.

Could you please tell me whether the PBO's forecasts were taken into account when supplementary estimates (C) were being prepared? And if not, why?

[*English*]

Mr. Bill Matthews: The Parliamentary Budget Officer typically studies the supplementary estimates after they're tabled. When we're tabling and preparing supplementary estimates, they're based on government spending plans. He will, in all likelihood, issue a report at some point on the supplementary estimates (C) or the next quarterly financial report.

Do we take his forecasts into consideration when we're preparing these? No, we don't, because these are based on departmental spending plans. He will then come along and assess the budget, supplementary estimates, and quarterly financial reports and will give his independent analysis to Parliament. These numbers are based on departmental spending plans, not on the work of the Parliamentary Budget Officer.

Mr. Mathieu Ravignat: I'd like to ask you a question on a more specific item, which is on page 3 in the French version.

[*Translation*]

It has to do with the Allocations from the Treasury Board Central Votes. In the Privy Council section.

Are you following?

Mr. Bill Matthews: It's on page 4?

Mr. Mathieu Ravignat: It's about the Allocations from the Treasury Board Central Votes.

Mr. Bill Matthews: Which page is it on?

Mr. Mathieu Ravignat: It's on page 4.

Mr. Bill Matthews: On page 4.

What would you like to know?

Mr. Mathieu Ravignat: There is \$405,000 that was allocated to the Canadian Transportation Accident Investigation and Safety Board.

• (1125)

Mr. Bill Matthews: Forgive me, Mr. Chair, but I can't find page 4 in my document.

Mr. Mathieu Ravignat: It's from the Internet.

[*English*]

Mr. Bill Matthews: Okay. Merci.

[*Translation*]

Mr. Mathieu Ravignat: Are you following now?

Vote 15 pertains to compensation adjustments.

[*English*]

Mr. Bill Matthews: The Treasury Board of Canada functions as the employer for the Government of Canada. I'll turn this over to the chief financial officer if need be. As departments need resources for some types of collective agreements, etc., the central vote money flows through from the Treasury Board Secretariat to the department. Depending on the nature of the agreement itself, we have some items for which we actually flow money out to departments.

[*Translation*]

Mr. Mathieu Ravignat: I understand, but I'd like to know the reason for the transfer. It's under the Privy Council, the amount for the Canadian Transportation Accident Investigation and Safety Board.

As you and all Canadians know, cuts were made to Transport Canada's inspections and inspectors. This is a sizeable transfer, and I'd like you to explain it please.

[*English*]

Mr. Bill Matthews: I'm having a hard time actually finding the transfer from the Privy Council Office.

The Chair: We've gone on a little longer than we should just because we're having difficulty finding it.

If you have the answer, Mr. Matthews, if you could, briefly—

Mr. Bill Matthews: I think we do, actually. This is a presentation issue.

The money actually comes from Treasury Board Secretariat. The issue is that the organization in question actually falls under the Privy Council Office in terms of reporting, so it's not money that's being transferred from the Privy Council Office. We've just grouped departments from a ministry perspective here.

Mr. Mathieu Ravignat: Ah, okay. Thank you for that answer.

Mr. Bill Matthews: My apologies for not being able to find your reference more quickly.

Mr. Mathieu Ravignat: That's okay.

Thank you for that, Mr. Chair.

The Chair: Thank you, Mathieu. You'll have to continue in your next round.

Now we have Peter Braid for the Conservatives.

Mr. Peter Braid: Thank you very much, Mr. Chair.

Thank you to our officials for being here today. I'm sure even though we've all had short notice, we will still have a very informed discussion this morning. I have no doubt.

My questions will start with page 8 of your slide presentation, Mr. Matthews. I have two questions to start with there.

Could you elaborate, please, on the third bullet, the amount of \$29 million for the Centres of Excellence for Commercialization and Research. I think you may have perhaps skipped over that one. If you could, just elaborate a little bit on that funding, why it's needed in the supplementary estimates (C), and what it will be used for.

Mr. Bill Matthews: Members may recall there was an item in previous supplementary estimates related to this organization that was for the administration costs. These amounts in fact are for the awards that were given out back in November by the Canadian Institutes of Health Research, NSERC, and the Social Sciences and Humanities Research Council. They're the granting portions of those awards.

You may recall that budget 2007 allocated \$30 million a year to these three organizations, which are centres of excellence for commercialization and research. These amounts correspond to the grants given to the award winners, who were chosen back in November. The department has come forward, because they are in fact ready to spend the funds. This actually is the grant portion of that program.

The breakdown is \$14.2 million for the Institutes of Health Research, \$7.7 million for Natural Sciences and Engineering, and \$6.9 million for Social Sciences and Humanities Research. This is the grant portion only.

Ms. Sally Thornton (Executive Director, Expenditure Strategies and Estimates, Expenditure Management Sector, Treasury Board Secretariat): More explicitly, the centres of expertise to which these funds are going are: the Prostate Centre's translational research initiative for accelerated discovery and development, in Vancouver; MaRS Innovation, focusing on therapeutics, medical devices, and diagnostic imaging, in Toronto; the Centre for Probe Development and Commercialization of medical devices, in Hamilton; and the Centre for Drug Research and Development, in Vancouver.

Mr. Peter Braid: Thank you very much for that clarification. That sounds like critically important research, I might add. I suspect that in the future these amounts will be reflected in the main estimates. Is this just a timing issue or will we see these amounts in future supplementary (C)s as well?

Mr. Bill Matthews: You could see it in either.

Mr. Peter Braid: Okay.

Mr. Bill Matthews: Basically, departments don't come forward looking for funding until they know they are going to need the money, so it's entirely possible that you will see them in supplementary estimates in the future. It really depends on the department.

Sally, do you have a comment?

Ms. Sally Thornton: For example, one of the things you saw in the last supplementary estimates was the business-led Networks of Centres of Excellence, which were basically partnerships with the private sector to try to fund innovative and collaborative business-led initiatives. You saw that in supplementary estimates (B) because the awards were made in-year, post-budget.

That program has now been continued as ongoing. Budget 2012 established it as ongoing, so you will see those amounts in the main estimates for next year, at the high level, and then more detail in the respective reports on plans and priorities of each of the organizations that delivers them, such as Industry Canada.

• (1130)

Mr. Peter Braid: That's wonderful. Thank you very much.

A little further down that page, I also want to touch on the second-last bullet on government advertising. You mentioned that this is primarily for CRA to inform Canadians, to raise awareness among Canadians, about tax credits that are available to them. This is a very important awareness-raising campaign.

Could you give us a little more information on how that advertising is done? Is this television advertising only? Is it a range of media? Is this a new initiative of CRA in making an effort to make sure Canadians are aware of the tax credits that are available to them?

Mr. Bill Matthews: Typically, there is advertising done on an annual basis around tax time—and we are in tax season—largely because the tax rules often change, or there are some changes, and also to remind Canadians of which credits they may wish to take advantage of. My recollection on this is that it's mostly television, but I cannot say for certain that there are not other avenues.

Ms. Sally Thornton: Yes, and online: television and online.

Mr. Bill Matthews: Yes, online as well, so those are the two major thrusts. Typically there is advertising around this time of year, around the tax package, and we're at that time of year again.

Mr. Peter Braid: I might add as well that this is in line. We had the finance committee in this room just before our committee hearing. They recently tabled a report on looking at ways to encourage Canadians to increase their charitable giving.

One of the recommendations from the finance committee in their all-party report was to ensure that CRA was advertising and promoting tax credits, particularly vis-à-vis tax credits that are available for charitable donations to Canadians, so I think that's quite in line.

The Chair: You have about 20 seconds or so, Peter, if you want a brief question.

