



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Government Operations and Estimates

OGGO • NUMBER 082 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Wednesday, April 24, 2013

—
Chair

Mr. Pat Martin

Standing Committee on Government Operations and Estimates

Wednesday, April 24, 2013

• (1530)

[English]

The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)): Good afternoon, ladies and gentlemen. Welcome to the Standing Committee on Government Operations and Estimates.

We're very pleased today to welcome the President of the Treasury Board as our guest and the supplementary officials he has brought with him to speak to and defend the main estimates.

As you know, Minister, this committee has taken a special interest in doing a thorough, comprehensive, robust analysis of the estimates, increasingly so with your cooperation and the cooperation of your team. So it is especially poignant perhaps that we have you here today in that regard.

I know there is also great interest in speaking to your officials this week, to examine some of the votes that are referred to us. But that will be in the second hour of the meeting.

I understand we have you for an hour, Minister. I won't take any more time. The floor is yours.

Hon. Tony Clement (President of the Treasury Board and Minister for the Federal Economic Development Initiative for Northern Ontario): Thank you very much, Chair.

Chers collègues and members of the committee, thank you for the opportunity to be with you today.

Hopefully my voice will hold out. I have a little bit of a head cold and cough that's been going around, so if I have to take a glass of water or something, please excuse me for that.

[Translation]

I have with me today Yaprak Baltacioglu, Secretary of the Treasury Board of Canada, Bill Matthews, Assistant Secretary, Expenditure Management Sector, and Christine Walker, Assistant Secretary and Chief Financial Officer.

[English]

Today, in just a brief introduction, Mr. Chair, I'd like to talk about the estimates process, your committee's study, and how the improvements being made to the estimates process will lead to better parliamentary oversight of government expenses, if you don't mind.

[Translation]

I am also here, officially, to review alongside you the main estimates for 2013-2014, both government-wide and Treasury

Board-specific. At the completion of my statement, we would be happy, of course, to answer any questions you may have.

[English]

Let me thank you for reacting to my initial suggestion of examining the estimates process by launching a comprehensive study that resulted in many substantive recommendations. I'm very pleased to report that significant progress has been made on many of the recommendations that were directed to the Treasury Board Secretariat.

Please allow me to explain. We found that recommendations 4 and 5 were related; that the reports of plans and priorities contained financial information by program for three previous fiscal years and for three future years, and that the reports on plans and priorities include an explanation of any changes in planned spending over time and of any variances between planned and actual results by fiscal year as available. That was the recommendation.

These recommendations are being addressed in the 2013-14 reports on plans and priorities by explicitly including information for three previous and three future years and including explanations of changes in planned spending over time.

[Translation]

In response to recommendation 7, cross-referencing new funding to budget sources, you will begin to see, in supplementary estimates 2013-2014, reference to the appropriate source of funds or budget for new programs that are appearing for the first time.

You will also find, in response to recommendation 12, hyperlinks to the Department of Finance's annual tax expenditures and evaluations report in the 2013-2014 reports on plans and priorities.

• (1535)

[English]

I'm happy to inform the committee that other changes in the main estimates 2013-14 that respond to additional comments from you and your colleagues are also being implemented. These include presenting departments and agencies alphabetically, bar charts and other graphics to provide a visual summary, and information on 2011-12 actual expenditures and 2012-13 estimates to date to provide context for the 2013-14 amounts. So there is certainly progress on all fronts.

[Translation]

Summarized spending by strategic outcome and program is also now included in part II of main estimates with details presented in an online table which is available in multiple formats including Excel. Information will be presented on changes to expenditures by program for spending authorities sought through supplementary estimates.

[English]

With regard to recommendation 2, that the Treasury Board of Canada Secretariat transition the estimates and related appropriations acts from the current model to a program activity model, our commitment was to provide you with a model, including costs and a timeline for implementation. The model, costing, and timeline have now been submitted to your committee for consideration.

I have also instructed my officials to do additional work on the costing of this potential change to determine if there are ways to further drive down the costs. My officials would be pleased to discuss the work plan and considerations with your committee as we move forward.

[Translation]

The last and most exciting portion of the changes being brought forward is that of the online expenditure data base that I had the pleasure of launching earlier this week. This is a new searchable online data base that for the first time ever will consolidate all information on government spending in one place.

[English]

We're talking about everything from spending on government programs to operational spending on things like personnel and equipment.

We all know how difficult and time-consuming it can be to go through numerous complex financial documents to try to get a whole-of-government picture on what is being spent and where.

So I'm pleased to say that the days when Canadians and parliamentarians had to sift through stacks of public accounts like Indiana Jones looking for the lost Ark of the Covenant are finally over—and no stakes are involved; I just want to make that clear.

[Translation]

We have gone from what is almost an archeological expedition—digging through numbers department by department—to the digital age. What this means for most Canadians is that they now all have a more complete picture of how taxpayer money is spent.

[English]

And you, as parliamentarians, will be better equipped to do your jobs. I would like to offer that my officials come and provide you with a demonstration, as was done during the launch on Monday.

I'll repeat, for those watching at home, that this initiative is about increasing transparency in government, a commitment our government has continued to deliver on since day one.

On the matter of the 2013-14 government-wide main estimates, you will no doubt note that they reflect the government's ongoing commitment to finding savings and returning to balanced budgets.

[Translation]

In total, the government-wide main estimates provide information on \$252.5 billion in planned budgetary expenditures for the 2013-2014 fiscal year. This includes about \$87.1 billion in planned voted expenditures and about \$165.5 billion in statutory expenditures.

• (1540)

[English]

As the main estimates show, we are starting this fiscal year on the right track, with a reduction in planned spending of \$4.9 billion over fiscal year 2012-13. Last year the planned voted budgetary expenditures were \$91.9 billion.

What's more, these planned voted budgetary expenditures show a decline over four years. This reflects the results of the government's cost containment measures during that period.

Moving to the statutory spending component of the main estimates, it has increased by a modest \$5.5 billion. This increase is largely due to changes in the forecast of elderly benefits, the Canada health transfer, and employment insurance payments.

I will now turn briefly to the main estimates specific to the Treasury Board Secretariat.

This year the secretariat is asking for \$5.66 billion in spending authorities. This includes \$214 million for departmental activities and \$5.421 billion for central votes, which support government-wide activities. Overall this represents a decrease in spending of \$19.8 million over the previous year's main estimates.

[Translation]

The decrease and spending for the Treasury Board is mainly due to a \$10-million decrease in vote 20, Public Service Insurance. This is related to savings identified in the 2008 strategic review, which were announced in budget 2009, at the sunset of the joint learning program; and a \$9.8-million decrease in vote 1, Program Expenditures, which are directly related to the activities of the Treasury Board Secretariat as a department.

[English]

As we move forward, Canadians will see that we have treated and will continue to treat transparency and accountability as paramount.

[Translation]

Estimates reform, the online expenditure database and my appearance here today are all part of our continued commitment.

[English]

I'd be happy now with my officials to take questions on the 2013-14 government-wide and Treasury Board-specific main estimates.

Thank you.

The Chair: Thank you, Minister, for those opening remarks.

Just before we go to questions, I should say on behalf of the committee that we're very proud of the work that we've undertaken in response to the original suggestion you made reference to, that the committee undertake a detailed analysis of the estimates process. While we have you here, as a committee I think we should tell you that we're very gratified that the government has seen fit to act on many of those recommendations.

In no small part I should point out one of our guests here today, the former vice-chair of the committee, Mike Wallace, who is perhaps one of the biggest fans of the estimates process you'll ever meet; it's almost like a hobby for him. He's now the chair of the justice committee, but he was here when we undertook the original opening of this study. We found it a very gratifying and educational experience that I hope leads to meaningful and lasting benefit as we move forward.

Anyway, having said that, there are members who are very interested in speaking to you about your main estimates.

First, for the NDP, is the Treasury Board critic Mathieu Ravignat.

Mr. Mathieu Ravignat (Pontiac, NDP): Thank you, Mr. Chair.

Thank you, Minister and your staff, for your presence here today.

I'd like to start with your opening comments with regard to your commitment to transparency and open data. The reality is that there are few arks of the covenants left to find.

As you know, your government has exceeded an unprecedented amount of \$550 million in advertising in the last six years. You're priding yourself on openness, but you refuse, for example, to disclose the amount that the government spent on advertising during the Super Bowl. Why?

Hon. Tony Clement: Certainly, I can tell you in broad brush strokes that I am aware that government advertising has declined by, I think, close to 46% over the last few years. There is still need, however, to advertise, and the reason for that is that there are many government programs that affect people personally, whether they are changes to the budget that affect their tax position or there are tax credits available to individuals or families that were unavailable before.

