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# **Standing Committee on Government Operations and Estimates**

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**EVIDENCE**

**Thursday, November 21, 2013**

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**Chair**

**Mr. Pierre-Luc Dusseault**



## Standing Committee on Government Operations and Estimates

Thursday, November 21, 2013

•(1635)

[Translation]

**The Chair (Mr. Pierre-Luc Dusseault (Sherbrooke, NDP)):** We are resuming the public meeting.

We will continue our fifth meeting by dealing with the second subject on the agenda: follow-up of the study conducted during the first session of the 41st Parliament and entitled “Review of the Process for Considering the Estimates and Supply”.

We have with us some excellent witnesses from the Treasury Board Secretariat: Mr. Matthews, Assistant Secretary, Expenditure Management Sector; Mr. Armstrong, Director, Expenditure Analysis; and Mr. Samiotis, Director, Expenditure Management Sector.

Thank you for coming.

I will give you some time to make your presentation. Following that, committee members will have an opportunity to ask you questions on it.

With no further ado, I give the floor to Mr. Matthews.

**Mr. Bill Matthews (Assistant Secretary, Expenditure Management Sector, Treasury Board Secretariat):** Thank you, Mr. Chair, for having invited us today to talk about the government's response to the committee's report dealing with strengthening parliamentary review of the estimates.

To help me today, I am accompanied by two colleagues: Mr. George Samiotis and Mr. Derek Armstrong. Since he has in-depth knowledge of our database, Mr. Armstrong will take about 10 minutes to tell you about it. Then we will be more than pleased to answer your questions.

Derek, please proceed.

**Mr. Derek Armstrong (Director, Expenditure Analysis, Treasury Board Secretariat):** Good afternoon everyone. Thank you for having invited us today. It is my pleasure to tell you about our database.

[English]

The expenditure database was released in April. I'm just going to do a quick demonstration of the features that are available within the database and describe the information that is also available there.

Before we start, though, please keep in mind that the information you're going to see is all available publicly, either in public accounts or in departmental quarterly financial reports, so there's nothing secret about it.

The expenditure database is hosted on the Treasury Board website. If you are searching for it as a member of Parliament or the public, the easiest way to find it is through Google: just Google the expenditure database and it should be the top hit on most computers. Once you click on the link from Google, it will bring you to this web page here, with the Treasury Board of Canada's website.

You'll see here on the landing page that there's a brief overview of how to navigate the expenditure database, and from there you can just select this link to pick the government organization that you would like to look at.

Users can search for organizations using a number of means, either by selecting from a list of ministries and the organizations that fall within them or by selecting from alphabetical lists or a list of organizations by the magnitude of their expenditures. Alternately, you can use the same Google search feature that you might be familiar with. In this case, we'll select Indian and Northern Affairs Canada—and I'll just select it here. We're going to use this organization as the organization to demonstrate the features for the entire presentation today.

Once you arrive at the web page for Indian Affairs and Northern Development Canada, you're presented with some quick summary information. There's some non-financial information about the organization, the legal title, who the responsible minister is, and also a bit about the mandate of the organization.

If you look on the right-hand side, you'll see other organizations that fall within the same ministry.

Scrolling down, you're presented with several panels of financial information. This is a quick summary to give you a flavour of the operational results of the organization.

As you'll see, for current year information, 2013-14 in this case, we've taken information from quarterly financial reports to present current year authorities and to show, in this case, what has been provided through main estimates and supplementary estimates (A). As well, we have the statement of authorities and expenditures, as reported in quarterly financial reports, and expenditures by standard object.

Just to give an example, if we click on the details of the statement of authorities and expenditures, it will take you to the familiar header, and scrolling down provides you with a bit more information about exactly what is shown within this page.

Where it becomes more interesting, though, is below, where we present a graphical presentation of exactly what the department's expenditures looked like by the different types of voted or statutory expenditures. You'll see in the case of Indian and Northern Affairs Canada that grants and contributions are the largest portion of the department's expenditures, whereas there are others here that you can also explore.

Beyond the graphical presentation, we give you the goods. We give you the data in a form where you can compare the actual operating results as presented in the quarterly financial reports.

In this case, if you were to take an example of the operating results for this department, you could compare immediately the 2013-14 results to the 2012-13 results and see that there was quite an increase, from about \$1.16 billion last year to \$1.4 billion this year. So it begs the question immediately, what happened here? It gives you an indication of something important that has changed in the financials.