Mr. Peter Braid: A brief question.

Explain vote 15. Why is vote 15 unique and what goes under vote 15?

Ms. Christine Walker: Vote 15 is a central vote. It's one of the Treasury Board's central votes. What happens in vote 15 is that it's almost like a flow-through account.

What would happen is there would be, for example, a collective agreement signed. Money would go into vote 15, which would basically pay the difference between what departments already have in their budget and what the new collective agreements would have. Then we would flow through those amounts from vote 15 to the departments. It really is a mechanism to be able to control the amounts transferred to departments to make sure they're 100% in line with the collective agreements that have been signed.

The Chair: That concludes your time, Peter. Thank you very much.

Mathieu, would you like to continue?

[Translation]

Mr. Mathieu Ravignat: Could you tell me what role the national public servants' community plays in the public service?

[English]

Ms. Christine Walker: It's the National Managers' Community. The National Managers' Community is a grassroots community. It's meant for the managers within the public service who are managing people and managing funds. It is a voluntary network. They subscribe to the network. It is present in 14 regions across Canada. It really is an opportunity for help, to learn from other managers. They had quite a number of training sessions last year alone. There were over 12,000 training sessions—

[Translation]

Mr. Mathieu Ravignat: Forgive me, but I must stop you there. You've given me enough information. Thank you.

Does the community provide workshops on layoffs?

[English]

Ms. Christine Walker: I apologize, I didn't hear the end of that sentence. I do not know if they have, but I can certainly get back to you.

[Translation]

Mr. Mathieu Ravnat: If I understand correctly, the \$74,000 being given is a transfer from Industry Canada. Is this the first time money has been transferred for this kind of activity?

[English]

Ms. Christine Walker: No, this program has been going on since the year 2000. To date, 36 departments have already transferred funds to the Treasury Board, either through the main estimates or supplementary estimates. The total transfer amount on an annual basis is about \$2.7 million. Industry has just transferred it through supplementary estimates (C) this year.

• (1135)

[Translation]

Mr. Mathieu Ravnat: Could you tell me what specifically that money will be used for? What activities will it cover?

What level of public service managers are we talking about here? Are they EXs?

[English]

Ms. Christine Walker: These would be non-EX positions. These are managers in the public service. It really is to hold workshops and training sessions. As I said, I believe last year there were over 12,000 workshops and training sessions held for the National Managers' Community.

[Translation]

Mr. Mathieu Ravnat: I gather, then, it's an organization that offers group therapy to managers in tough situations because they have to let go of employees they need, and that in turn has an impact on services provided to Canadians.

[English]

Ms. Sally Thornton: Actually I participated in several of these sessions, so I can answer your first question. They do have sessions where you learn how to have difficult conversations, which were very much relevant in the context of the deficit reduction and spending review. They weren't so much therapy as learning specific tools on performance management and measurement, really concrete things that we could take back to the office and apply.

[Translation]

Mr. Mathieu Ravnat: You aren't responsible for this situation. It stems from the way Treasury Board and this government chose to approach the public service cuts. Their choices made these workshops and group therapy sessions necessary. It's utter chaos in the public service today. I support the public service, but it's shameful this money is even necessary.

[English]

Ms. Sally Thornton: They have a wonderful website that articulates all of the different training and sessions that they offer. It covers a wide range of tools that are relevant for managers in whatever context.

[Translation]

Mr. Mathieu Ravnat: I would think it's mostly relevant in crisis situations.

[English]

Ms. Christine Walker: It's really important to note that this community was established in the year 2000, so it has not just been established recently.

[Translation]

Mr. Mathieu Ravnat: Very well.

[English]

The Chair: You have one minute.

[Translation]

Mr. Mathieu Ravnat: Could you give me a report of the effects the public service cuts have had on services provided to Canadians? Could you give me an overview?

[English]

Mr. Bill Matthews: I can report, Mr. Chair, that the strategic and operating review, or the deficit reduction action plan, by the 2012 measures, totals \$5.2 billion in savings over the three years. Of those reductions, 70% were around operating efficiencies, so the majority were targeting operating efficiencies, backroom-type things, as opposed to impacting services to Canadians. In the three-year program of reduction, we're about to start year two. Year one is just coming to a close, so the chapter in terms of managing reductions is not yet closed but is ongoing.

Many of the departments actually have service standards. We've spent some time talking about human resource development today. They do have service standards and they publish regularly how they're doing. I would suggest maybe to keep an eye on those. I don't have anything specific to say about services to Canadians and impacts other than we're on track for the 70% around operating efficiencies.

[Translation]

Mr. Mathieu Ravnat: Very well. Thank you.

[English]

The Chair: I'm afraid we don't have any more time to answer anyway.

We'll move to Ron Cannan.

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

Thanks to our witnesses.

I'll just say I'm proud to be part of a government that's showing leadership to reform government and that's taking the necessary steps to provide fiscal responsibility in these challenging global economic times. I appreciate the information and the opportunity to clarify a couple of questions.

One question of concern looked at by last year's committee as well is the writeoffs of the student loans. We're looking at \$231 million, I believe, for over 44,000 students. Could you enlighten the committee on how this compares? Last year it was about \$312 million, if I recall, in 2011-12 for about 98,000 accounts that we had to write off. I think they dated back about a decade. Could you provide the details on the uncollected loans as well as writeoff versus forgiveness?

Mr. Bill Matthews: There are a couple of comments I'd make. The student loan program is a big program, so if you were actually to look at the government's balance sheet, you'd see about \$14 billion in accounts receivable related to student loans.

When you're issuing that volume of loans, you are going to have some writeoffs. No one likes writeoffs, but I would say that if there are years where you don't see writeoffs, it's actually a bad sign. Departments should be coming forward and cleaning up their books on a regular basis. This is an annual event. Since CRA has taken over collection of the loans, we have seen an improvement. The default rate has dropped by about half. You are going to see this as an annual event, because departments do need to go and clean up their books. These are writeoffs, not forgiveness. In many cases the six-year time period has expired, so we do write them off.

That does not mean the debt is forgiven. Many of these people have left the country or potentially even passed away. If they do come back into the system for some reason, if they've left the country and have come back, writing off the debt does not stop us from collecting in the future. It is a bookkeeping event, and we should be doing it on a regular basis. That's what's being done here.

• (1140)

Hon. Ron Cannan: The statutory limitations are set by...?

Mr. Bill Matthews: By regulation, if I recall correctly, and it's six years. You will see this as an annual event from this department.

Hon. Ron Cannan: I think we're running around the high 80% in student loans being paid back. Do you know what the number is?

Ms. Sally Thornton: The default is less than 14%.

Hon. Ron Cannan: So it's 86% or 87%. Excellent. Thank you for that clarification.

Moving on to High Commissioner Gordon Campbell's amalgamation of the high commission and foreign affairs in London, my understanding is that the consolidation of the building is about \$100 million or so, and then the ancillary. Then the existing building is going to be sold. What happens when that asset is sold? How is that accounting shown in the books?

Mr. Bill Matthews: The way to view this, Mr. Chair, is as bridge financing. When that building is sold, the department doesn't get to keep it. It comes back into the consolidated revenue fund, and it essentially pays this back. Those proceeds from the sale are expected to be more than enough to offset the cost to acquire this new property as well as whatever fit-up they need to do to make it one building. It's Canada House and Macdonald House that are being combined. Macdonald House, if I recall correctly, is being sold, and the property next to Canada House will then be used to make one grouping of our employees over at that building.

Hon. Ron Cannan: It makes good sense. Thank you.

Just looking at all the organizations listed in supplementary estimates (C), I think there are 49. Is that correct?

Mr. Bill Matthews: Yes, I believe so.