So there is still a need to convey those changes in budgetary decisions to the public, as well as other things that we do that I'm sure are uncontroversial such as public health bulletins, those kinds of things. If there's a new bird flu influenza outbreak or what have you—

• (1545)

Mr. Mathieu Ravignat: That's all well and good, but as you know, Minister, all departments and agencies must post all contracts over \$10,000 on their own respective websites. So when will this Super Bowl advertising contract be posted on the Human Resources and Skills Development website?

Hon. Ron Cannan (Kelowna—Lake Country, CPC): Mr. Chair, I have a point of clarification.

I'm trying to follow online. I don't have the hard copy, but we're here to talk about the main estimates, and I was wondering if the member could say which page he's specifically referring to, so I can look at it online. I have the electronic copy.

The Chair: Well, I don't know if that's a point of order, Ron, but it would be useful, I suppose.

We did ask committee members to send in the types of questions that they might be seeking information on, so that the departmental officials at least would have those chapters ready to open and to comment on, but I don't know if Mr. Ravignat did that or not. But we're talking about the main estimates, and any question associated with spending as it pertains to the estimates is in order and allowed.

Mr. Mathieu Ravignat: So could we get a sense....Thank you, Mr. Chair.

Hon. Tony Clement: I don't have that with me, so we'd have to return with that. Perhaps my secretary has some more information.

Ms. Yaprak Baltacioglu (Secretary of the Treasury Board Secretariat, Treasury Board Secretariat): If I remember correctly, there was an order paper question and Minister Ambrose responded. That's as much as I can remember, and I believe mention was made that the amount was being disclosed.

Mr. Mathieu Ravignat: As you know, Treasury Board does have its role to play in approving advertising expenses, but let me move on to something else.

Again, on the issue of transparency, I'd like to know if additional resources have been placed in this particular area. Access to information requests are up, and only 55% of the requests were responded to in under 30 days in 2011 and 2012. So, of course, while the government is vaunting open government, access to sensible information is crucial. So what explains such a significant increase in complaints? Also, why have you taken so long to establish a pilot project for online requests? What specific amounts did you invest to ensure that access to information is effectively dealt with?

Hon. Tony Clement: Thank you for the question. Indeed, you're quite right to reference the online processing procedure, which is increasingly available. We want to make sure that it works appropriately for citizens. I think we're doing it on a pilot project basis in the high-volume areas first, like Citizenship and Immigration as an example. Then once all the bugs are ironed out, of course it would be available more broadly.

The fact of the matter is that the number of access to information requests increases exponentially. Having said that, we are striving to meet the demand as quickly as possible. The online process will be very helpful in that regard, including an online payment option. To the extent there are lengthy delays, a lot of that has to do with the fact that some access to information requests are quite complicated and involve multi-departmental responses. Departments have to check with other departments, collate, and make sure that the response is complete as well as accurate.

We are looking at examining ways that we can perhaps—

Mr. Mathieu Ravnagat: Thank you. That's actually quite reassuring. Of course, I haven't heard any figures with regard to what you're actually investing in to ensure that these requests are dealt with in an efficient manner.

But I'd like to move on to something else—

Hon. Tony Clement: Can I just answer that question directly? I'd make the point that if you can make your back office simpler and leaner, you can actually spend less money and do more. That's the kind of thing that we're looking for.

Mr. Mathieu Ravnagat: But it hasn't become simpler: it has become more complicated to get access to the information that is needed. The backroom stuff is not working.

The other issue about open data is that Canadians have to trust that the open data that's available will not breach their personal information or data. We've learnt today just recently that 85% of breaches go unreported to the Privacy Commissioner.

Do you have any plans to invest in making sure that the Privacy Act, for example, is brought up to date? We're talking about legislation from 1983. Will you commit today to send these privacy breaches to the ethics committee to study?

• (1550)

Hon. Tony Clement: Let me say a couple of things. First of all, the study to which you refer refers to breaches that occurred over a 10-year period, some of which occurred during the currency of our government, but some of which were not. I would tell you that certainly after 2006, we've instituted a number of measures to protect citizens' private data more robustly, including veterans' privacy rights charter, and more broadly, a mandate that requires each governmental department to protect the data and to report any breaches of that data.

I think we have a much more robust system of protection now than in the past. Having said that, let me agree with my honourable colleague that any breach of data, when it occurs, is a serious matter and should be treated as such by governmental officials.

The Chair: We're well over time, Mathieu. Thank you very much.

Next for the Conservatives, Ron Cannan.

Hon. Ron Cannan: Thank you, Mr. Chair.

Thanks to our witnesses.

Minister, it has been a pleasure, and it's good to have our former vice-chair back and have his leadership in helping all of us try to understand a little bit more of the budgeting process. It's been a pleasure serving just over seven years as the member of Parliament for Kelowna—Lake Country, and the last six-plus months within the government operations subcommittee.

I have a couple of questions for the President of the Treasury Board, specifically with regard to concerns on the environment. All of us around the table agree on the need to have a balanced approach and responsible resource development. On the 2013-14 main estimates, the Canadian Environmental Assessment Agency is requesting \$14 million more than its 2012-13 main estimate. Among other things, it's an increase attributable to the funding for the Major

Project Management Office, of \$7.4 million, and for aboriginal consultation.

Mr. President, could you enlighten the committee as far as which initiatives will be funded by the increase in expenditures of \$7.4 million?

Hon. Tony Clement: Sure. I might defer to my officials, but let me just state initially in answer to your question that a number of these things are primarily demand driven. That is to say that more large projects are seeking to get through the system. That obviously requires more personnel and resources that are expended in order to ensure that there is a timely response to those kinds of situations. I'm assuming that this is the case in this case.

Mr. Matthews.

Mr. Bill Matthews (Assistant Secretary, Expenditure Management Sector, Treasury Board Secretariat): If I could add to that, Mr. Chair, the member is quite right. There is an increase here over the previous year's main estimates and the funding for the major projects office was actually renewed during the last fiscal year, but not in time for the main estimates. So that's why you see the increase this year. The funding was actually part of supplementary estimates (A) in the previous fiscal year.

I would refer the member to the website for the assessment agency. It actually has a wonderful website with all the projects they're undertaking, both planned as well as those that are complete, and they update that on a fairly regular basis. So if there's interest in tracking those projects, the departmental website is the best place to do that.

Hon. Ron Cannan: Fabulous.

I know you're a keen supporter of implementing technology and making information more accessible to all our constituents, and as I mentioned I think that's a laudable goal for all of us.

Could you maybe enlighten us on how we're using technology to find efficiencies within the budget, for example by video conferencing.

Hon. Tony Clement: I think that's a good point, Mr. Cannan, that technology can be our friend in the sense that when we look at ways to do better for less, there are now numerous examples that can be applied. For instance, we are constraining travel budgets for departments, and that is found in economic action plan 13.

At the same time we are funding both telepresence and video conferencing options for both the public service and various agencies and offices. We are fully convinced, based on initial findings, that it will be easier to conduct meetings at a far more efficient cost to the taxpayer using this approach.

So that's a good example of using the technology that is available now and continues to improve in order to find savings for taxpayers, while at the same time improving efficiency, improving morale, and getting the job done for Canadians.

• (1555)

Hon. Ron Cannan: And keeping the service levels the same or increased. Thank you.

Hon. Tony Clement: Indeed.

Hon. Ron Cannan: Specifically to your ministry, the secretariat is asking for \$5.66 billion in spending, which is about \$19.8 million less than in the previous main estimates. Can you explain the difference, please. It's a decrease of almost \$20 million, which is good. I like to see that.

Hon. Tony Clement: Right.

There are increases and decreases, so the increases are \$5.1 million for the cyber-security initiative that's designed to protect our digital infrastructure; \$3.5 million for human resources modernization; \$2.2 million for incremental compensation associated with recently signed collective agreements; and \$600,000 for the transfer to the Office of the Comptroller General within Treasury Board Secretariat of responsibility for internal audit services for regional development agencies.

Those are the increases, but we did have offsetting decreases of \$9.9 million in sunseting funds for the classification program, the U. S.-Canada Regulatory Cooperation Council, the joint learning program, and the workplace renewal initiative.

There was a decrease of \$9.3 million from the savings identified by DRAP, the deficit reduction action plan; and \$1.5 million in savings identified in the 2010 strategic review announced in budget 2011; and \$500,000 in transfers to Public Works and Government Services Canada for the first stage of the centralization of pay services and to the Privy Council Office for the Business Transformation and Renewal Secretariat.