● (1640)

That's the power of this information. It presents you immediately with the financial results, and then, at the same time, you can, within the same page, scroll up to the actual quarterly financial results and click on that to be brought to the department's own report, for additional context. In this case, if you search through the quarterly financial report, you'll find context about that increase. In this case, there is a table that will detail all of these specific elements that resulted in the operating variance year to year.

I won't dwell on that. I'm going to go back to our original set of financial summary panels. You'll see that was the current year financial information. We also present historical financial information. In this case, I'm going to show an example of expenditures by program. This is a topic that is quite popular in terms of financial and operating results. By clicking on the details for this tab here, we're again brought to the same header, with some brief information about the department, a description of what expenditures by programs actually mean, and then a few interesting graphics that are also searchable here. These graphics provide you with a quick look at the trend for any particular program you're interested in. In this case, I'll search for one related to education, and you'll see there is one result here and it provides you with the trend of expenditures for this department on education. You'll see that's quite steady over the past three years.

Similarly, we provide the data table that underlies all of these graphics, and you'll see that for Indian Affairs and Northern Development Canada there is quite a list of programs. You can get the straight data here, which is also available through open data, for further analysis.

Going back once again to our financial panels, I'd like to show that we also have started adding selected topics for additional detail. In this case, we have added in transfer payments, which is information recently released by Public Works and Government Services Canada in a very useful electronic format. If we select the details for these programs here, we're brought again to a further graphical presentation of expenditures by transfer payments, by fiscal year. As you see, you can select any fiscal year that you're interested in, and there is a quick graphical summary of those expenditures by fiscal year.

Similarly, you can search for a specific transfer payment within this tool. Let's say we would like to look at residential schools. There are actually quite a number of transfer payments related to this, so selecting one you can see immediately what the total budgetary authority was for these transfer payments and what the expenditures are related to those. If you wish to look only at either the total budgetary or the expenditures, you can click to de-select or focus on only one of them at a time. Similarly, the data table is available below with all of these.

● (1645)

One feature that I would like to highlight, just in bringing this to a close, is the expenditures by program. Under the details for expenditures by program, there is a feature we built into the expenditure database that allows you to compare programs that are similarly named across government. By scrolling to the data table at the bottom, the example I like to choose is for internal services, because it has often been reported in the press.

By clicking on internal services for 2011-12, you will see that a table is brought up that shows the expenditures of that department on internal services within the context of all departments reporting internal services for the government. By scrolling to the bottom, you can get a government total for spending on internal services.

Now, this is very interesting, as far as an analytical tool goes, because that total is not provided somewhere in the Public Accounts of Canada. We have taken the labour away from having to add up all of those items individually, and with a click you can get that information at a Government of Canada level.

With that, my demonstration is concluded, and I would like to turn it back to Mr. Matthews.

[Translation]

**Mr. Bill Matthews:** Thank you, Mr. Armstrong.

Mr. Chair, as you know, the committee report contains 16 recommendations, but in fact, 8 of them target government operations.

[English]

The database is one of those eight recommendations, and I did think it was worth spending a few minutes on it to give an appreciation of how it might be useful to committee members in studying estimates. Before this database existed, you would have had to look at public accounts, main estimates, quarterly financial reports, reports on plans and priorities, and departmental performance reports to get this flavour of information.

It is not quite a year old yet, the database. It has come a long way. We still intend to add additional things to this as time goes on, so it will continue to grow, but we are quite proud of this tool.

This is only one of the eight recommendations that were targeted at the government. We are happy to take questions on the database or any of the other recommendations as well.

Thank you very much.

[Translation]

**The Chair:** Thank you for your presentation.

I will now give the floor to committee members. We will start with Mr. Blanchette, who has five minutes.

• (1650)

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

I want to thank our witnesses, especially for the presentation on the database. Each time, I see that it is developing and going in the right direction. In passing, I greatly appreciate the work that has been done to date.

If I may, however, I would like to ask some questions on the database. It was not created for parliamentarians. In fact, since it is on the Web, it is available to the public. It is an ambitious exercise, and I fully understand that the work cannot be perfect right from the get go. I want to ask you some questions from that perspective.