Hon. Ron Cannan: There are more organizations that aren't listed. Is there a reason for that?

Mr. Bill Matthews: Correct. If you think about the process for getting into the estimates documents, you basically have to have had money allocated in a previous budget, been through cabinet, and then to Treasury Board to get your spending plans approved. If you have nothing new, if your main estimates basically cover all your programs and you don't have any new spending, there's no need to come forward at supplementary estimates. You have to come forward only if you're planning on spending additional funds because you now have Treasury Board approval to spend.

There are many organizations that had no such requirements, so you will not see them in here. This is just supplementary estimates (C), which only represents those organizations that have additional spending requirements. Departments need parliamentary approval to spend money. They don't need parliamentary approval to not spend money. They come in only if they actually require additional funding.

Supplementary estimates (B) typically is our biggest supplementary estimates. That bore out again this year. So supplementary estimates (C) is typically one of the smaller ones. That's why you don't see all the departments here.

Hon. Ron Cannan: In supplementaries (B) there were 49 organizations. We're dealing with the offsets. There are about \$58 million in offsets. Is it normal to see that amount in 2012 reductions in supplementaries (C)?

Mr. Bill Matthews: In terms of the reductions related to the strategic and operating review, \$58 million, they're lower than they were in supplementary estimates (B) simply because fewer departments came in. The lower the number of departments, the lower the amount of offsets we can take advantage of. We'd already taken advantage of \$483 million in supplementary estimates (B), so it makes perfect sense that because supplementary estimates (C) is smaller, the amount of offsets is smaller as well.

The Chair: Thank you, Mr. Matthews.

Thank you, Ron.

Hon. Ron Cannan: It's always good to have common sense prevail. Thanks for your hard work.

The Chair: Thank heavens common sense prevails once again.

John McCallum.

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

I also had a question related to the London Macdonald House and Canada House, but in a different context. It's related to the \$55 million being allocated under central vote 5, which is supposed to be used only for matters that are urgent or unforeseen. There is an item also under vote 5, \$1 million for so-called indigent on-reserve residents. I can see why that might be urgent or unforeseen. But this planned building change in London has been going on for some years, so I don't really understand why that required a vote 5, being urgent or unforeseen.

• (1145)

Mr. Bill Matthews: Regarding urgent and unforeseen, and I'll let Sally finish the story, as you know, there are three supplementary estimates periods during the year, (A), (B), and (C). If a department can't wait for one of those to occur, sometimes we take advantage of vote 5. You did mention the other case, which was more of the emergency basis.

If I recall correctly, and I'll get Sally to correct me, the deadline to close the deal around the new property was fast approaching. I believe they needed funding and couldn't wait for the next supplementary estimates cycle to get that funding to close the deal. The thought was that it was a good deal and we should take advantage of it, so we used vote 5 to actually float the department the money to take advantage of that deal.

Do I have that correct, Sally?

Ms. Sally Thornton: Yes. It was simply to meet a final closing date.

Hon. John McCallum: Thank you.

This next question is for what you might call Treasury Board in its overall expenditure management role. I notice that a number of departments, including Heritage, on page 41, are claiming \$68,000 in funds, "to provide a source of funds for the establishment of the Business Transformation and Renewal Secretariat of the Privy Council". I don't think we're going to be questioning Privy Council, so I wondered if you could tell us, at least in general terms, what this secretariat is going to do.

Mr. Bill Matthews: I think we won't get a sense of what exactly the secretariat is doing until some future budgets potentially, but they're a transformation secretariat that's effectively looking at additional ways to save money. They've stood up a team, and they're looking at the way government delivers services, more, I think, on the back-office side. They've stood up that team, and departments have contributed to it.

I can't say what the outcome has been yet, because it's simply too early to say, but they are looking at ways to transform government, either for efficiency or to create better effectiveness.

Hon. John McCallum: So the team is still in its very early stages. It hasn't really got going yet.

Mr. Bill Matthews: It's been ongoing for over a year now.

Go ahead, Sally.

Ms. Sally Thornton: In supplementary estimates (B), you would have actually approved an amount of \$1.4 million for PCO to stand up the secretariat. What you're seeing here is that while we asked for those moneys to be approved for PCO, it's not a new hit on the fiscal

framework. We're actually taking that money from other departments. In effect, it's a transfer. You're going to see that in over 20 organizations as we pull the same amount, that \$1.4 million, that was approved in supplementary estimates (B).

Hon. John McCallum: Okay.

I have one last question. I have a particular interest in the Rouge National Urban Park, because part of it is in my riding. I notice \$3 million for that.

Can you tell us what that money is to be used for?

Mr. Bill Matthews: Sure. I'll start, and then I'll ask my colleague, Sally, to chime in, if need be.

With regard to the park itself, I know there are a couple of things happening. One is that some land related to Pickering airport has come free. They're actually increasing the size of the park, because there is an additional, I believe, 1,900 acres of land from the Pickering airport.

With regard to the \$3 million they're getting through the supplementary estimates themselves, I'm going to turn to Sally to see if she can add to that.

Ms. Sally Thornton: The first portion, \$2.1 million, is for Parks Canada to begin the process of establishing the park. Transport is also asking for some funds. They are contributing 1,917 hectares. The whole park should be about 5,000 hectares. This is really to launch it. They are, indeed—these are early stages—working out the boundaries and pulling it together. You'll be seeing this one again.

Hon. John McCallum: Thank you very much.

The Chair: You have 30 seconds if you have a brief question, John.

Hon. John McCallum: I'm okay.

The Chair: Very good. Thank you.

Bernard Trotter.

Mr. Bernard Trotter (Etobicoke—Lakeshore, CPC): Thank you once again for coming here.

I want to focus some questions on vote 15. Before doing that, I appreciate some of the background material that you did provide, especially in the presentation that you gave, Mr. Matthews, on slide 5. This gives a good overall context of what's going on. Looking at the total line items and the voted line items, I see there's a downward trend, realizing that these are nominal dollars. In real terms, you can see a pretty strong trend in terms of overall spending reductions.

Is there any inflation number that the Treasury Board Secretariat uses when it does planning? Right now what would be an inflation assumption that we can use to get a sense of what these reductions mean in real terms, given that we live in a real world, not a nominal world?

•(1150)

Mr. Bill Matthews: There's no standard inflation rate we use when we're preparing these things. You would see a standard inflation rate applied more likely when the Department of Finance is doing their forecasts, particularly around statutory payments. Many of the statutory payments relate to benefits for our older population, so the demographics are changing.

I did flag two items that have gone up, the guaranteed income supplement as well as the old age security. Both of those had an increase in terms of the amount payable per recipient. So there's inflation factoring in there.

When we factor in the departmental spending plans, generally speaking there's no inflation built in. We do have something called vote 15, under which, in the past, departments would have been resourced for any increases in payroll they had to absorb. You may recall that an operating budget freeze has been in place, so many of those increases have been funded by departments themselves.

To get back to your question, there's no standard factor we use. It would be a better question for Finance, in terms of their budget planning and whether they use a standard rate.

Mr. Bernard Trottier: Okay. Fair enough.

Getting back to vote 15, there's an adjustment of \$10.7 million for compensation adjustments. Can you give us a sense of whether these compensation adjustments are because of changes in pay grades, or are there adjustments for inflation embedded in those changes?

Ms. Christine Walker: These are not adjustments for pay grades. These are not salary adjustments or compensation for inflation. These are really two things. They're for what they call transitional allowances and terminable allowances. They're very specific items.

Terminable allowances are usually one time and they would be negotiated again in the collective agreement. That's the reason it goes into vote 15. Then, as you said, there's a chart that shows where it will go from vote 15 to all of the departments and agencies.