As you can see, there were some additions, but they were more than offset by the reductions.

Hon. Ron Cannan: Thank you to you and your staff, who have been very busy. I appreciate all of the great work done on behalf of the committee.

Thank you very much.

The Chair: Thank you, Ron.

For the NDP, Linda Duncan.

Five minutes, please, Linda.

Ms. Linda Duncan (Edmonton—Strathcona, NDP): Thank you very much, and thank you, Minister Clement.

Mr. Minister, I just have one quick question. In response to my colleague, Mr. Ravnat, you had said that under this government the Conservatives' costs for advertising had declined by 36%. I find that a little puzzling, because based on the reports provided by your government, since you took power, each year the costs have escalated by two, and sometimes three, times.

Second, on many occasions far more was spent than was approved. So I'm left a little confused, and perhaps you'd like to clarify that.

Hon. Tony Clement: Sure. Let me be exact, that advertising spending in this year just ending is 46% lower than in our 2009-10 budget. That's what I was referring to. So that's the 46% diminution from 2009-10.

We are spending less than the previous Liberal government and advertising represents less than 0.3% of government spending.

The advertising expenses for a year that I have statistics for, 2010-11, were \$83.3 million, which was well below the last full year under the former Liberal government of \$111 million. So those are the comparatives that I use.

Ms. Linda Duncan: Okay, thanks. I guess your figures are quite different from mine. I'd appreciate the chance to get together to share figures. I'm showing the last full year for the Liberals at \$49.5 million and your figures were twice that for the year you were referring to, so it would be useful to proceed with more useful information.

Hon. Tony Clement: It could be a definitional issue of what was the last full year of the Liberal government.

Ms. Linda Duncan: This was actually as provided by your website.

Hon. Tony Clement: Well, I'd be happy to clarify that.

Ms. Linda Duncan: Okay, there appears to be some discrepancy and, of course, part of the struggle for members of Parliament in scrutinizing spending is that the government has chosen not to release the spending reports on advertising until two years later, so it's very hard for us to actually track the spending. That is something we will raise with Minister Ambrose.

My second question is about the recent decision by the court on the action brought by the Leader of the Official Opposition and the former Parliamentary Budget Officer. While the case was thrown out simply because they judged there wasn't a specific request for information that was denied, it is very clear in that decision—frankly, similar to the decision on the Wheat Board and similar to the decision against Jim Prentice on failure to abide by the rule of law—that once a mandate is given to the Parliamentary Budget Officer or any officer of Parliament and is prescribed in law, the government must abide by that. The court ruled that it was very clear that where he demands information of a deputy minister, it must be provided. If it isn't, he has recourse to the courts.

● (1600)

The Chair: On a point of order, Mr. Braid.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Mr. Chair, you certainly reflected on this appropriately when Mr. Cannan raised his point of order. I'm struggling to see, on this particular point, how this has anything to do with—

Ms. Linda Duncan: Let me finish.

Mr. Peter Braid: —the purpose for which we are here today, which is to study the main estimates.

Ms. Linda Duncan: I am about to explain the connection.

The Chair: I understand that the point of order you're making is one of relevance, is that right?

Mr. Peter Braid: Absolutely.

The Chair: It's pretty hard to call anything out of order on the basis of relevance when we are talking about the main estimates of the Treasury Board. Really, it's a very broad scope.

Ms. Duncan, I think, is making reference to the court ruling that talked about the release of information, and I presume that's what you're getting to.

Ms. Linda Duncan: Yes, Mr. Chair. The reason I am raising this is that the President of the Treasury Board chose in his presentation to take three-quarters of his time to talk about his response to our estimates report. The estimates report recommended a number of changes, which we're grateful the government is doing, but there are a number of equally important recommendations, including the capacity of members of Parliament to actually analyze all that raw data.

The reason I am raising the question—my question is for the President of the Treasury Board—in lieu of that decision and in lieu of your openness now to providing the raw data, is to ask whether you are willing to revisit the possibility of enhancing the role of the Parliamentary Budget Officer and, in fact, not stand in his way to respond to our requests for detailed information and analysis.

The Chair: Before you respond, I'll simply close the loop and say I don't accept that as a point of order and, based on what we've heard from Ms. Duncan, the question is in order. So, Minister, the floor is yours.

Hon. Tony Clement: Thank you.

Thank you, Ms. Duncan.

Let me say a couple of things. First of all, I apologize. I went to law school. The actual decision of Mr. Justice Harrington is actually five lines long. That's the decision. The decision was that there is no justiciable issue. It was very hypothetical and there was a factual vacuum. That's the decision. All the rest is wonderful opinion.

Ms. Linda Duncan: It's *obiter dictum*. It stands.

Hon. Tony Clement: That's the way the law works. I just want to make sure that we're clear on what the decision was. The decision was to reject the application before the court. Sorry, I sometimes hark back to my law school days.

Let me just get to the nub of the issue, though, for the member, and I take that seriously.

I do encourage this committee to go through a walk-through demo with my officials of the online database, because it is so usable for yourselves as parliamentarians, and for Canadians. There's a whole treasure trove of information going three years back, and for the reports on plans and priorities three years ahead with our projections. You can cross-reference by program, by year, by activity, by department. It's all there. I really do believe that it will be a very useful tool for citizens and parliamentarians to understand this.

Let's face it. Let's be honest with one another. The budget is a very large, very complex document of a very large and very complex organization. No revelation there. But we have to catch up and we are starting to catch up with that complexity, to allow individual human beings, without the big brain of Bill Matthews sitting beside them, to understand what is being done. I do think this will be very helpful. I think it answers a lot of the concerns you just expressed about access to budgetary information, and I agree with you: it is necessary for parliamentarians to do their jobs. I really encourage this committee to do the sit-down demo—formally or informally; it's your call—with the officials. I think it will be very helpful and will help animate your future deliberations.

The Chair: Thank you, Minister.

I'm afraid there's no time left to share on the NDP side.

Jay Aspin for the Conservatives, go ahead.

• (1605)

Mr. Jay Aspin (Nipissing—Timiskaming, CPC): Thank you, Mr. Chair, and welcome, Minister, and your officials.

Let me just say, congratulations to you and your officials on the initiative to make this whole process more transparent for Canadians. I have to tell you, as a new member of this committee, that I feel a little bit like Indiana Jones, but we'll work through it.

In the 2013–14 main estimates under vote 1, program expenditures, the TBS is requesting funding of \$3.5 million for human resource modernization. In its 2013–14 RPP, the Treasury Board Secretariat indicates that under people management program activity, it plans to modernize the delivery of government-wide internal human resources services, with a focus on common business practices, data structures, and system configurations. That's a worthwhile objective for sure.

I'd just like to know, how does the Treasury Board plan to spend that \$3.5 million that has been requested? Will the focus be on personnel or IT?

Hon. Tony Clement: Thank you. Certainly, I may defer to my officials after some initial comments, if you don't mind.

Absolutely, an important part of government accountability and efficiency in delivering services is to continue to modernize the structure of our human resources. Our people are critical to delivering services, obviously, so we continue to look for ways to do that. Part of it is reviewing back office operations.

What I've found in government is that there are a number of stovepipe activities where you have an agency, you have a department, they have their payroll department and they have their IT service department. There's a myriad of agencies and departments, each with their own back office. Quite frankly, not all of that is necessary now. So we are looking to consolidate back offices. It has no impact on the services that are going to be delivered to Canadians, but it's just common sense that you don't need three dozen payroll departments, as an example.

Yes, part of that modernization takes a look at that aspect of it, as well as ensuring that we have the right tools for managers to manage. We ensure that the expectations on the public servant are crystal clear so that he or she can meet and hopefully exceed performance.... That's our aspiration for those people as they develop their careers as well. It's a combination of things, in my mind.

Madam Baltacioglu, would you like to say a few words?

Ms. Yaprak Baltacioglu: We're focusing both on technology as well as what that technology is being used for. We can have the best technology and the best programs, but if we're not all following a more efficient process, then technology won't help us. As the minister said, we're looking at a common human resources process so that each department, more or less, will do similar steps, for example, if you're staffing a job. Then the second part of it is actually having a good technology solution so that we can have it across the government.

Mr. Jay Aspin: If I may, Chair, what changes to system configurations are required? Will these changes be done centrally or will additional spending by individual departments and agencies be required?

Hon. Tony Clement: Is this the IT systems you are referring to?