For example, you mentioned, among other things, that you could compare internal services. For the average Canadian, internal services don't mean very much. Do you plan to include some kind of glossary so that people can understand what those things mean? That is an example.

**Mr. Bill Matthews:** Thank you for the question.

Indeed, it is very important to be able to explain the context in order to clearly explain the figures.

[English]

As the database continues to evolve, it's very easy to put numbers on a page. What is a greater challenge is words, to get consistency. So you're absolutely correct that it would be helpful to have definitions.

There are places where internal services are defined, but they are not easily linked to this database at this stage. We will continue to work on that, and we do need to do further work on internal services definitions to make sure that the data is captured in a consistent manner across departments, because internal services are human resources, financial services, information technology. It would be useful to have an appreciation of that, I agree.

[Translation]

**Mr. Denis Blanchette:** Thank you very much.

Could you give committee members an overview of the work to come? What are your targets for the coming months with respect to development of the database as such?

**Mr. Bill Matthews:** Our biggest future challenge is providing information on program performance.

[English]

It's very useful to know how much was spent on a certain program. What is a greater challenge for us is to be able to capture and produce performance targets and performance information about specific programs.

If you went to reports on plans and priorities and departmental performance reports, you would get that flavour of information, but the data itself is more unstructured in nature, so it's difficult to pick up, not like financial figures.

That's our next challenge. I can't give you a firm timeframe for that one because it is more challenging. In the more immediate future, we will be picking up the next quarter's financial results and placing those on a database as each quarter expires, and you will see the quarterly information grow as the year goes on.

[Translation]

**Mr. Denis Blanchette:** Okay. Thank you very much.

Were you able to provide information on horizontal programs within the database, so that the development of those programs can be monitored?

[English]

**Mr. Bill Matthews:** That is on our list of things to look at. It is not there right now. There is a separate database with horizontal initiatives that you can access through the Treasury Board Secretariat, but it would be a very logical addition to this set of information.

[Translation]

**Mr. Denis Blanchette:** Thank you very much.

Do I have any time left?

**The Chair:** Yes.

**Mr. Denis Blanchette:** You mentioned transfer payments, and now, you are beginning to make data available almost in real time. Will the general public be able to capture this data one day, export it, put it in a spreadsheet and manipulate it? Will the public be able to do such things?

**Mr. Bill Matthews:** Yes, it is possible to do so. At this time, one can use the database to find information, but if one wishes to take the information

[English]

and export it into Excel or a tool like that, you cannot do it from the database. But you can go to the Government of Canada's open data website, and all of the data that underlies this is available there. One can take that data and transfer it into Excel, or whatever else you like, and run your own reports. That's the way to do it.

[Translation]

**Mr. Denis Blanchette:** Thank you.

**The Chair:** Thank you, Mr. Blanchette.

Ms. Ablonczy, you have five minutes.

• (1655)

[English]

**Hon. Diane Ablonczy (Calgary—Nose Hill, CPC):** Thank you. I think you have a right to be proud of the work you've done. It's certainly a huge amount of work, and it's very important.

What is your understanding of the purpose of this database?

**Mr. Bill Matthews:** I think it's twofold. When we think about parliamentarians and specifically the work done by this committee in producing its report on Parliament's scrutiny of the estimates, there were many questions and concerns raised about the volume of paper that an interested member of Parliament would have to go through to understand what was in the main estimates.

A very logical first question, if you've seen the main estimates, might be, what did the department have last year? How much of that money did they spend? How much have they spent so far this year, if we're in the middle of the year? Wouldn't it be nice if we could see that all in one area?

The way the government responded to that concern was twofold. One, in the main estimates now there is piece of paper that provides that summary, but for those members who are more technologically inclined, they can go to the database, find out more about the mandate of the department, get information in detail about how they spent their money—is it on goods and services, salary, contracts, that sort of thing?—and also get information on the programs of the department. So it was twofold.

We did want to make it a useful tool for Canadians. For that reason, it was built using tools and techniques that would be familiar to most Canadians who are familiar with the Internet. It does work a little bit like Google.

**Hon. Diane Ablonczy:** Is it correct to sum up and say that the purpose of the database is to enhance accessibility and contextualization of information?

**Mr. Bill Matthews:** That would be correct, and also to really make it easier, to facilitate ease of use.

**Hon. Diane Ablonczy:** I am not a numbers person, and I quickly admit that, not that it could be hidden for too long. You are all numbers people and are very, very capable in this area.