What's also important here is that with the cost containment freeze, it means the departments and agencies must absorb any salary increases, which they are doing. These, again, are not considered salary increases.

Mr. Bernard Trottier: In the compensation adjustments in vote 15, are there any increases in the number of positions?

Ms. Christine Walker: No.

Mr. Bill Matthews: If I may, Mr. Chair, terminable allowances is an awful term, because it does give the connotation of termination. It has nothing to do with termination. It's an allowance that was intended to be temporary in nature.

If we have a particular job classification where we know that the private sector is paying more, and we have a retention issue, we will top up base pay with a terminable allowance. If we get to the point where we see that it's actually a permanent adjustment in the compensation for this type of individual—nurses would be a great example—we will roll those allowances into the base salary structure once we're convinced it's a permanent structure. But the allowance itself is meant to be temporary in nature, and that's why it's called terminable. It has nothing to do with termination.

Mr. Bernard Trottier: Thank you.

Finally, in your presentation you talked about the use of some spending for horizontal items. Maybe for the benefit of the committee and for Canadians in general, can you explain the use of horizontal items? Is that an increasing trend within the Treasury Board Secretariat? Is more and more spending going through horizontal items? What does that mean compared with the opposite, which would be vertical items?

Mr. Bill Matthews: There are two pieces there. There has been increased effort in the last few years to give additional attention to horizontal items. They're items where more than one department is receiving money for a linked initiative.

Members of Parliament, when they were studying estimates in the past, were concerned that if they only saw the bits in each department, they would never see the whole picture. By putting in some additional pages to flag horizontal items, members, when they study things like the Copenhagen Accord, can see which departments are getting money. They get a picture of the whole initiative.

Can I say there's an increasing trend to multi-department initiatives? I'm not sure that's true necessarily, but there is certainly an increasing trend to provide additional disclosure around those things.

The Chair: Your time is up, Bernard.

This concludes our first round. We have enough time for one government and one opposition speaker in round two.

In the interim, I want to take the opportunity to ask you this, Mr. Matthews. One of the tools we use in trying to plow through the estimates is the report on plans and priorities. Now that the main estimates have been tabled, when can we expect the report on plans and priorities to help us with our deliberations?

Mr. Bill Matthews: Mr. Chair, I cannot give you an exact date just yet, but I can tell you that it will be earlier than last year. I would expect it in the next few weeks; I can't say for certain which exact date, but coming in the next few weeks.

The Chair: Okay. Fair enough.

Mathieu, five minutes.

Mr. Mathieu Ravignat: Well, earlier than last year is encouraging. Thank you. Glad to hear it.

I want to go back to the question I asked you in my last round, about the current state of the cuts to the public service. You said in your response to me that you were pretty sure, Mr. Matthews, that most of the savings were in backroom or internal services.

We know that the PBO disagrees with that assessment. Since you're in the bowels of this, and you're the expert, why is there a discrepancy between...? What's the methodological problem here?

•(1155)

Mr. Bill Matthews: There are two points that I'd make.

Operating efficiencies are different from internal services, and 70% of the cuts are in operating efficiencies.

Just to give you an impression of the distinction, internal services are HR, finance, legal, all that stuff. Operating efficiencies are a little bit broader. If we decided we could deliver a program with less travel, that's an operating efficiency. It's not internal services. It's not a reduction in terms of how the program is delivered, or the program itself; we're just delivering it more efficiently.

I would say that 70% of the cuts or reductions in operating efficiencies are more than just internal services. There is some confusion around that.

The second part of your question, around the confusion around the Parliamentary Budget Officer's numbers and the numbers from Treasury Board Secretariat, we have a process in place where we have the same numbers he does. It would be useful if we could see his reports in advance so that we could actually work through the disputes. I think we would all agree that Parliament is not well served when we get two sets of numbers out there.

So he's put his numbers out. We've looked at internal services. We see a 6% reduction versus the previous year; he has an 8% increase.

We can't recreate his numbers, but I think we would all agree that we would be in a better situation if we had a chance to agree on those numbers before they were produced.

Mr. Mathieu Ravignat: I certainly agree with you, Mr. Matthews, but really here also it's the qualitative analysis of these numbers. The Parliamentary Budget Officer is saying there are clear impacts on front-line services, that cuts are occurring on front-line services, that those cuts do account for some of the savings the government is pursuing. It's also a difference in interpretation. How do you explain that?

Mr. Bill Matthews: I don't think I recall seeing something from the Parliamentary Budget Officer where he's been able to articulate impacts on front-line services. There is that distinction I mentioned between internal services and operating efficiencies. I believe the Parliamentary Budget Officer's concern was if he wasn't seeing the reductions in internal services, it must be services that are being impacted. As I mentioned, we don't agree with his number on internal services, and we're talking about operating efficiencies, which is a lot more than just internal services.

Mr. Mathieu Ravignat: I have another quick question, if I have the time.

The Chair: You have two minutes.

Mr. Mathieu Ravignat: When it comes to giving direction to departments to make savings, were there any guidelines from Treasury Board with regard to savings in backroom internal services and avoiding, obviously, savings that would have an impact on front-line services to Canadians?

Mr. Bill Matthews: When this initiative was launched, two things happened. The Treasury Board Secretariat set the expenditure base for each department. That's important because we excluded certain things from the base. For instance, major transfers to Canadians and the provinces were off the table, so they couldn't cut those. The logic is you can only cut what's in your base.

We also said to departments that at least a proportional share of their savings had to be operating efficiencies. They could not achieve their target simply by eliminating one big program.

When we communicated each spending base to each department, we were able to say, "Here's your grants and contributions portion. Here's your operating portion. A proportional share of your 5% and 10% spending reduction options has to come from operating." I can tell you that every single department came forward with proposals that had at least a proportional share from operating. They did all respect that guideline.

Those were the guidelines that were set.

Mr. Mathieu Ravignat: Is there a post evaluation?

Mr. Bill Matthews: Is there a post evaluation in terms of...?

Mr. Mathieu Ravignat: In terms of having an impact on front-line services.

Mr. Bill Matthews: Not that I'm aware of.

Mr. Mathieu Ravignat: Or the impact on internal services.

Mr. Bill Matthews: Certainly, we know what was brought forward by departments and we've reduced the appropriate vote, operating versus grants and contributions. That forces departments to make the reductions where they planned in the first place. From my perspective that gets us what we need.

Mr. Mathieu Ravignat: Okay. Thank you.

The Chair: Thank you. That's right on time.

We just have time for Dan Albas for a tight five-minute round, and John McCallum has asked for a 30-second question at the end, and I'm inclined to agree to it.

It's five minutes for you, Dan.

● (1200)

Mr. Dan Albas: Thank you very much, Mr. Chair. I'm really happy you're finding the efficiencies here today.

Thank you to our witnesses today. I certainly appreciate your presentation and your knowledge on the subject.

Earlier the chair mentioned reports on plans and priorities. I believe, Mr. Chair, there was a report submitted by this committee, and one of the recommendations in that particular report said there's a clear linkage between the RPPs and supply, and that to have those reports as soon as possible or even to have them at the same time as the main estimates would be ideal. To hear that the RPPs are going to be coming forward earlier than usual is a step in the right direction.

In linking the RPPs, I did have a question regarding vote 15c, which is on page 120 of the supplementary estimates. I'm a big believer in linking projects, the RPPs, strategically. On the compensation adjustments, I think Ms. Walker has done a very good appraisal of what it is and what it is not. Obviously, it's not a salary transition; it's a transitional allowance. I do have here your RPP in regard to this. I believe it's under program activity two, which is people management, from last year's RPP.

Could you take a moment and link what this particular item is and how that relates to your RPP? Where's the department headed in this direction?