Mr. Jay Aspin: Yes.

Hon. Tony Clement: There are a number of things happening simultaneously. One of them is the creation last year of Shared Services Canada, which is a common organizational platform for some IT services—about 40% of them, actually. A number of individuals have been shifted, personnel-wise, into Shared Services Canada, and there certainly is, in this year's budget, a continuing effort to consolidate those IT services there for procurement purposes and, again, getting rid of the stovepipes that existed.

Did you want to add anything?

Ms. Yaprak Baltacioglu: I think the money we have in the Treasury Board Secretariat is to ensure that the processes are common and that we work with the departments to bring to that.

In terms of investments, as the IT systems age and as new procurement happens, what we're trying to do is to cluster departments so that when we buy one, a whole bunch of departments can use the same system. Additional investments on an ongoing basis will be required as the systems age. But what we're trying to do is that whole-of-government approach as one organization, one enterprise.

•(1610)

The Chair: Your time has concluded. Thank you.

Next for the Liberals is John McCallum. You have five minutes, John.

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

Thank you, Minister, and officials, for being with us.

I applaud you for your new database, but I don't think it's the most exciting thing. I think the most exciting thing is the plan to change the estimates to do it by program activity, because that would revolutionize the way we see things. When the Australian equivalent of the Parliamentary Budget Officer was in Canada, he showed me the way they do it, and I found it extremely informative compared with the way we currently do it. If we could move on that front, that would be a major, even an exciting, achievement.

Now, I know Treasury Board is going to be coming to this committee later and talking about the work that has been done. I think in round numbers the cost was in the ballpark of \$60 million and it would take five years.

Hon. Tony Clement: I thought it was \$45 million.

Hon. John McCallum: I said “ballpark”, so I'll take \$45 million. Do I hear \$35 million?

Voices: Oh, oh!

Hon. John McCallum: Nowhere has it been said whether you're committed to going ahead with this. So are you indeed committed to going ahead with this?

Hon. Tony Clement: I was answering the question of the committee, which was to come forward with a work plan and costing associated with that initiative, so I have completed my work for the committee and was happy to do so. Let me just state this as well: \$45 million is a lot of money. I would like, if you could permit me some more time, to see whether we can do anything with that number to get it lower, because we are dealing with taxpayer money here. As an example, a lot of it has to do with IT and how you track things, as you can expect. So we're going from the jalopy to the speed racer, and we have transition costs and so on. The issue is that since departments purchase IT all the time, are there ways that we could transition and piggyback onto their IT purchases over time that would reduce the incremental cost of this project? That's the question I'd like to answer.

Hon. John McCallum: I guess it depends if we're talking about weeks or months or years or decades of additional time. This was, I think, the most important priority of our report, and we'd like to see it happen sooner rather than later. If these tweaks of the system can be done in a few months, that might be okay, but if you're talking about another decade, that's certainly not okay.

Hon. Tony Clement: I'll be looking forward to our discussion over the next decade on this, actually. But, in all seriousness, that's a fair question. I do not have an answer for you. I believe that I, in good faith, responded to the committee's request to do some of the research and to have my officials drill down a little bit. I would put it to you that there's more drilling to be done.

Hon. John McCallum: I commend you for that response. I'm not criticizing you. But we have had several reports over the decades on reforms to the estimates and virtually nothing has happened. You can see why we're wondering if anything will happen this time around. I think you have made a good start, but I would just hope that at the end of the day we can move reasonably expeditiously.

I take issue with you on your advertising numbers because I have the annual advertising numbers from Public Works for four Liberal years, and the numbers starting in 2002-03 were \$111 million, \$70 million, \$50 million, and \$41 million, for an average of \$65 million. That's under the Liberals.

Then starting in 2006-07, the numbers are \$87 million, \$84 million, \$80 million, \$136 million, \$83 million, and \$78 million, for an average of about \$90 million. So the average went from \$65 million to \$90 million, which means it went up.

I don't know how you got your number, but if you choose the highest Liberal number and compare it to the lowest Conservative number for example, then you can get something that works in your favour, but I think any fair-minded analysis of these figures would suggest advertising spending has been higher under the Conservatives than under the Liberals.

Hon. Tony Clement: Let me reply to that. Of course, there are variations year-to-year within the Liberal times as there are during the Conservative times. Certainly, I don't think an averaging of Conservative expenditures is fair because of two factors. The first factor is that in the depths of the recession, there was a lot to advertise in terms of new governmental programs on EI for instance, on the home retrofit program, and other tax programs to help people do things. We made it clear to Parliament, and Parliament accepted our budget, that we were going to ramp up spending in many different areas, including advertising.

The second thing that happened during that period of course was the H1N1 virus, where we did a whole raft of advertising from a public health point of view.

I'm trying to compare apples to apples too. You might have a Gala apple and I might have a McIntosh, but we're trying to compare, and I think you have to be fair in your comparison as well.

• (1615)

Hon. John McCallum: I think to be fair, if we leave out the 2009-10 recession year, your spending was between \$78 million and \$87 million in the other years, and ours was \$40 million, \$50 million, \$70 million, and \$111 million.

We had special factors too. I just don't see how a fair-minded person looking at these numbers could possibly conclude that spending was not higher under the Conservatives.

The Chair: In the interest of fairness, we have to let Monsieur Jacques Gourde have his turn to ask some questions here.

Hon. John McCallum: So I'm over?

The Chair: You're way over time.

Monsieur Gourde, for five minutes.

[*Translation*]

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

I would like to thank the minister and the officials from his department for being with us today.

This year, you have presented us with a new, improved and easier to understand format of the main estimates.

Can you enlighten Canadians by telling us where the improvements were made?

Hon. Tony Clement: Thank you, Mr. Gourde.

This year, the main estimates have a different look from those of past years. In my view, very important changes were made. I will explain them to you in English to be more precise.

[*English*]

Departments and agencies are now presented alphabetically which makes it easier to find particular organizations. As I said, bar charts and other graphics have been added, which will provide a visual summary of information in the tables, and information on 2011-12 actuals and 2012-13 estimates to date have been added to provide context for the 2013-14 amounts.

[*Translation*]

In conclusion, I would say that these changes are very important for Canadians, of course, but also for parliamentarians.

Given your work, it is important that you receive all the facts, but also in a way that is easy for you to understand.

Mr. Jacques Gourde: Mr. Minister, your department has accomplished an enormous amount of work to balance the budget.

I would like to know what measures were taken to reach that balance? Can you then tell me which measures were more difficult to implement and which may have exceeded projected budgets?

Hon. Tony Clement: Of course, the main estimates 2013-2014 provide information on budget expenditures in the amount of \$252.5 billion. Voted expenditures were in the order of \$87.1 million and statutory expenditures stood at about \$165.5 million. This year, the main estimates, of course, indicate a significant decrease in voted expenditures over the last four years. This is in line with the exercise in expenditure containment carried out by the Government of Canada.

[*English*]

So we are making progress. I think you can see that. If you compare year to year, we have been able to constrain spending and identify priorities, and that is now starting to be expressed in the documents before you. We will continue to do so.

• (1620)

[*Translation*]

Mr. Jacques Gourde: Mr. Minister, it is clear that the government supports Canadians. There was a slight increase in health transfers, senior benefits and EI payments. Why?

Hon. Tony Clement: Our promise to Canadians is that these transfers will be protected. Of course, there will be cost increases. This year, for example, there was an increase of 6% in health transfers. Our government promised to protect these transfers. We must also protect transfers to individuals. In our budget, there was a decrease in certain expenditures, but at the same time, we have to consider services which are essential to Canadians in order to protect their health and their employment opportunities.

Mr. Jacques Gourde: Thank you very much, Mr. Minister.

[English]

The Chair: Thank you, Jacques. That concludes your time.

And that concludes our first round of questioning.

I know we have the minister for a few more minutes, and there is one question I would like to ask, dealing with the Canada Mortgage and Housing Corporation. I noticed quite a large number there. For reference, it's in section 2, on page 22, and it's a figure of \$41.9 billion, not \$41.9 million.

We don't understand the main entities that are responsible for this repayment. I thought CMHC had a huge surplus because nobody defaults on their mortgage any more because interest rates are so low.

Why is there this massive amount of money for repayment? Who is repaying it, and to whom?

Hon. Tony Clement: I think Mr. Matthews seems to have his response ready before me, so I'll defer to him.

Mr. Bill Matthews: Thank you for the question, Mr. Chair.

If I could refer members to that page, that's actually a repayment related to non-budgetary items, so that's money the government has loaned out and that's coming back in.