Could you give me some idea, in your view, as someone who understands this information, of the percentage of Canadians who could understand and massage the data in such a way that it would really enhance their understanding, knowledge, and insight into the spending of government?

**Mr. Bill Matthews:** I wouldn't be able to give a firm number on the number of Canadians. I would say this. For anyone who is interested in learning about government spending, whether you are an expert or are just starting fresh, this is a great way to learn because you can get everything from the mandate of a department—what's their business—to some very high-level information, and if you are more inclined, you can drill down and get lots of details.

I think it's a useful tool to educate—

**Hon. Diane Ablonczy:** Yes, I understand that. Obviously there's a lot of information there, but the real question is...this is very complex information. You have dominos, right? Yes, you're spending on education, but how does that intersect with other spending that impacts on education?

Realistically, although I think it's helpful for people at your level, my question is what could an ordinary Canadian glean from this that would help him or her understand how government operates or how a department operates, or how even a program of a department operates?

**Mr. Bill Matthews:** If there's a certain category in mind, they can certainly do searches on that, so that would help answer a specific question. If you're dealing with a more basic level of knowledge, someone coming at it fresh, the best place to start is probably with the main estimates themselves. There's a three-page summary of government spending and changes, and it's written in a way that

most people would understand. That's a nice starting point. As I said, the advantage to this is it can answer specific questions or provide general information.

**Hon. Diane Ablonczy:** Did you consider putting a sort of tutorial in the database about how to navigate this tool and what a person could get out of it and how it could be used?

**Mr. Bill Matthews:** We considered it in the design by using tools that we thought most people would be familiar with, but I'll turn to Derek and see if there was any consideration of a tutorial itself.

• (1700)

**Mr. Derek Armstrong:** We did consider what information we would need to provide to help the average Canadian or the average user navigate through the information. For the initial installment of the expenditure database, we have taken the approach of providing quick instructions on this landing page. So a user could get a very simple idea of what information is contained within the expenditure database and follow it as they would other web pages, to follow their train of thought through the pages that they discover and the information that's there. The difficulty with presenting this type of information, and in most cases any financial information, is that sometimes it is quite difficult to digest at first glance. If you are looking for a particular thing, it's much easier to search for that item. If you are looking for a general feel, it takes more time to work through that.

We are exploring other changes and presentations, either graphically or otherwise, for accessing and working with this information so that more users can feel comfortable accessing it in different ways that fit their own specific needs.

**Hon. Diane Ablonczy:** Just a quick last question.

Do you have an idea of tracking the number of hits?

[Translation]

**The Chair:** Ms. Ablonczy, your time is up.

[English]

**Hon. Diane Ablonczy:** Oh, sorry, Mr. Chairman.

[Translation]

**The Chair:** I can give you back the floor later on, if you have a specific question.

Ms. Day, you have the floor.

**Mrs. Anne-Marie Day (Charlesbourg—Haute-Saint-Charles, NDP):** Thank you, Mr. Chair.

Thank you for being here today. This will help us navigate your website better, which seems to me fairly complex.

I have a few questions about the financial system. I will begin by stating the obvious. An expenditure is always forecast in a budget. Theoretically, one sees the expenditure and one can see its status. There is a commitment and what is left at the end. None of that should go beyond what was forecast for the expenditure, unless new funds are requested.

Am I in the right ballpark? Are expenditures always forecast?

**Mr. Bill Matthews:** That is correct, the budget includes an estimate of amounts that will be spent. However, before spending the money, each department must draw up a detailed plan, which must be approved by Treasury Board.

[English]

You are absolutely correct in saying you cannot exceed the amount of money that was allocated. From a legal perspective, it's at the vote level. Legally speaking, when Parliament approves the appropriation bill, they vote on capital, operating, and grants and contributions. A department cannot exceed the total voted by Parliament in those three categories. That's the legal thing that cannot be exceeded. Below that level, departments can move money between areas as they see fit.

[Translation]

**Mrs. Anne-Marie Day:** In fact, it is a bit more complicated than my first example indicates. Currently, there is no single financial system that allows us to monitor the various departments' accounting methods. True or false?

[English]

**Mr. Bill Matthews:** We have one financial system for the whole of government at a very summarized level. So if you look at the financial statements in the public accounts, there's one financial system to produce that.