Ms. Christine Walker: First of all, in our program activity architecture, in fact, the central votes are aligned in a different spot. They are not part of the people management. What you see in the main estimates is this. At the start of the year, vote 15 is zero because it is a flow-through account and at the end of the year it will be zero. I think that's important to note.

Mr. Dan Albas: Okay.

Ms. Christine Walker: What would happen if there were any changes in collective agreements is it basically would affect in the Treasury Board, to use that as an example, the individuals who are working for each one of those program activity areas. If we had, in this case for instance, nurses working in the people management area, you would see a slight increase in spending in the people management area for that program activity for the Treasury Board Secretariat. It's very important to note that the central vote, vote 15, is not directly linked to the people management PAA program activity for the Treasury Board Secretariat.

Mr. Dan Albas: Could you go through a little bit more? I know you've brought this up with Mr. Trottier and earlier with Mr. Braid. Could you point out further what these funds are supposed to do? Obviously it's under the Financial Administration Act, so certainly, we're bound to it by law.

Ms. Christine Walker: Vote 15 is part of...

Mr. Dan Albas: It's 15c again, this extra \$10 million.

Mr. Bill Matthews: Yes, \$10.6 million.

Mr. Dan Albas: The \$10 million, yes.

Mr. Bill Matthews: Maybe while Christine looks for something, I would say that this is something you're going to see on a regular basis. Getting compensation adjustments related to vote 15, you will see, going from memory, in most of our supplementary estimates, because as agreements are signed they are signed through the year. They do have various negotiating tables, and departments will need to be resourced for those things. It's quite normal that you will see these in almost every supplementary estimates and it does depend upon the agreement signed.

I'm not sure if you have anything to add, Christine.

Ms. Christine Walker: What's important is that what it really refers to in section 83 of the Financial Administration Act is that the terms and conditions of the employment are paid to each one of the departments from vote 15.

Mr. Bill Matthews: I would add one thing, Mr. Chair, if I could, on reports on plans and priorities, since the member did bring it up and they are coming. I think the committee would be pleased to know that this year when you do see RPPs, if you will recall your recommendation that had asked for a history of spending and then a go-forward of three years in each case, RPPs this year will include that. So you will see that change in the RPPs. I know Mr. Wallace is no longer on this committee, but I'm sure he'll smile when he sees that.

The Chair: He would be very happy.

You have 20 seconds, Dan.

Mr. Dan Albas: Mr. Chair, I just wanted to thank our witnesses again. I believe they've covered that issue very well.

I appreciate your testimony today, and I'm sure McCallum wants to be efficient with his time.

The Chair: Thank you, Dan.

Yes, John, if you could be tight as—

Hon. John McCallum: I'll be very quick.

I've seen a letter from the Parliamentary Budget Officer to the Secretary of the Treasury Board in which he says that his people consult regularly with Treasury Board officials as they're writing their reports, before they release their reports, which seems to contradict what you said about the need for consultation. There seems to be a difference in interpretation of facts. What are we to conclude from that?

• (1205)

Mr. Bill Matthews: We do have regular discussions with his staff.

The issue is when we get the reports it's not in time to actually comment on them before they're made public. I believe some members of this committee would probably use the Parliamentary Budget Officer's integrated monitoring database. We have found mistakes in that database in the past where they've double-counted votes, but it's after it's been posted. We would prefer a model where we would get the stuff and could have a discussion and offer comments and maybe improve his products before they're made public.

Hon. John McCallum: I thought he said that he already did that.

Mr. Bill Matthews: We get them waved in front of us a few days beforehand. We're not left with them to analyze. Basically, we see them but with not enough time to actually comment on them and fix them. We're commenting on them after they've become public.

The Chair: Thank you, John. Thank you, Mr. Matthews.

We'll have to leave it at that. We want to thank the representatives from the Treasury Board Secretariat for helping us with the supplementary estimates (C) and a very useful presentation.

I need to suspend very briefly while we change our witnesses and invite the guests from Public Works.

The meeting is suspended.

• (1205)

(Pause)

• (1205)

The Chair: I call the meeting back to order.

We are now about to welcome the representatives from the Department of Public Works and Government Services. Alex Lakroni will be leading the delegation. John McBain, a regular and frequent friend to the committee, and Madame Brigitte Fortin are with him. Welcome to all of you.

We'll probably only have time for one complete round of questioning because I need 10 minutes at the end of the meeting to go in camera and deal with two brief items.

We'll begin right away by asking Mr. Lakroni for opening remarks. The floor is yours, sir.

Mr. Alex Lakroni (Chief Financial Officer, Finance Branch, Department of Public Works and Government Services): Good morning and thank you, Mr. Chair, and members of the committee.

My name is Alex Lakroni and I am the chief financial officer of Public Works and Government Services Canada, PWGSC. I am pleased to join the committee today to speak about the department's 2012-13 supplementary estimates (C).

I am accompanied by my colleagues, John McBain, the assistant deputy minister of real property branch, and Brigitte Fortin, the acting assistant deputy minister of accounting, banking and compensation branch of PWGSC.

Let me start by restating for the committee members that PWGSC is the government's principal common service organization providing government departments and agencies with services in support of their programs. These include: procurement; office accommodation and facilities; architectural and engineering services; construction, maintenance, and repair of Public Works and federal real property; translation and related services; and pay and pension services.

• (1210)

[Translation]

The Minister of Public Works and Government Services serves as the Receiver General for Canada and has authority for the administration of pay services for federal employees. The minister is also responsible for maintaining the Public Accounts of Canada.

PWGSC's vision is to excel in government operations, by delivering high-quality services and programs that meet the needs of federal organizations while ensuring sound stewardship on behalf of Canadians.

PWGSC plays an important role in the daily operations of the Government of Canada. As its principal banker, accountant, central purchasing agent, linguistic authority and real property manager, the department manages a diverse real estate portfolio that accommodates 269,000 federal employees in 1,819 locations across Canada, including the Parliament buildings. It injects more than \$14 billion annually into the Canadian economy through government procurement. It prepares the annual Public Accounts of Canada and manages a cash flow of more than \$2 trillion a year. It translates more than one million pages of text on behalf of other federal organizations, and provides translation and interpretation services for Parliament and its committees.

[English]

In supplementary estimates (A) this year, PWGSC requested \$237 million primarily for the rehabilitation of the Parliament Buildings. In supplementary estimates (B) this year, PWGSC did not request any additional funding. At that time the department explained that existing appropriations were sufficient to cover any additional program requirements and deferred its request for funding until the final annual estimates exercise. This deferral is a reflection of the department's emphasis on responsible budget management practices.

The supplementary estimates (C) request \$198 million for PWGSC. However, this request was reduced by \$50 million as a result of funds available within PWGSC and transfers between departments, bringing down the total net request to \$148 million.

The first notable item in these estimates is \$85 million for real property. These funds are required to cover non-discretionary costs in utility, rent, and fit-up incurred during renovations of crown-owned and leased office buildings.

Another \$33 million is requested for office accommodation for various departments and agencies that have received approval from governments, mainly for renewed priority programs such as those related to aboriginals, agriculture, security, and national defence.

PWGSC is also seeking access to \$32.5 million to deliver a series of projects on various engineering assets such as dams, bridges, and crossings. Examples of projects delivered by PWGSC include work on the Esquimalt Graving Dock and the Alaska Highway.

Access to \$23.2 million in funding is being sought for modernization of pay services. The funds will be used to complete the project definition phase and to commence the implementation phase of replacing the 40-year-old government pay system.

The last of the notable items is \$15.3 million needed to consolidate all pay administration services into one centre of expertise in Miramichi, New Brunswick, ensuring the sustainability of pay administration and contributing to a more effective and efficient public service that offers better value for money for Canadian taxpayers. As announced in budget 2012, these estimates also return funds as part of PWGSC's contribution to the deficit reduction efforts.