If you recall the economic action plan, one of the challenges facing the financing industry was that banks were having a hard time getting capital, which was then impacting their ability to give loans to businesses and Canadians. If you think about CMHC, the government was the ultimate risk holder for their mortgages anyway. What happened was that the government bought back some of their insured mortgages. In the insured mortgage program, if I recall correctly, just under \$70 billion in debt was bought back, and the banks are now paying that back over the next couple of years.

It's actually a revenue generator for the government because there is a fee charged for that. It's improved the bottom line for the government over the years of the program. So that's money that's coming back into the system and not going out.

The Chair: Good. That's a clear answer to a question.

Thank you.

Mathieu Ravnat, five minutes.

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

The point with advertising isn't the Liberal-Conservative race to the bottom and who is worse when it comes to spending on advertisements. The issue is value for money.

How can you justify carbon copies of advertisements for the Canadian Association of Petroleum Producers and vacuous propagandistic advertising as value for money for taxpayers?

Hon. Tony Clement: Well, I think we do have a duty to inform Canadians—

Mr. Mathieu Ravnat: Well, then, inform.

Hon. Tony Clement: —which we are doing. I would put it to you that decisions in budgets or public policy positions that will help the economy are important to Canadians. You have the right to disagree with that, but that is our position. This is important for Canadians. If

you're going to have an accountable government to stimulate that dialogue, we try to drive people to websites or other tools to seek more information. Canadians will make their own decisions.

Mr. Mathieu Ravnat: That would be fine if you're informing Canadians about changes to service and programs, which your advertisement campaign rarely does.

But let me move on to something else. I'd like to ask you about relocation of public servants. I'll do so in French.

[Translation]

Mr. Mathieu Ravnat: Each year, between 15,000 and 20,000 federal employees move, and these moves are done under an integrated relocation program. This sole source contract, which was renewed in 2009 despite the fact that there were investigations which reveal that there were conflicts of interest involving senior officials, could cost Canadian taxpayers over \$30 billion. This contract is set to expire in 2014, and so, Mr. Minister, do you intend to put in place a specific review process to make sure that, when the contract is awarded again, it is fair and equitable?

• (1625)

Hon. Tony Clement: Thank you for your question.

I do not have an answer to your question at this time, but I may be able to provide you with a response fairly soon. I will be pleased to do so.

Mr. Mathieu Ravnat: All right.

I would greatly appreciate a commitment from the minister and the chair with regard to obtaining this reply.

[English]

The Chair: My only concern with that is that normally it would be fine, but I think it falls under Public Works more than under the Treasury Board Secretariat.

[Translation]

Mr. Mathieu Ravnat: Those are rules with which the Minister of Public Works must comply. They were established by Treasury Board. I am wondering whether Treasury Board plans to review its own rules?

Hon. Tony Clement: All right. Thank you.

We will look into that and provide you with an answer on that subject.

Mr. Mathieu Ravnat: All right. Thank you.

I will now move on to my next question.

In 2012, the Parliamentary Budget Officer told us about a new legal and investment office that was set up to defend government interests during the various legal disputes with the public service unions.

Here is my question. How much money did the government spend in legal fees because of disagreements with the public service unions?

[English]

Ms. Yaprak Baltacioglu: I can't find the number right now. We have a legal services unit, and when we're taken to court for various reasons, we have 15 lawyers who deal with it. I think you're asking about the litigation management unit.

Ms. Christine Walker (Assistant Secretary and Chief Financial Officer, Corporate Services, Treasury Board Secretariat): The litigation management unit was established for charter challenges. There are 27 collective agreements and 18 bargaining units. One of the reasons for establishing that unit was to have continuity for litigators—but those are specifically for charter challenges.

[Translation]

Mr. Mathieu Ravignat: All right, thank you.

I would appreciate it if you could provide us with the amount that was spent.

Minister, I have one more question for you.

You mentioned that you were planning to review the issue of employees' sick leave. Do you truly plan to change our public servants' sick leave when collective agreements expire next year?

[English]

Hon. Tony Clement: Thank you, Mr. Chair. First of all, I'm not going to explain our entire collective bargaining strategy. I hope you don't mind, but at the same time, we always look for ways to be fair to our employees. The question that really should be asked is whether the current system is helping people who are sick and whether there are better ways to do that.

I would say to you that the current system has a number of gaps that can make it difficult for public employees who become sick at the beginning of their careers. The system is not very fair to them right now. I would put it to you that there are ways to make the system fairer, more balanced, and more responsible, not only to the taxpayer but also to employees dealing with some of these issues.

Mr. Mathieu Ravignat: So that's confirmation that you will be looking at...

Hon. Tony Clement: I will say it for the record: absolutely, we'll be looking at that.

The Chair: Thank you, Mathieu. Your time has expired.

I don't know how the minister's time is going, but the Conservatives have one more speaker they would like to get in.

Minister, do you have five more minutes?

Hon. Tony Clement: Sure.

The Chair: Okay, there you go—all kinds of bonhomie.

Bernard Trottier.

Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC): Thank you, Mr. Chair, and thank you, Minister, for coming in.

When we undertook this study last year looking at the estimates process, it was not the first time that the government operations and estimates committee had looked at it. In the past, I think it was 10 years ago, and yet again, I think it was 17 or 18 years ago, the

committee looked at that, and there were some recommendations made. But things weren't implemented. It's very encouraging to see the government now actually implementing some changes to the estimates process and the supply process to make things more accountable.

One of the witnesses came in at one time and showed us a book of main estimates from the 1880s, and they looked very similar to what the main estimates look like today. In other words, we've been dealing with the same system in place for about 145 years. So it's very encouraging. It's a series of small changes that collectively you'd call a transformation.

Can you maybe talk about some of the behaviours that would change in Parliament, and then what this means for Canadians, things like putting in three years of history, three years forward in the RPPs, the move to the program activity view of the estimates? What will that change in Parliament?

• (1630)

Hon. Tony Clement: Let me give one example that springs to mind, just because the scars are almost healed, but not quite. It has to do with the traditional thing that happens around here. We have the estimates process, and those have to be tabled by March 1. Then typically—not always, but typically—the budget is after that date.

So in that period of time between the estimates and the budget, not everyone, but some people run around with their hair on fire because, oh my gosh, the estimates, they have a cut on this and it means the government is making massive changes to this program or to that program, and then that all dies down because when the budget happens, it actually has the funding that people expect for those particular programs. Because what we call sunsetters, those programs with specific time-limited funds, are not included in the estimates process until the funds are renewed.

So I really do believe that with the changes, with this online database where you can see year to year, program to program, it gives you a better context of how budgetary decisions are made. You can follow the thread of the funding of particular programs over a greater period of time. You can compare similar activities, department by department. I think that's going to be an important tool as well as you seek to make sure departments are being efficient on the common activities that they have.

All these things will provide clarity and maybe reduce anxiety in some cases, and maybe also create legitimate questions that the government will have to answer. I think that's all part of it too.

I'm not saying this is going to create world peace in our time, but I think it will be a substantive improvement from the status quo.

Mr. Bernard Trottier: Thank you.

I want to follow up on some of the big picture numbers that you presented when you talked about the voted amounts, that they're decreasing from last year, at least the estimated amounts, from \$91.9 billion down to \$87.1 billion for this year.

On the other hand, the statutory amounts are going up by about \$5.5 billion. So there's a whole shift in the profile. I know you were once a health minister in Ontario. A big part of the statutory amounts is the transfers to the provinces.

Could you talk about the relationship that the Government of Canada has right now with the provinces when it comes to those statutory transfers, which are a big part of the commitment in the estimates?

Hon. Tony Clement: We've been true to our word. We have been increasing statutory transfers to provinces, including the 6% increase per annum, which of course, becomes compounded on the health transfer. So the provinces have had the ability to count on that money.

When you look at other transfers, such as what budget 2013 is doing for the gas tax money that goes to all of our municipalities in all of our communities, where that is now being indexed, I think that gives the ability to our transfer partners to plan downstream in terms of the obligations they have for our common citizens.

So yes, I think that is what you're seeing there, and I think it's important.

Mr. Bernard Trottier: You were a health minister once, so did you experience—

Hon. Tony Clement: Oh, I experienced the opposite. I experienced cuts in transfer payments from the Liberal government of the time. We were loud about that, because we felt that was not in the interests of our citizens.

We are obviously, as a government, doing something very different from that era.

Mr. Bernard Trottier: Thank you.

The Chair: Bernard, I'm afraid your five minutes is up, and I'm afraid that is pretty much the time we have set aside to have the President of the Treasury Board with us.