There is information that is much more detailed that is contained in each department's financial system. Each department runs their own financial system, and it provides the common data necessary for the government's financial statements at a very high level, but there is additional detail in each department. So it is more complex than that, yes.

But your point does hold that if a department is looking to exceed the money voted by Parliament, it needs to come back to Parliament to get more money, and that is why we have supplementary estimates, to augment the money that was voted by Parliament in the Appropriation Act that was linked to the main estimates.

[Translation]

**Mrs. Anne-Marie Day:** What steps should the government take to set up a vote structure that is based on strategic results and to revise the format of the estimates?

• (1705)

**Mr. Bill Matthews:** Thank you.

In order to change the financial system, internal control would have to be re-established.

[English]

That would prevent a government from overspending its allocation. So if you think right now the controls are based on, as I mentioned earlier, capital, operating, and grants and contributions, and if a department puts a transaction into its financial system that would cause it to exceed those amounts, the system would either prevent it or set a warning to stop that from happening.

The Government of Canada has an excellent track record. Departments do not exceed their votes by Parliament because of those systems.

If we're changing the basis of control to strategic outcome, redoing the Appropriation Act for Parliament is the simple part. What has to happen behind the scenes is to reprogram the financial systems to put those controls on strategic outcomes.

Given that each department has their own financial system, more or less, you are involved in reprogramming 125 financial systems to actually make those changes.

The final point that's attached to it is right now departments estimate what they will spend on strategic outcome and program, and they make their best efforts for those estimates. If you're changing the basis of control for Parliament to be based on strategic outcome, those estimates must be extremely accurate because it's the basis for control. So we would want to give departments some time to make sure they have really developed those estimates with as much accuracy as possible, given that Parliament would then be voting on those things.

[Translation]

**The Chair:** Thank you.

Unfortunately, your time is up, Ms. Day.

**Mrs. Anne-Marie Day:** Thank you.

**The Chair:** We will now move on to Mr. Cannan.

[English]

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

Thanks again to our committee witnesses and to our honorary committee member, Mr. Matthews. It's a great job you're doing. Thank you for the update.

Just to see this in application is very exciting. I have a couple of questions following up on Minister Ablonczy's questions. As far as informing not only members of Parliament but the public that this information is available...it's great to have information. It's like having a fantastic store but nobody knows you're open and where you're located. What are you doing to inform Canadians of this information that's accessible?

**Mr. Bill Matthews:** We haven't done anything in terms of proactively reaching out to Canadians. There was a news release. You will find anyone who is interested in the business of the government would stumble across committee reports, but I appreciate that is probably a small percentage of the population. We did things like a news release, Qs and As.

I think the biggest thing we've done to raise awareness is the open data initiative, which does get a fair amount of attention. This piece was considered a very important part that was linked to open data. Open data does get an awful lot of attention, and those who are interested in it will find their way to this website eventually. That's about as far as we've gone.

**Hon. Ron Cannan:** Our colleague, the President of the Treasury Board, Minister Clement, is a strong advocate, obviously, and ambassador for open data and for this online access of information. I know he has been a strong champion.

With regard to the site visits or number of users, have you been able to keep track? Have you done any monitoring as far as what kind of access?

**Mr. Bill Matthews:** We tracked it early on and it was getting a fair amount of attention. What we couldn't tell was where the attention was coming from. Was it internal to government? Was it media? Was it parliamentarians? We don't have any intelligence on who was looking at it.

I don't know if Derek has updated stats or—

**Mr. Derek Armstrong:** At this point we have been getting a split of approximately half and half between government and public hits on the expenditure database.

**Hon. Ron Cannan:** What kind of quantity?

**Mr. Derek Armstrong:** At this point we are looking at about 1,000 hits per month in this early stage of the expenditure database.

**Hon. Ron Cannan:** Okay.

Is this data exportable to a spreadsheet?

**Mr. Bill Matthews:** The information is exportable to a spreadsheet, but I must admit I have not done that myself. I will turn in a moment to my colleagues to explain how that is done. My understanding is that it's not done directly through this database; you actually go through open data and then export it to Excel or whatever tool you would like.

Is that correct, Derek?

• (1710)

**Mr. Derek Armstrong:** That's correct.

I can show you very briefly. If you pick Finance Canada, for instance, there is a button on the Finance Canada overview page in the details entitled "open data link". If you click on this open data link, it will take you to a web page on the Treasury Board website where you can download the information underlying any of those tables for the entire government. You would get an entire Excel table with all of the information pertaining to that subject.