Let me now provide an overview of the impact of these estimates on PWGSC's budget. Taking into account these supplementary estimates (C) for 2012-13, PWGSC's total gross budget would become \$6.3 billion. As the department receives \$3.5 billion in revenues from other government departments, once these revenues are taken into account, PWGSC's net appropriation is reduced to \$2.8 billion.

I'll draw your attention next to the department's operating vote, which has two basic components, totalling \$3.6 billion: \$1 billion is needed to deliver on our core programs, such as central purchasing and banking, public accounts and payroll and pension services, and internal services; and, \$2.6 billion is required to pay for rent, fit-up and utilities for government-wide accommodation, Receiver General functions like payments, and translation services to Parliament. PWGSC also has a capital vote of \$578 million, primarily to invest in Government of Canada buildings and infrastructure.

I am pleased to report that PWGSC has shown leadership in the area of sound financial management and has instilled a culture of budget management excellence throughout its various programs. The department's forecasting accuracy between December 31 and year-end for the last two years exceeded 99%. PWGSC has also strengthened its oversight role over financial matters, and rigorous practices have yielded economies, such as in travel and hospitality.

I am pleased to say that these economies were realized while providing comprehensive support to our employees as the department reduced the size of its workforce. Overall, 96% of employees affected by the first and second years of strategic review have secured alternative employment or have left the public service. In addition, of the employees affected in April 2012 by the implementation of the deficit reduction action plan, 92% have already been placed or have left the public service.

• (1215)

[Translation]

In June 2012, our department implemented additional adjustments further to changes in business volumes that affected 86 employees. Of those, 90% have already been placed or have left the public service. PWGSC has accomplished this transformation largely through the efforts of our departmental priority placement process.

Finally, Mr. Chair, I want to say that our departmental efforts to support our most important asset—our employees—have been recognized for a second year in a row. PWGSC has once again been chosen as one of the top employers in the National Capital Region for 2013. The National Capital Region's Top Employers is an annual competition to recognize the Ottawa-area employers that lead their industries in offering exceptional places to work. We are proud of this award, and we are committed to maintaining our standing as an employer of choice.

Members of the committee, thank you for your attention. My colleagues and I would be pleased to take your questions.

Thank you.

[English]

The Chair: Thank you Mr. Lakroni.

We have about a half an hour, so that should be one full round of questioning, and first, on behalf of the official opposition, is Linda Duncan.

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

Thank you, all three of you, for attending on short notice. We're in equal straits: it's short notice for us to figure out what to ask you. We're looking forward to your excellent answers, as usual.

I would like to go right away to vote 1, and specifically the aspect of vote 1 where you're allocating approximately \$2.4 million for cost audits, as you call them, primarily for defence spending. I have a number of questions in that vein. It says it's primarily for defence contracting, so I'm wondering if you could explain to us exactly what the breakdown is and what else is going to be audited.

I would also like to ask you, why do another audit on the F-35 process? We had the Auditor General's report, to which the department responded. We had the Parliamentary Budget Officer's report, to which the department is responding. Then we had the independent audit by KPMG for more than \$600,000.

I went to your departmental performance report for 2011-12, since we don't have one for this fiscal year that is about to end. At page 33 of that report, you state under “Lessons Learned”: PWGSC will continue to draw on the quality of its internal audits and evaluation reports to support timely decision-making....

I guess the obvious question is this. Why is the department continuing to allocate additional funds for external audits? Why are these not being done internally? What more can be learned, given that we've already had three very thorough reviews of the specific process?

• (1220)

Mr. Alex Lakroni: Thank you, Mr. Chair, for the question.

The question is multi-faceted, and I will try to cover the three facets you referred to.

There is the audit of procurement, which is being sought here. I'm going to explain what it entails. There is the audit for internal matters, which is the management of PWGSC, and the relationship to the F-35.

This money is being sought to fund capacity internally to ensure that the costs charged by suppliers are reasonable and in compliance with the terms of the contract. It is a capacity we have because, as you know, PWGSC transits or processes about \$14 billion of contracts every year. This is not to cover the entire scope of the procurements on behalf of the government, but it is for the procurement primarily for defence, as specified.

This money that we have is about \$3 million. The \$2.4 million that you see there is primarily for salaries, and the other component is for benefits under the employee benefits plan. This money is funded for five years.

The audits of PWGSC—

Ms. Linda Duncan: Can I just ask for clarification there? Are you saying for this additional money that is going to be given to Public Works for these audits, this is simply to pay for internal employees? Are these people not already employed?

Mr. Alex Lakroni: They are employed by us, but this capacity was funded in the past on an irregular basis, so the capacity was not stable. We have the capacity based on funds available from our vote 1.

What we are doing here is stabilizing the audit capacity to make sure these auditors are there to serve and allow our ministry to continue to use its contractual rights to conduct audits. Otherwise we don't want to be exposed to being overcharged, if that happens. This is being done by other countries such as the U.S., etc. It is exercising the oversight that ought to be done on our contracting and the payment by our suppliers.

Ms. Linda Duncan: You're hiring additional, new internal auditors.

Mr. Alex Lakroni: It's a mix of both. Basically we are looking at 30 auditors, having a capacity of plus or minus 30 auditors, who only do audits on procurements. This is different from what you referred to on page 33, which is the audit for internal matters of PWGSC, which is the normal audit function you will find in any department. That function, the work of those audits, is being looked at by the deputy minister, advised by an internal audit committee. There is thorough governance in PWGSC to follow on those audits.

As for the F-35, this is not necessarily related to the audits of the F-35. This is for the audits of our procurements.

• (1225)

Ms. Linda Duncan: Okay, thanks.

Our committee is about to undertake a review of energy efficiency in federal buildings.

I'm wondering if you could tell me where I would find the expenditure if Public Works has undertaken that they are going to have more energy efficient buildings. I don't see any line item there, and as I understand there hasn't been any work done yet, I would have anticipated it would be in the supplementary (C)s.

Mr. John McBain (Assistant Deputy Minister, Real Property Branch, Department of Public Works and Government Services): Thank you for the question.

There isn't a specific line item dedicated to that in these estimates. It is included in the special purpose allotment that real property branch obtains to fund our buildings. It is reflected in things such as our rent payments.

We have new buildings coming on line that are the result of new leases being signed that will be LEED gold. Through the procurement process and the requirements that the crown stipulates in terms of our tendering process, we require more energy efficient and greener buildings.

In addition, the SPA includes money in our repairs to enhance and improve—

Ms. Linda Duncan: If there's any breakdown you can give to me, I'd appreciate receiving it to help our review.

Thanks.

The Vice-Chair (Mr. Peter Braid): Thank you, Madam Duncan.

[Translation]

Mr. Gourde, go ahead for five minutes.

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

I would like to thank the witnesses for their statements and their presence here today. Your presentations were very informative.

I have a couple of questions about page 5.

Over the past few years, we've asked a lot of questions about the strategic restructuring plans and employees. I see that the placement rates are high. Were these employees placed in the public service or elsewhere? Do you have more information on that?

Mr. Alex Lakroni: Thank you for your question.

As you know, Public Works and Government Services Canada is regarded as a leader when it comes to managing its workforce. We've been successfully placing employees since the strategic review. Other departments look to some of the practices we've put in place as the standard to follow.

We've set up a very strong governance system that includes planning and employee monitoring. And we've incorporated it into the strategic review, the operational review following the strategic review and the client revenue adjustments that happened in June.