We want to thank you, Minister, for being with us here today.

Let me just say in conclusion that I firmly believe that the work we did at your request, the examination of the estimates, which resulted in the seventh report of this committee, might be one of the most meaningful things to come out of the 41st Parliament. If we can render the estimates process down to plain language so that the public can understand it, that will enhance the public's right to know what their government is doing with their money. So I think, in all modesty, I can say that this committee has done some very good work in that regard, and we look forward to its implementation.

Thank you for being with us here today, Minister.

• (1635)

Hon. Tony Clement: Thank you, Chair.

The Chair: We're going to suspend the meeting for a minute or two while the minister excuses himself. I believe other Treasury Board officials will be joining us for the next panel.

The meeting is suspended.

• (1635)

_____ (Pause) _____

• (1635)

The Chair: We'll reconvene our meeting then, committee members.

We welcome some of the same officials from the Treasury Board, as well as some other officials who will be joining us, including Sally Thornton.

Welcome, Sally. I know you are a regular visitor to our committee.

I don't have my glasses on, so I can't read everybody's name.

I'm going to let you introduce yourself, Bill, perhaps when you get going here.

Is everyone ready? We're going to ask Mr. Matthews to open with some remarks.

First of all I have to ask, committee, whether you would you like to carry on with the rounds of questioning as they were or you wish to begin a new round of questioning on the docket. Continuing on would be my instinct.

Some hon. members: Agreed.

The Chair: Okay, very good. It doesn't make much of a material difference, because the next round would go to the NDP anyway.

Mr. Matthews, would you like to open with a few remarks?

[*Translation*]

Mr. Bill Matthews: Thank you, Chair.

As you have already said, I am accompanied by several colleagues today. You already know Ms. Christine Walker and Ms. Sally Thornton. To help us with today's presentation, I am also accompanied by Ms. Marcia Santiago and Ms. Grace Chenette.

[*English*]

I have a couple of quick comments before we get back to questions.

I was just reflecting on the four or five things I would notice in these main estimates from a government-wide perspective. Some have already been touched on so I won't spend much time on them.

Voted numbers are down, and statutory numbers are up, as we know. We had a quick discussion as to why the statutory numbers are up, and that's largely related to two payments related to elder benefits, as well as to EI and the health transfers.

The second thing I would mention—which the chair already covered with his question—is the non-budgetary spending related to CMHC. That's something that stands out in these estimates and it was already picked up on.

In terms of trends, typically at this stage we're about 65% statutory and 35% voted. We're about normal again on that number, so there is nothing too significant there.

The split among transfer payments, operating and capital, and interest is largely unchanged from previous years in terms of percentage breakdown of the \$250 billion.

There is additional information for members, which I would flag. If you're looking for a great summary of departments, I would take you to the first section of the estimates. It's on page I-10 in the English version—

• (1640)

[Translation]

It is on page 11 of the French version.

[English]

That's where you will find some of the new information that was flagged earlier in terms of a listing of all departments, what they actually spent in 2011-12; the estimates they had in the main estimates for 2012-13; and their estimates during 2012-13 at the point in time the estimates were prepared; as well as their estimates for 2013-14.

That's a new addition and I think that information should be quite helpful to members when looking for their questions.

Then I would quickly flag the largest increases and decreases by departments. The large increases, if you're interested, were for Public Works and Government Services Canada, Indian and Northern Affairs Canada, and RCMP.

On the decrease side are National Defence, Infrastructure, and Transport Canada.

If it's of interest to members, we're happy to talk about why those changes have occurred.

The only other thing I would flag for the committee members, Mr. Chair, is that we do have this book organized in alphabetical order, as was mentioned. That means the order of the departments is different in English and French, so do give us a moment to find for everyone the proper page reference in both languages if we get into detailed questions about the page numbers.

That's all I would leave you with.

The Chair: You raised some good points, Bill.

I do notice on page I-10 the helpful way this is laid out with actual expenditures and then 2012-13 and then 2013-14 estimates. That stems from one of the recommendations of the seventh report.

Mr. Bill Matthews: Yes, and you can even say it was a pet peeve of Mr. Wallace, actually.

The Chair: I wish Mike were here to see his peeve remedied.

Okay let's go then to Mathieu Ravignat.

Mr. Mathieu Ravignat: The first thing I'd like to say is that if the minister is serious about looking at program activity, my suggestion to you—and it's really just tabled as a helpful suggestion—is that you have to do something about disciplining departments on the basis of their program architecture. The program architecture renewal has to be looked at at the same time, because the quality of information we'll get and the way it matches will be very weak. You know more than I do that departments position themselves

strategically by using their program architecture as a tool. This is just a suggestion, but I think what we would need to do is address rules surrounding program architecture renewal at the same time.

I'd like to go on to another question, concerning public service cuts. As you know, there has been a lot of difficulty tracking exactly what is going on with cuts to public service jobs. A report was put out by the Centre canadien de politiques alternatives or Canadian Centre for Policy Alternatives. Their calculation is that there are probably about 28,700 cuts of permanent jobs. The figures from Treasury Board are more on the order of 19,200.

Can you tell me why there's a difference in these calculations? What is the real figure?

Mr. Bill Matthews: Thank you for the questions, Mr. Chair.

If I could actually comment on the first suggestion, it is a helpful one. Then I will answer your question on FTEs.

I think the member has a very good point about program activity architecture. When we started with program activity architecture information, it was new. No matter what vote model we end up with, it's very clear that program information is more important now than it used to be. It's only fair that we give departments a chance to rethink their structures and get them adjusted, as they would need to be if we were to actually move to a voted structure by program, because programs clearly have taken on increasing importance over the years.

So we'll take that suggestion. Thank you.

The reason for the difference you have flagged in the FTE numbers.... I didn't see the methodology from the policy centre, but they looked at reductions over a broader period of time. Their period of time included strategic reviews, operating budget freeze, and some other measures to reduce spending. The 19,200 number that you hear from the government is directly related to Budget 2012: 19,200 is the number of positions that were to be eliminated as a result of the strategic and operating review of Budget 2012. The policy centre was looking at a bigger period of time.

I can tell you that in Budget 2013 the government provided an update on the 19,200. Initially they were forecasting that of the 19,200, roughly 12,000 would have to use workforce measures to be transitioned out, and they were hoping for 7,200 through attrition. The trend appears to be slipping. As of Budget 2013's December numbers, 16,220 of the positions have been eliminated—not quite the full 19,200, but certainly on track. Of those, 9,300 were through attrition and roughly 7,000 through workforce adjustment measures.

So the initial forecast is proving to have overestimated our reliance on workforce adjustment, and we have been able to make greater use of transition to achieve those reductions. But the 19,200 is directly related to SOR.

• (1645)

Mr. Mathieu Ravignat: I think you said 9,300 were by way of attrition. Is that correct?

Mr. Bill Matthews: Yes, 9,300 have been due, so far, to attrition.

Mr. Mathieu Ravignat: Can you give me a sense of the definition of “attrition” that you're using?

Mr. Bill Matthews: Attrition refers basically to someone leaving the public service and not having to take advantage of a workforce transition measure—a severance package, etc. Attrition could be by retirement; it could be by people leaving the public service on their own and deciding to pursue a different career; it could be the elimination of temporary or casual positions. In some cases, the positions that were being eliminated had no person occupying them. There is no workplace adjustment cost there either.

Mr. Mathieu Ravignat: Can you confirm for me that there has indeed been a 24% reduction in HRSDC, that is, that 5,700 positions have been eliminated?

Mr. Bill Matthews: I'm not aware that the reduction has been that significant at all, so I cannot confirm it.

Mr. Mathieu Ravignat: Can you give me figures on what the reduction is?

Mr. Bill Matthews: If you'll bear with me for one moment, I can. We provided, I think, through an order paper response, the number of reductions by portfolio.

Of the 19,200, the Human Resources and Skills Development portfolio's share was 2,008. I believe this information has already been tabled as a response to an order paper question. So it's not the 5,000 that I'm hearing here.

The Chair: I'm afraid your time is up, Mr. Ravignat. Thank you very much.

Next is Kelly Block, for the Conservatives.

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

I'd like to welcome our guests here today as well.

I will be sharing my time with my colleague Mr. Trottier. I'm going to focus my questions on the reports on plans and priorities.

