



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Government Operations and Estimates

OGGO • NUMBER 041 • 2nd SESSION • 41st PARLIAMENT

EVIDENCE

Tuesday, March 10, 2015

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Chair

Mr. Pat Martin

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•(1600)

[English]

The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)): Good afternoon, ladies and gentlemen. Welcome to the 41st meeting of the House of Commons Standing Committee on Government Operations and Estimates.

We are convened here in the presence of our minister, the Honourable Tony Clement, president of the Treasury Board, who will address the main estimates. I think without any...

Mr. Ravignat.

Mr. Mathieu Ravignat (Pontiac, NDP): Mr. Chair, thanks for the floor.

We only have an hour with the minister. I'm just wondering if we could dispense with the opening comments, given that we have them in written format, and go right to the questions.

The Chair: That's rather unorthodox. I'll put it to the floor.

Is anybody—

Mr. Greg Kerr (West Nova, CPC): We have to hear him speak.

Mr. Chris Warkentin (Peace River, CPC): We're here early; I think we can probably—

The Chair: I don't think we have the consent, Mr. Ravignat.

Mr. Mathieu Ravignat: Okay.

The Chair: We'll go directly to the minister, ask him to please make his opening remarks in five or ten minutes, and then we can open it to questions from the floor.

Hon. Tony Clement (President of the Treasury Board): I'll try to restrict my remarks, Mr. Chair. I don't want to overstay my welcome, certainly, but I want to thank members of the committee for the opportunity to speak about government-wide 2014-15 supplementary estimates (C), and of course, the main estimates for 2015-16.

[Translation]

I'll also speak briefly about the Treasury Board Secretariat's main estimates for 2015-2016.

[English]

I should say that I have with me today officials from the Treasury Board Secretariat, including Yaprak Baltacioglu, the secretary of the Treasury Board. Mr. Brian Pagan is with us. He's the assistant secretary of the expenditure management sector. Daniel Watson is with us. He's the chief human resources officer for the Government

of Canada. We also have with us Mr. Bill Matthews, the Comptroller General of Canada.

Of course I'm happy to take any questions after a brief statement.

[Translation]

I'll begin with the 2014-2015 supplementary estimates (C) for the fiscal year ending March 31, 2015.

As you know, the series of supplementary estimates, of which supplementary estimates (C) are the last every year, are part of the regular parliamentary approval process.

They ensure departments and agencies can receive the necessary funding to move forward with their planned initiatives to meet the needs of Canadians.

[English]

The 2014-15 supplementary estimates (C), which were tabled in the House of Commons on February 19, provide the information Parliament needs to consider the government's request for spending authority as we come to the fiscal year-end. They reflect expenditures the government set out in budget 2014 or in previous budgets. Specifically, the supplementary estimates (C) provide information on \$1.8 billion in voted appropriations for 41 organizations, as well as information on a decrease of \$1.3 billion in net statutory expenditures.

As the President of the Treasury Board, I can definitely provide some details on the funding being sought by the Treasury Board Secretariat through supplementary estimates (C). My department is seeking in total about \$646.2 million. This includes \$400 million to fund increases to vote 30, which is the government-wide vote managed by Treasury Board Secretariat to cover the legal payroll obligations of the Government of Canada.

This increase is primarily driven by the cash out of employee severance benefits accumulated to 2010. As you know or may remember, eliminating the accumulation of severance benefits for voluntary departures is a key part of the government's commitment to ensure that public sector compensation is both reasonable and affordable. We expect that eliminating severance will provide ongoing fiscal savings of about \$500 million per year.

Through supplementary estimates (C), the Treasury Board is also seeking \$246.2 million for vote 20. This is related in part to increased costs of the service income security insurance plan, which has been under some financial pressure. The pressures relate to low interest rates and an increase in the number of medically released armed forces members following the Afghanistan mission who are eligible for benefits under the plan.

As we approach the end of the fiscal year, the voted budgetary estimates, including the main estimates and supplementary estimates (A), (B), and (C), have all totalled about \$93.4 billion. These estimates continue to reflect the success of spending restraint undertaken by the government. This, of course, underpins our ongoing commitment to keep taxes low and return to a balanced budget by 2015.

Let me talk briefly about the main estimates, Mr. Chairman.

• (1605)

[Translation]

Mr. Chair, I would now like to turn to the government-wide 2015-2016 main estimates, which were tabled in the House on February 24. These main estimates reflect the government's resource allocation priorities for the 2015-2016 fiscal year, starting on April 1.

Parliament will be asked to approve the voted expenditures. These amounts represent maximum "up to" ceilings or estimates, and aren't required to be fully spent during the course of the year. The actual expenditures are found in the *Public Accounts of Canada*, published every fall.

[English]

These estimates, combined with the reports on plans and priorities, the public accounts, the departmental performance reports, all help inform Parliament and hold government to account for allocating and managing public funds.

With respect to these main estimates, they provide information on \$241.6 billion in planned budgetary expenditures for the next fiscal year. This includes \$88.2 billion in planned voted expenditures and \$153.4 billion in statutory expenditures. These include \$499 million for the Canada job fund and job grant to help equip Canadians with the skills and training they need to fill available jobs; almost \$448 million for the Canada First defence strategy for the modernization of the Canadian Forces; \$315.6 million in funding for the operations, repairs, and maintenance of the Jacques Cartier and Champlain bridges; and a \$203.2 million increase in funding for Infrastructure Canada's Building Canada fund.