We established a placement unit solely to help place affected employees. Every assistant deputy minister has personally committed to making sure that affected employees in their respective organizations are placed. Each of them is required to prepare a plan for the integration of employees from other organizations. In addition, we have excellent relationships with the unions, and they are very satisfied with the progress made so far.

Allow me to share a few figures. As of January 31, 2013, we had 13,172 employees, so we've seen a 5% drop since the end of March 2007. Our attrition rate is about 8%, or roughly 1,000 employees a year.

Under the strategic review, we had 381 affected employees for the first two years, and of those, we've managed to place 96%—so 364 employees out of 381—either internally or within the public service.

Under the operational review, 140 out of 163 employees were affected because 23 positions were vacant. Of those 140 people, 129 have already been placed, resulting in a placement rate of 92%.

So in all, 803 people were affected and 699 were placed. That puts the placement rate at 87%, which is pretty impressive given that we're in the first two years.

That pretty well covers the efforts our department is making. The numbers speak for themselves.

•(1230)

Mr. Jacques Gourde: At the department, is the number of employees who are retiring higher than the number of those who have left? In other words, is the department going to hire a new generation of employees? Of course, priority will be given to those who have already worked within the public service when it comes to filling those positions. But in what year will things start to open up? Are there any openings this year for a new generation of people who have gone to school and are looking to join the public service? What are the placement opportunities?

Mr. Alex Lakroni: The department isn't looking to stop hiring new public servants. That isn't our goal. Our goal is to recruit people so we can position ourselves going forward, in other words, recruit talent that will help the department fulfill its responsibilities. So there is room for young people, for students and for new public servants, and that is true in a wide variety of programs.

However, overall, the department has committed to meeting its financial and human resources objectives for the next three to seven years.

In short, I would say, yes, there is room for young people and students.

[English]

The Chair: Thank you, Mr. Lakroni.

We have to move along.

Next is Denis Blanchette.

[Translation]

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

Thank you to our witnesses.

My first question has to do with the internal reallocation of resources for capital requirements related to information technology infrastructure. Supplementary estimates (C) earmark \$11 million to that program further to the creation of Shared Services Canada. I'd like to know what that's for exactly.

Mr. Alex Lakroni: When Shared Services Canada was created, a calculation was done, a government-wide formula was used. Funds were transferred to cover three aspects, all related to technology infrastructure. The first was everything having to do with telecommunications. The second was everything involving data centres. And the third was everything related to email.

The calculation was done for Public Works and Government Services Canada, and we determined that \$113 million had to be transferred. As the numbers were being finalized, however, we realized a few things.

First off, some services were going to be delivered to us on a cost-recovery basis. For instance, Service Canada would provide us with computer support on an optional basis.

But the amount transferred includes two types of expenditures that are being returned to us, and that is the reason for the transfer. First, they are expenditures that were counted but that will be spent in only one year. So they aren't ongoing expenditures. For example, some

expenditures are related to the management of the modernization project, which is a project that will be phased out gradually. It's not an ongoing transfer. So that money comes back to us and represents \$3.8 million.

Another amount is allocated to MERX, the procurement system. That system does not fall under Shared Services Canada's mandate. So \$3.4 million was returned to us for that system.

Lastly, there is \$4 million for the service clusters. Public Works and Government Services Canada delivers services to small and medium-sized departments to support technologies such as PeopleSoft and SAP. And \$4 million was transferred for that. The amount was returned to us so we could continue to deliver services.

Basically, a readjustment of initial transfers was done.

•(1235)

Mr. Denis Blanchette: Okay.

You mentioned PeopleSoft. That brings me to my next topic.

I want to talk about payroll services. I see that various amounts were allocated a bit all over the place in supplementary estimates (C). I identified at least three different spots. I'd like you to tell me where things stand with that project. I'd like to understand where it's at. These are fairly big amounts we're talking about, and I believe things are still in the pilot project phase.

Could you give me an update on the pay system and tell me where it's going?

Mr. Alex Lakroni: I'm going to ask my colleague Brigitte Fortin to take that question.

Mrs. Brigitte Fortin (Acting Assistant Deputy Minister, Accounting, Banking and Compensation Branch, Department of Public Works and Government Services): Thank you very much.

The transformation of pay administration initiative comprises two projects: modernization and the consolidation of pay services for various departments in a new pay centre located in Miramichi, New Brunswick.

[English]

We are currently requesting through this exercise \$23 million for the pay administration project. The pay administration project is the replacement of the old pay system and the implementation of new business processes. The \$23 million is to complete the definition phase of the project. The definition phase of the project was to design the IT architecture finalizing the project plan, the detailed costing, buying some IT equipment to prepare for the development, and to pay for the project team. A sum of \$4.7 million is required to complete the definition phase.

[Translation]

Mr. Denis Blanchette: Ms. Fortin, since we won't have time to go over everything, I would appreciate it very much if you could send us some sort of transformation update, to give us an idea of where the initiative is headed and what's left to do. No doubt we'll be discussing this a number of times going forward.

You talked about the first component and the amounts involved. But could you quickly talk about the second?

Mrs. Brigitte Fortin: You mean—

[*English*]

The Chair: Madame Fortin, could you be very brief as we're well over the five minutes allowed for Mr. Blanchette's questions. A 30-second response if you can....

Mrs. Brigitte Fortin: We are currently implementing the consolidation project. We currently have 146 employees already in the Miramichi who have started delivering pay services to 12 federal organizations. We will continue consolidating pay services over the next four years.

The Chair: Thank you, Madame Fortin.

That's all the time we have.

Next is Kelly Block. I understand Kelly may share some of her time with Mr. Aspin.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Mr. Chair.

I will be sharing my time with my colleague.

I want to thank our guests for joining us today. It's always good to meet with you and to ask some questions around the estimates that you've provided to us. I also appreciate having reviewed your RPPs. Just looking at your role and mandate, it certainly is broad. There are a lot of things that you need to provide an oversight for.

I want to take the opportunity to congratulate you for once again receiving the award as one of the top employers in the national capital region.

Congratulations on that award.

Mr. Alex Lakroni: Thank you.

Mrs. Kelly Block: I want to talk a little bit about something that you mentioned in your opening statement with regard to the \$32.5 million that you are seeking to deliver a series of projects on various engineering assets.

I have a couple of questions.

How many infrastructure projects does PWGSC intend to repair or rehabilitate with these particular funds?

•(1240)

Mr. John McBain: Thank you for the question.

There are seven projects distributed across the country on seven different assets that we will be spending that money on.

Mrs. Kelly Block: Can you tell me what they are?

Mr. John McBain: Sure.

They are: Latchford Dam; Timiskaming Dam; the French River Dam, in particular, the Big Chaudière Dam portion of the French River Dam complex; Des Allumettes Bridge; Macdonald-Cartier Bridge; the Esquimalt Graving Dock; and the Alaska Highway.

Mrs. Kelly Block: Okay.

When you look at the various projects that may need your attention, how do you go about determining which ones you will be working on in any given year?

Mr. John McBain: It starts with detailed inspections which are carried out on a regular basis for all of our major assets, in particular for bridges and dams because of the nature of the structures. Through that we assess their condition and we prioritize the needs that are identified for them. Through that we set priorities for the funding which we seek. Of course, our first priority always is health and safety. Second is protection of the taxpayer investment and the assets. Timely investment is all part of what we consider to be stewardship and then moving these assets and bringing them up to a green or a good condition as we detect issues with them.

Mrs. Kelly Block: Okay.

This might be a pretty obvious question, but do you have a capital asset management plan in place, where on an ongoing basis you're looking at all of these different assets and they fit into some sort of a plan?

Mr. John McBain: Yes, we do, is the short answer. In my particular case as the assistant deputy minister for real property, it is our core mandate. It is what we do.