One of the first things I noticed when I looked at the report on plans and priorities for the Treasury Board is that the president is certainly committed to advancing a range of transformative initiatives to contain costs and ensure value for tax dollars. These initiatives focus on modernizing and simplifying the administrative systems of government as well as promoting productivity, innovation, and excellence in public service. I think, as has been alluded to earlier, that the response to many of the recommendations that were made by this committee, I think in the hopes of accomplishing some of those goals, would certainly demonstrate that commitment.

We know that the reports on plans and priorities now look back three years and three years forward, as a result of a recommendation made in the OGGO report. Could you walk us through the way the reports on plans and priorities this year include an explanation of any changes in planned spending over the next year? Will they include an explanation of the reason for the changes, or simply give us a description of the changes?

Mr. Bill Matthews: I'll answer the question at the theoretical level. Then I may turn to my chief financial officer for Treasury Board Secretariat to speak specifically to disclosure related to the Treasury Board Secretariat.

The idea is that the three years of history show actual spending. In addition, you'll see three years forward; this shows both forecasted and planned spending. The idea is to get a sense of trends.

But the numbers themselves are not very meaningful without an explanation. The idea for departments is to actually explain what's happening, and if their plans have changed they're supposed to explain the variance. That's the guidance that has gone out to departments.

This is their first year of doing this, so I suspect it will get even better as we go, but we're quite pleased with the results we've seen so far, because you get a good explanation of some of the differences.

As plans change, there will be an explanation as to why planned spending actually differs from one year to the next as well.

I'll ask Ms. Walker whether she wants to add anything specific about Treasury Board Secretariat as a department.

Ms. Christine Walker: We used exactly that. Where there were variances or changes in a program, we tried to explain them to the best of our ability in the report on plans and priorities so that it would be easy for the readers to understand.

It is new, and putting it in English—we're all accountants—is the other challenge.

• (1650)

Mrs. Kelly Block: Thank you.

I'll turn it over to Mr. Trottier.

Mr. Bernard Trottier: Thank you, Mr. Chair.

Thank you for once again coming before the committee. I know that you were very involved in the study of the estimates process.

I share with Mr. McCallum enthusiasm about this shift to a program activity view of government. I think it's more meaningful and will lead to better scrutiny of the supply process.

I want to ask some clarifying questions about programs and activities. In an average department, how many programs would there be, roughly? Are we talking about 10, about 100, about fewer than five? This question is for the sake of Canadians' understanding what this might look like going forward.

Mr. Bill Matthews: I'll start and then ask my colleague Sally to chime in—if I can find the stats that I usually have with me.

Before you get into programs, you have to think about strategic outcomes, because that's the highest level. Going from memory, most departments would have three or four strategic outcomes.

Programs are an explosion of those strategic outcomes. Your average department would have many more programs than strategic outcomes.

Sally, can you add up how many programs we have compared with strategic outcomes?

Ms. Sally Thornton (Executive Director, Expenditure Strategies and Estimates, Expenditure Management Sector, Treasury Board Secretariat): Overall, there are over 130 organizations, I think. We'll have to confirm it, but we're running at about 1,900 strategic outcomes and nearer to 3,000 in terms of program activities at the highest level.

Mr. Bernard Trottier: When it comes to an estimates review, I know there's a wide range—some departments might only have one program, and some departments might have dozens and dozens—but what does the range look like? I'm trying to get a sense of the amount of information that parliamentarians can look at, and ultimately Canadians, if they want to search the new database. What order of magnitude are they looking at, in terms of the number of programs? I don't need an exact number.

Ms. Sally Thornton: One of the best ways, if you think of any organization, is this. If you go into the main estimates, you will see that for each organization we've set out their expenditures by strategic outcome and program. For example, if you were to pick Treasury Board Secretariat....

That's not a good one because of the central vote. So let's pick Foreign Affairs, on page 153. Basically, on the third page in, you'll notice that right up front they identify four strategic outcomes and six programs. The comparator, though, is that they have five votes.

Mr. Bill Matthews: I'd like to add to that. As a rule of thumb on average, it looks as if for an average department, bigger ones especially, you're probably looking at about 10 to 12 programs.

Mr. Bernard Trottier: Okay, it's a manageable number.

I have one final question. When we talk about the cost estimates to do the transition to that program activity architecture, does that include a date on migration of the historical data into a program activity format, or is it just the case that, going forward, the estimates would be in the program activity format?

Mr. Bill Matthews: The data already exist historically. I need to be really clear about this. Parliament already gets information by program already, and it's been improving over the years and becoming an increasing theme, but we already have the data so the real change is in transitioning the estimates to a program basis. So there is some history you need to take care of, but there's no need or no intent to go back and recast what the votes might have looked like going backwards by using a different vote structure.

If a change were made to program-based voting, we would certainly need to keep the history that we have. But I want to reiterate that the debate about the program structure is how much detail is too low, and there is a concern about inundating Parliament with too many votes—certainly many more than we have now.

The Chair: Thank you, Bernard.

John McCallum, it's your turn.

Hon. John McCallum: Thank you.

My first question is a simple point. As an economist or a person, I always think of the word "attrition" as meaning that nobody involuntarily has to lose their job, but I think I heard you say, Mr. Matthews, that if temporary or part-time or casual workers are fired, they are part of attrition. Did I mishear you?

Mr. Bill Matthews: No, if you're firing people that's clearly not attrition. But if you had a temporary position that was coming to an end—if it were a six-month contract and the six months were up and it's not renewed—we would view that as being in the attrition category.

Hon. John McCallum: I see, because there was no guarantee it would go beyond the six months.

• (1655)

Mr. Bill Matthews: Correct.

Hon. John McCallum: Next, about internal services costs, the government seems to say that 70% of the cuts are to back offices, and at the same time the government seems to say that internal services costs are only back office costs at a departmental or at a larger level, whereas within programs they are not considered internal services costs. So how are we supposed to measure whether you have achieved 70% of your cuts through back office reductions?

Mr. Bill Matthews: It's an interesting question. When we talk about internal services, we're talking about a standard list of corporate-wide services. These would include things like human resources, finance, legal, information technology, which are very standard across all departments.

Having said that, every program would have an element of back office production in it, and those are not captured by internal services.

The comment about 70% of the reductions being in the back office, I believe ties back to operating votes. That's where you'll see the money required to run the department. So a good place to look would be the reduction in operating votes for departments to see how it's been reduced during the implementation of the strategic and operating review. That would be my first check.

I don't want to spend too much time talking about our new database, but the new database will let you compare internal services very easily from a historical perspective, and it will also let you compare internal services across departments. So there is new information out there for parliamentarians to get the trends.

Hon. John McCallum: I want to ask you something about that, but first I have a question about Shared Services Canada. It is my understanding that when those expenditures were departmental they were considered to be internal services expenditures. After those expenditures have been transferred to Shared Services Canada, does that mean that all Shared Services Canada expenditure is now counted as internal services expenditures?

Mr. Bill Matthews: That's a really interesting question, so bear with me on this one.

We cannot say that all the costs in departments that were transferred to Shared Services Canada were internal services. That's not true. We do have some work to do on improving the consistency of our internal services in terms of how we cost them. It is entirely possible that some of the costs that were transferred from a department belong to a specific program.

For instance, if you were running a major computer to support a program, a major database specifically for a program, is that internal services or is that the cost of the program? I would suggest that you would see inconsistency in departments with regard to how they categorize those: you cannot assume that all of those costs were internal services.

The other point I'd make is this. Is Shared Services Canada all internal services? If I were to draw a comparison to Public Works, I would say not. Public Works exists to provide services to other departments, and it has its programs. Its internal services are HR, finance, and IT. Shared Services Canada would be a better place to ask that question, but I would not view all of their expenses as internal.

Hon. John McCallum: I guess my concern is that we might wave a magic wand and suddenly see a huge cut in internal services expenditures, because they're all counted as such in departments, and they go to a new place, and suddenly they're not. It would suit the government's interest to show huge cuts in back-office costs when nothing has actually changed. So that's the reason for my question.

Okay, I have a quick question on your database. I did commend you or the minister; I think it's a good move. But I said it wasn't the most exciting part; I think the program is the most exciting. One reason for that, to my knowledge, is that right now the database doesn't go into the future. The big controversies, the reason the PBO went to court, was that he couldn't get information on future plans to cut expenditures.

I would find it more exciting if it did include that, but my understanding is that, at least as of now, it doesn't. Is that true?

Mr. Bill Matthews: You're correct that the first release is history only. The second release will include in-year information, which we're hoping to do this year. The eventual goal is to get the future information that's in RPPs in there as well. That's where we will get to, but we didn't think it was wise to wait until it was all singing and all dancing before we released something.