**Hon. Ron Cannan:** That's fantastic. It's a couple of clicks at the most. It was worth getting out of bed this morning. I learned something new.

As far as the cost savings, it's hard to anticipate. Access to information is great. We want to have open government and make this information as accessible as possible.

As a department, have you been able to quantify the implementation cost to date?

**Mr. Bill Matthews:** The implementation costs have been minimal, and I will turn to my colleague in a moment to explain what software tools we used and what the cost was.

Where we can't quantify anything is on the access to information requests, which are going up—that's just life in government. We're unable to say that the creation of this database has resulted in a reduction in access to information costs. We just can't get our hands on those because the trend line for access to information requests is rising.

In terms of costs, Derek, do you want to speak to that?

**Mr. Derek Armstrong:** The expenditure database did not require any procurement costs. We bought no special software or hardware to create this expenditure database. We used one of my analysts—a good chunk of his time—programming in JavaScript, to create what is essentially a very fancy web page tied to the data underneath. Over the course of several months, he managed, with the rest of my team, to put together the expenditure database in the form that you see it in now.

**Hon. Ron Cannan:** I think it speaks to accolades for the fiscal conservative stewardship. That's very good.

Thank you.

[Translation]

**The Chair:** Thank you, Mr. Cannan.

Mr. Byrne now has the floor.

[English]

**Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.):** Thanks, Mr. Chair.

One of the pieces of information that is always useful for Parliament to know is whether or not a budgeted expenditure and an approved expenditure actually end up being spent on its particular purpose. Instances can occur where money is retained within a vote but is journal vouchered to a different department, for example. Another instance may be that a department allocated a certain amount of expenditure within a particular vote, but then used the money for a different strategic outcome.

Does this system track that in any way, shape, or form?

**Mr. Bill Matthews:** There are two things.

Yes, it will help track it, but in addition to some other tools. In terms of the parliamentary control, I do want to emphasize that it is at the vote level. The question is quite accurate in terms of money being moved from a vote in one department to another one, but that does go through Parliament. A vote may be transferred from the Canadian Food Inspection Agency to Agriculture Canada, which it often partners with, so you'll see some vote transfers, but that is always run through Parliament.

Below the line of parliamentary control, the vote transfer, you could see money estimated for one strategic outcome, but in fact less gets spent there and more gets spent somewhere else. The most helpful place to look for that is a relatively new invention; it's in the reports on plans and priorities.

This committee recommended that each department, in their reports on plans and priorities, forecast out their program expenditures three years forward and three years backwards, so they would have actuals as well as forecasts. More importantly, you could provide a narrative if the estimates changed on why they changed. You'll actually pick up in the text that not as much was spent in area A because it was moved to area B, or whatever the explanation. That narrative is critical. It is that narrative that the database is not equipped to pick up right now, so there will have to be a little digging outside of the database.

**Hon. Gerry Byrne:** Thanks very much.



What is the procedure, in terms of an authorization by Parliament, for a transfer of a vote, an expenditure within one vote, or assignment to a particular department to be transferred to another department?

**Mr. Bill Matthews:** When supplementary estimates are presented, there is a list of vote transfers, increases to votes. You'll see that it could be new money that's being voted or it could be money that's coming to a department from another department. You will see that in the supplementary estimates: the vote for one department is increasing, and you'll see a corresponding decrease from another department. I did mention the example of the Canadian Food Inspection Agency and Agriculture Canada. It's quite common, but you will see that through supplementary estimates. It's the mechanism.

• (1715)

**Hon. Gerry Byrne:** Thank you.

That's it, Mr. Chair. Thanks.

[Translation]

**The Chair:** Mr. Trottier, you have the floor.

**Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC):** Before we break, I have a quick question.

[English]

I noticed you had some program activity cost information, and this was past as well as estimated. These were estimates in there. Is that correct?

**Mr. Bill Matthews:** The program information in the RPPs that I was speaking about is historical for three years and then going forward three years.

Derek, do you want to run through that on the database, just to show it?

**Mr. Derek Armstrong:** The information in the database is actuals, as reported in public accounts or in quarterly financial reports.