Our entire business is a real property management framework, which includes an inventory, regular inspections, condition assessment, and setting priorities, moving those through our budget asks, and then prioritizing the funds that are available to move them. That is within the real property branch. Then, within the department, that plugs into the department's overall investment management plan.

Mrs. Kelly Block: Thank you.

I'll turn it over to Jay.

The Chair: Mr. Aspin.

Mr. Jay Aspin (Nipissing—Timiskaming, CPC): Thank you very much.

Welcome, guests.

I have a short follow-up question on the infrastructure. Congratulations on the infrastructure programs. With some \$32 million extra, I think those are good projects to keep the economy rolling. It's very good indeed.

I'm just wondering about this \$32 million, which is about 20% of the \$148 million. Why did this expenditure not appear in the 2012-13 main estimates?

Mr. John McBain: It is just a question, I would say, in terms of machinery of government. The funds were identified in the budget. The department is required to seek government authority to access the funds. That is done through a Treasury Board submission. This is just a question of timing in terms of when the Treasury Board submission was heard, in terms of if it was in time to make which part of the estimates. It wasn't heard in time to go into the main estimates.

Mr. Alex Lakroni: Just for clarity in terms of the main estimates, as my colleague mentioned, it wasn't there, but it is certainly reflected in our RPP, our report on plans and priorities.

Mr. Jay Aspin: Okay.

Thank you, Chair.

The Chair: For the Liberals, we have John McCallum.

Hon. John McCallum: Thank you very much.

I'd like to ask a question about reallocations or funds available. I notice that in total it's about \$48 million. Two of the larger ones here are the federal contaminated sites action plan, at \$32 million, and the Sydney tar ponds, at \$5.6 million. It means that of their total budget for 2012-13, they've failed to spend, in one case, \$32 million, and in the other case, \$5.6 million.

It would be interesting for me to know what the total budget was and what proportion of the total budget did they not spend. If the contaminated sites total budget was \$50 million, then they spent \$18 million and failed to spend \$32 million. It would be interesting to know that number.

Also, I'd like to know, in the case of the contaminated sites and the \$32 million, for example, does this mean that the money not spent in 2012-13 will be added to the estimates for the following year, 2013-14, so that what they didn't spend this year they will be scheduled to spend next year? If not, does it mean it just disappears off the face of the planet?

There are two dimensions to that question. What's the total budget? For the part that is unspent, is it transferred to expenditures in the following year?

• (1245)

Mr. John McBain: With respect to the contaminated sites funding that is being reprofiled, the total budget for 2012-13 was \$48.3 million, so \$15.8 million was spent. The \$32.5 million is being reprofiled to 2013-14 and 2014-15. The amounts are \$17.2 million for next fiscal year and \$15.3 million in 2014-15.

This reflects the realities of getting projects implemented, construction seasons, and tendering results, etc., as we move through the implementation of these funds, but they will be used for the purposes sought and they will be used to implement the project. It's just that we are moving them forward into two other fiscal years.

Hon. John McCallum: What about the Sydney tar ponds?

Mr. John McBain: On the Sydney tar ponds, the money is being reprofiled to the next fiscal year, and the majority of it will be used to ensure the close out. That is the final year of the project. The project is in fact eight months ahead of schedule. It is on scope, and it is on budget.

Of that money being reprofiled, about \$1.2 million of it is being held as contingency, so if that's not required, then we would be delivering it under budget. The rest is to ensure the close out of the project next fiscal year.

Mr. Alex Lakroni: To make sure that you have the full picture, let me say that the whole project's total cost is \$428 million. The provincial share is \$120 million. The federal share, managed by PWGSC, is \$282 million, with an operating cost of \$25 million.

In terms of how the project is doing—

Hon. John McCallum: I think that's enough. Thank you.

I have questions about Shared Services Canada. Should we have their officials here, or can you answer those questions?

Mr. Alex Lakroni: I think they should be directed to the SSC officials.

Hon. John McCallum: Okay.

That reflects the discussion that you and I had earlier, Peter, that perhaps we can get them for one hour at Thursday's meeting.

Mr. Peter Braid: Yes.

Hon. John McCallum: I'll go ahead, then.

I see that you have a \$23-million request for capital funds for consolidating the federal government pay administration. Can you explain the timelines and costs and possible risks associated with this project?

[Translation]

Mr. Alex Lakroni: Thank you.

[English]

Mrs. Brigitte Fortin: We are proceeding with the pay consolidation project in four phases over the next four years. We have already implemented the first phase. We have 246 employees on board delivering services. The project will be complete in 2014-15, when the new pay system is implemented.

This is the point we are at currently. We are confident that we will be realizing those two projects, pay modernization and pay consolidation, within the \$309-million budget.

The organization managing this project is the same organization that has just completed, successfully and within the budget, the modernization of pension administration, which was also a major IT project that included consolidating services in a centre of expertise in Shediac, New Brunswick.

Hon. John McCallum: Thank you.

The Chair: Thank you very much, Madame Fortin.

Thank you, John. Your five minutes is well up.

I'm conscious of the time. The clock in this room is not correct; it is four or five minutes slow. It's actually closer to ten minutes to one; therefore, I think we're going to consider this part of our meeting concluded.

Thank you very much, Mr. Lakroni, Mr. McBain, and Madame Fortin, for your presentation today.

Mr. Alex Lakroni: Thank you very much.

• (1250)

The Chair: I will suspend the meeting for just a few seconds while the witnesses excuse themselves.

The meeting is still in public. I would like to move directly to consideration of the votes on supplementary estimates (C).

I'm going to put the votes on supplementary estimates (C). You have them on the flip side of your agenda.

CANADIAN HERITAGE

Public Service Commission

Vote 95c—Program expenditures.....\$1

(Vote 95c agreed to on division)

PRIVY COUNCIL

Canadian Intergovernmental Conference Secretariat

Vote 7c—Pursuant to subsection 25(2) of the *Financial Administration Act*.....
\$1

(Vote 7c agreed to on division)

PUBLIC WORKS AND GOVERNMENT SERVICES

Department

Vote 1c—Operating expenditures.....\$89,790,744

Vote 5c—Capital expenditures.....\$60,111,617

Vote 6c—Real Property Disposition Revolving Fund.....\$1

(Votes 1c, 5c and 6c agreed to on division)

The Chair: Shall vote 20c under Public Works and Government Services carry?**Hon. John McCallum:** Mr. Chair, I have a point of order.

If it's agreed that we're going to see Shared Services Canada, which is a part of Public Works, perhaps we should delay the vote until after we have seen them.

Ms. Linda Duncan: Could I speak to that, Chair?**The Chair:** Yes, briefly. Keep in mind we're going in camera.

Ms. Linda Duncan: As I understood it, the rule was that we request specifically whom we want to hear. We weren't interested because we had just heard from them. We can hear from them in the main estimates. I think we have other things to deal with.

Mr. Peter Braid: I would agree. That's a good suggestion.

The Chair: I thought that was the general feeling. Now that the main estimates have been tabled, people can go after those lines directly.

I'm going to continue.

Shared Services Canada

Vote 20c—Operating expenditures.....\$1

Vote 25c—Capital expenditures.....\$1

(Votes 20c and 25c agreed to on division)

TREASURY BOARD

Secretariat

Vote 1c—Program expenditures.....\$1

Vote 15c—Compensation Adjustments.....\$10,655,589

(Votes 1c and 15c agreed to on division)

The Chair: Shall the chair report the supplementary estimates (C) to the House?**Some hon. members:** Agreed.**The Chair:** Thank you very much.

I'm going to suspend while we go in camera to discuss two items of business stemming from our planning meeting held yesterday.

[Proceedings continue in camera]

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