Hon. John McCallum: Okay, thank you.

The Chair: Thank you, John.

Next for the Conservatives we have Peter Braid.

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

Thank you, Mr. Matthews and colleagues, for being here.

Again, as many of us have mentioned today, I really appreciate all the progress that's been made with respect to our estimates study. I appreciate all of your hard work and your singing and dancing, Mr. Matthews.

My questions will focus on the main estimates specific to the Treasury Board Secretariat. I'm looking at page 349 of the main estimates and just want to go through a couple of questions there.

On budgetary voted item No. 5, government contingencies, I'm looking at the main chart on the page and just want to ask if you could elaborate on what those government contingencies are, what they may be used for, and the last time they were used.

• (1700)

Mr. Bill Matthews: Sure. I will start and I may turn to my colleague Sally to give some more recent examples. Her memory is better than mine.

We don't know what those are for just yet. This is the notion that we come to Parliament for supply through the mains and then the supplementary estimates (A), (B), and (C) typically, but not always.

Sometimes there are cases where a department cannot wait for the next supply period to get funds. So this is a vote we use to actually top up a department until we can get to the next supply period. Then the information is reported to Parliament so they can be aware of what this vote was used for.

Going from memory, it was used last year. I believe it was through supplementary estimate (C). There was an opportunity to amalgamate two buildings we have in London related to our embassy, to consolidate them. It was a time-sensitive deal. The department in question didn't have enough money to actually buy this property and wanted to take advantage of what was, in fact, a very good deal for the taxpayer. So we used this vote to top them up until we could come back to the next supply period.

In the past, it's also been used to fund Indian and Northern Affairs for things such as forest fires when they've had costs they didn't anticipate.

Sally, is there anything else?

Ms. Sally Thornton: Yes. The definition is basically for miscellaneous, urgent, or unforeseen expenditures. Traditionally, you see it for forest fires, floods, and claims settlements.

Then there are examples such as the London chancery, where it was the timing of making that deal because the organization needed the authorities to spend the money before the actual supply period. What happened was that we came back in the next possible supply period to inform Parliament of that use, because you had already approved the use for those purposes. So we inform Parliament and we also seek to get reimbursed any moneys that were advanced to the organization.

Mr. Peter Braid: Thank you.

Moving a little further down the chart, I note on the public service insurance line a decrease of \$10 million from the main estimates last year to this year, which I think is a real achievement. Could you elaborate on how you managed to achieve that?

Ms. Christine Walker: Yes, Mr. Chair.

The question, as I understand it, is why is there a decrease in vote 20 on insurance?

Mr. Peter Braid: Correct.

Ms. Christine Walker: There are actually two components. The first component is the joint learning program, which is a sunseting fund. That program actually sunsets, so that came out of vote 20 and that was \$2 million.

The other part is for the public service insurance, which was a savings of \$8 million. That was part of the strategic review that was done in 2008. The bulk of that saving is actually coming from the public service health care plan.

Mr. Peter Braid: Looking at 2012-13 and the pay list requirements, I'm curious to know what happened between the main estimates and the estimates-to-date figures.

Mr. Bill Matthews: What happened between them?

Mr. Peter Braid: I'm speaking of the \$600,000.

Mr. Bill Matthews: You may recall, members, that we had to top up departments for severance. As the collective agreements were renegotiated, the agreements all included a provision to stop the accumulation of severance. But it gave employees the option of cashing out the severance they had earned to date. So that top-up was actually to resource departments for employees who had elected to cash out their earned severance.

Mr. Peter Braid: Will that be a one-time top-up? Will we see that again?

Mr. Bill Matthews: We didn't reopen any agreements. We waited until they had expired before negotiating away the severance. So there are still some agreements in place that contain the severance clause. I would assume that the intent would be to negotiate the provisions, as has been done in the past. If that's the case, depending on the size of the department, they would need a top-up.

• (1705)

Mr. Peter Braid: Tell us more about the increased funding for the cyber-security initiative. It sounds like a very important initiative.

Ms. Christine Walker: The cyber-security strategy was announced in 2010 to counter the attacks on computer networks. It was \$155 million over five years, for a number of organizations. About \$5.1 million of that went to Treasury Board for this year. There are basically two things that they're working on. There is the enterprise security design, and there is enhancement of capacity within the system to ensure that there is integration and alignment between the security departments.

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

I understand that Mr. Ravignat will share his time with Ms. Duncan, but I'm going to hold you to the five minutes. We seem to stretch when this sharing happens.

You have five minutes, Mathieu.

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

The minister confirmed that he would be looking at sick leave for public servants for additional cost-savings. Have you been instructed to start analyzing those cost-savings, and if so, how?

Mr. Bill Matthews: I'm not the best person to speak to sick leave and HR provisions. I have not been instructed to look at savings related to sick leave. But to clarify, the minister's comments were not just about cost-savings; they were about a system that would work better for both employees and employers. I believe he wanted to stress that point when he was here. So I will make the same point. That's really all I can say on that front.

Mr. Mathieu Ravignat: I'd like to ask you a question related to the amount of internal services, and I'll ask it to you in French.

[Translation]

The main cost-cutting measure announced in the 2012-2013 main estimates had to do with internal services which, according to the Parliamentary Budget Officer, were never truly defined.

As we can see an increase of 114% for internal services at Correctional Service Canada and 71% for the School of Public Service internal services, could you please explain in greater detail what the amount of \$199.7 million refers to? Those that appear on page 10?

Pardon me, I made a mistake. It is not found on page 10. But could you please answer the question anyhow?

Mr. Bill Matthews: Thank you.

I cannot explain changes that were made in specific departments or organizations. As you already know, there is a difference between internal services and what are known as back offices.

[English]

I will say that some of the severance costs for the department were picked up in internal services, depending on where you go. The explanation very much changes by department. So it's really something we can't address on a government-wide basis. Internal services in the current year are down over the previous year. Both the Parliamentary Budget Officer and the government would agree with that statement.

Mr. Mathieu Ravignat: If backroom savings are not part of internal services, how are we parliamentarians supposed to track the reduction in spending for backroom savings?

Mr. Bill Matthews: What I would say is, take a look at the votes that get reduced. Operating expenses are a great place to look to understand the nature of the spending, because if it's not in operating expenses, it's either in capital or in grants and contributions. That's the first place I would check. It is worthwhile looking at internal services to see what the trends are there as well, but back office involves more than just internal services, and it's caused some confusion in the spending reductions.

The Chair: Ms. Duncan, you have about two-and-a-half minutes.

Ms. Linda Duncan: Thanks, Mr. Chair.

I'd like to take this time to table my motion: That the Committee invite the Speaker of the Senate and the Government Leader in the Senate to appear no later than May 28, 2013, for the review of the Senate 2013-14 Main Estimates.

I wish to now speak to my motion.

My rationale is that, pursuant to Standing Order 81(4), the main estimates vote 1 on the Senate was referred to this committee. As this committee's apprised on this matter, it's important that we provide an informed vote and, consequently I'm tabling the motion for which I provided previous notice.

The Chair: The clerk advises me it's in order that Ms. Duncan has moved this motion, as she had given notice of it on March 19. Therefore, with apologies to the witness, the motion is appropriate, in order, and debatable.

• (1710)

Ms. Linda Duncan: I don't actually feel it will be a long debate.

The Chair: Do you have opening remarks on the matter?

Ms. Linda Duncan: Mr. Chair, my opening remarks were very succinct.

This is a matter, under Standing Order 81(4), that under the main estimates vote 1, the spending in the Senate was referred to this

committee. Therefore I feel obliged, in order to make an informed decision on that vote, to hear those witnesses speak to those mains.

The Chair: Committee members, you've heard the motion.

Is there any further debate on the motion?

Peter.

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

This motion certainly falls under committee business. It is the normal practice of this committee, and of every committee in fact, to discuss committee business in camera.

I would move that we go in camera.

The Chair: The motion to go in camera is in order and non-debatable; therefore, we put the matter to a vote.

(Motion agreed to)

The Chair: We are going to have to apologize and excuse our witnesses and anybody else in the room who shouldn't be here while the committee goes in camera.

Thank you very much, Mr. Matthews and Ms. Thornton, for your testimony.

Ms. Linda Duncan: I don't think it will take very long. If you want, you can wait.

The Chair: Perhaps you wouldn't mind staying in a holding pattern, Mr. Matthews, but we anticipate the bells at 5:15, so we may or may not be able to invite you back in.

The meeting is suspended while we go in camera.

[*Proceedings continue in camera*]

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>