**Mr. Bernard Trottier:** So there's nothing that are estimates at this point? That's at the program level.

**Mr. Derek Armstrong:** That's correct.

**Mr. Bernard Trottier:** I was thinking we might have arrived at a shortcut to presenting the estimates at the program activity level, without our knowing.

**Mr. Bill Matthews:** There is estimated spending on programs presented now. It's in RPPs. It's on the website. So it does exist, but again it's for information purposes in studying the estimates.

**Mr. Bernard Trottier:** Okay, thank you.

[Translation]

**The Chair:** Ms. Day, you may ask one last question.

**Mrs. Anne-Marie Day:** Your colleagues have provided us with some training, a sort of refresher of our knowledge of the budgetary cycle. Among other things, they told us there were certain costs we could not control, for example employment insurance costs. Indeed, demand may be higher than previously estimated, for example in the case of the guaranteed income supplement for seniors, a major natural disaster or involvement in an armed conflict. Such

expenditures cannot be forecasted as accurately as the number of people assigned to payroll, for example. Those expenditures are more difficult to control.

With respect to integrating your system, how do you go about forecasting such expenditures? How do you ensure that we have the best forecasting with a three-year budget? I would like to emphasize that it is quite normal to have a three-year budget and to see which expenditures are actually being allocated.

**Mr. Bill Matthews:** It is certainly true that some categories of expenses are quite difficult to forecast.

[English]

Employment insurance is a great example; that varies with the economy. What you will see is the budget will use both economic forecast and historic information to make its best projection three years out, and in some cases longer. The main estimates would pick up how much of that funding is expected to be spent in the current year. Then the Department of Finance monitors those large statutory amounts, the ones that are not voted on, on a regular basis, and where there's an update necessary, they will use the supplementary estimates process to update Parliament on revised forecasts on some of those.

If you were to look at supplementary estimates (B)—I'm going from memory here, which is a little dangerous at times—I believe there's a revised forecast in there for interest on public debt. The Department of Finance has reduced their forecast from what was in the main estimates. So we do use the supplementary estimates process both to request Parliament's approval of voted expenditures and transfers between votes, but also as a chance to update Parliament and Canadians on revised forecasts related to statutory amounts. If there's no change, you'll see nothing, but if the Department of Finance has a view that there's been enough of a change to warrant an update, we will do that through supplementary estimates.

[Translation]

**Mrs. Anne-Marie Day:** As to horizontal data, will the public truly understand what they mean? Given that these programs are being administered by several departments, will the exact expenditure be assigned to each department? Will the website allow for that? If a department, for example the Department of Public Safety and Emergency Preparedness, does not spend its entire budget, will its budget be reduced the following year? Will that department's budget be lowered? Must the department spend absolutely everything that was forecast? At this time, given horizontal expenditures, the situation grows increasingly complex. How will we explain the principle of horizontal expenditures to the general public?

• (1720)

**Mr. Bill Matthews:** Thank you for the question.

It is quite complicated. Perhaps I will begin by discussing initiatives involving several departments.

With respect to its own expenditures, each department

[English]

must receive its proper funding allocation. So yes, it's horizontal, but there are a few basic rules around estimates that come into play.

Number one is that the money that is voted is good for only the current fiscal year. We don't vote for multiple years. We plan for multiple years, but the vote is for one year. The vote is by department, so even though there are three, four, or five departments involved in an initiative, the estimates must break out how much each department is going to receive. What's of interest to parliamentarians is understanding each department's piece, but they want to see the whole picture, and that's why we have the horizontal database for horizontal initiatives, which is a separate database from this.

That being said, if a department cannot spend its allocation, if it wishes to transfer to another department, that must get picked up through supplementary estimates. Parliament must approve those vote transfers.

If the year passes and the department has not spent it, three things could happen.

First of all, each department is allowed to carry forward into the next year up to 5% of its unspent operating and up to 20% of its unspent capital. So they could reprofile it or move it to the next fiscal year that way.

If the amount is in excess of those things, or if it relates to grants and contributions, they can resubmit the expenditure for approval. The Minister of Finance could say, in making the next budget, "Yes, I understand why that was not spent. You can spend it in the upcoming year instead." That often happens with our major infrastructure programs. When agreements with a province are not reached and there is still every intention to flow some money to the province but things just didn't happen as quickly as we thought they would, it goes to the next fiscal year.

The third thing that could happen, depending on the nature of the expense, is the Minister of Finance could decide, in making the budget, "No, you cannot re-spend that. The time has passed, there is no longer a need." That money could basically be taken back by the centre.

So all three are possible: the carry forward based on 5% or 20%; a resubmission for reapproval into the next year's estimates; or the money could indeed return to the fiscal framework as being unspent.

[Translation]

**The Chair:** Thank you.

This brings your testimony to an end. Allow me to take this opportunity to thank you once again for having taken the trouble to come. I have no doubt we will be seeing you again in the near future.

We will suspend the hearing for a few minutes, after which we will return to discuss the third item on the agenda.

Thank you once again for being here today.

Members of the committee, I will see you back here in a few minutes.

• (1720) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1725)

**The Chair:** I call the meeting back to order.

Before moving on to our third topic, I would like to say something to the committee. The Canada Lands Company representatives who were supposed to appear on December 5 have a scheduling conflict. They will not be able to come. They have requested to appear at the beginning of next year instead. I wanted to inform the committee and obtain its approval to that effect. This leaves our December 5 committee meeting open, since that was the only thing on the agenda up until now.

Is this agreeable to everyone?

**Mr. Bernard Trottier:** I would like to make a comment. The Canada Lands Company has a new president, who would have had to appear before the committee in any case for his nomination to be approved. So it makes sense for CLC representatives to appear after the New Year.

**The Chair:** There is one last thing I wanted to mention about future committee work. It has to do with a budgetary appropriation for the Transportation Safety Board in supplementary estimates (B). A certain amount has been set aside in supplementary estimates (B). I was wondering whether the committee intended to invite representatives of the TSB, an organization that is part of Privy Council Office's portfolio, since PCO officials indicated they could not discuss TSB's expenditures in detail. In that case, I do not know whether the committee wishes to invite TSB officials or ask Privy Council Office officials more general questions.

**Mr. Bernard Trottier:** Could we deal with that issue when we meet with the people from Privy Council Office to discuss the estimates?

**The Chair:** We could do so right now, since this is part of Privy Council Office's portfolio. However, PCO officials may not be able to speak in detail of that particular organization.

I wanted the committee to know that there was a vote in the amount of \$941,222 for the TSB. We had not planned to invite TSB officials. I just wanted to know what the committee intended to do.

**Mr. Bernard Trottier:** What exactly is the question? Is this about inviting them to appear on December 5?

**The Chair:** Yes. As I just mentioned, the two-hour meeting on December 5 is now open, unless committee members have something else to suggest.

**Mr. Bernard Trottier:** I do have a different suggestion.

We had planned to hear from the Canada Lands Company for two hours, given the size of the organization and the many files they deal with.

Furthermore, we had considered inviting the Royal Canadian Mint officials to appear. They have not appeared before this committee for several years now. That organization has changed a great deal. It has undertaken projects such as eliminating the penny. We could ask them questions about that. This could provide a fulsome discussion for the two hours, given the short time frame of two weeks to send out an invitation.

**The Chair:** Does everyone agree that we should invite Royal Canadian Mint officials to come speak to us about the parts of the supplementary estimates that affect them?

**Mr. Bernard Trottier:** No, it would not be about the supplementary estimates, but rather to answer our questions about their own governance. Like the Canada Lands Company, they have not appeared before this committee for a long time.

**The Chair:** All right. Does everyone agree with this?

**Mrs. Anne-Marie Day:** It is fine with me.

**The Chair:** That could fill in our two-hour window.

As planned, we will therefore refer questions about the TSB to Privy Council Office representatives.

**Mrs. Anne-Marie Day:** I have a question about Privy Council Office, Mr. Chair. Your explanation leads me to believe these officials may appear, but that they will not be able to provide details as to content. In that case, I wonder how relevant it is to invite them to appear.

**The Chair:** They can speak to us about many other topics. If they are apprised of this discussion, they will be able to prepare themselves a bit better.

**Mrs. Anne-Marie Day:** In that case, would you be providing us with further explanations on this subject later on?

**The Chair:** I really won't have any other explanation to provide.

• (1730)

**Mrs. Anne-Marie Day:** I see. Thank you.

**The Chair:** Are there any further comments about future committee work? Apparently not.

This brings our meeting to a close. We will see you next Tuesday, at the same time.

The meeting is adjourned.

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