This is for projects that are already under way and can continue to receive the funding they require. Of course, any planned expenditures announced in the upcoming budget will not be reflected in these main estimates but in future estimates that are tabled before the House.

[Translation]

Mr. Chair the 2015-2016 main estimates continue to reflect the ongoing success of the cost-cutting measures the government has put in place. There have also been significant statutory increases to elderly benefits and the Canada Health Transfer. And new spending is focused on creating jobs.

[English]

In fact, major transfers to persons are forecasted to increase by \$9 billion in 2015-16, to \$148 billion. As I said, this includes increases to elderly benefits such as old age security and the guaranteed income supplement and allowance payments, but it also includes the Canada child tax benefit and the universal child care benefit, to provide families with the resources to support child care choices.

To be respectful of members, I'll skip over the TBS-specific 2015-16 main estimates. I can certainly answer any specific questions related to that.

Let me just say in conclusion that strong fiscal management is vital to our country's long-term prosperity. I'm certainly proud, as President of the Treasury Board, of the measures that our government has taken to manage spending during the economic downturn to ensure Canada's continued prosperity. The many accomplishments in this area are reflected in these estimates.

Thank you. Merci.

The Chair: Thank you, Minister Clement, and for your brevity. That leaves us more time for questions.

We'll go right to the first five-minute round of questioning for the NDP, Mathieu Ravnagat.

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

Thank you to the President of Treasury Board for being present, and of course, to all of the other members of the panel today. Thank you for being here. It's nice to see you all back.

I want to open up with the Shared Services Canada project, particularly with regard to the email systems.

Minister, can you confirm that the email services will be outsourced to a private firm and what impact that has had on cost?

Hon. Tony Clement: As I understand it, there was an open competition for that contract. I believe Bell Canada was the winner of the open competition. I think Shared Services Canada does report to Public Works, and then Public Works reports to Treasury Board on major IT projects. That is the state of it. Of course, the project is ongoing. It has not been completed yet, but we're hoping this will make some sense out of what is an antiquated, and quite frankly—

• (1610)

Mr. Mathieu Ravnagat: In the context of some rather significant cuts to Shared Services Canada, how are you going to ensure security in this new environment?

Hon. Tony Clement: Actually, Mr. Ravnagat, the advice I remember we got at the time was that one reason the old system was subject to attack was that we had over 100 email systems. Having a single system with much more robust protection against cyber-attacks was actually better for preventing cybersecurity breaches.

Mr. Mathieu Ravignat: Fair enough.

Can you confirm how much of the funding will be allocated to cybersecurity and IT security going forward?

Hon. Tony Clement: We're marking that question down, and we'll get that information to you.

Mr. Mathieu Ravignat: If that would be possible, that would be great.

I'd like to talk about some of the benefit changes at the Treasury Board, particularly with regard to accumulated severance pay. How many public servants have opted to take their accumulated severance pay at this point without leaving the public service, and what is the cost?

Hon. Tony Clement: Mr. Matthews might have some information on that.

Mr. Bill Matthews (Comptroller General of Canada, Office of the Comptroller General of Canada): I do, and Brian Pagan can fill in some additional detail if need be.

This starts with the negotiation of collective agreements as they expire. The significant chunk that's remaining is made up of the employees who work for the Canada Revenue Agency. That's about 26,000 of the 28,000 remaining public servants who are not on the new regime. The rest are there. Just over \$2 billion has been paid out so far.

In terms of the numbers, we're seeing around 75% of employees opting for an immediate payout of some sort. They can ask for some cash right up front or all of it up front, or they can defer it. Of that 75% asking for some payment up front, the vast majority—92%—ask for the whole balance. In terms of the remaining liability for severance—because there will still be a liability on our books for those who elect not to cash out or for those who are not getting the new regime—we were sitting at around \$6 billion back in 2010. As of March 2014, when we closed the last fiscal year, we were down to about \$3.36 billion, so that's the state of liability.

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

[*Translation*]

The Canadian press reported that between 2010 and 2014, \$131.5 million in voted appropriations were not used by the Economic Development Agency of Canada to support SMEs and the social economy throughout Quebec.

The funds that were promised for economic development were not spent either. The budget of the Economic Development Agency of Canada for the regions of Quebec allocated to regional economic development was reduced by \$13.2 million, that is to say 27%.

Why is Quebec being treated in this way?

Hon. Tony Clement: Generally, for each department and regional agency, it is important to ensure that we have the projects that work best for job...

Mr. Mathieu Ravignat: Why are these cuts targeting Quebec directly?

Hon. Tony Clement: It is the same thing in all of the regions. If a project is not valid for a given region, the minister responsible can decide to refuse it.

[*English*]

I could just say that is habitual and it is generally the case. We want excellent projects to be part of the regional economic development in all parts including Quebec. That's sort of how the system works.

The Chair: Your time has expired, Mr. Ravignat.

Next, from the Conservative Party, we have Chris Warkentin.

Mr. Chris Warkentin: Minister, thank you so much for being here. We appreciate the fact that you and your officials have made yourselves available to spend this next little while with us.

I was reading a national columnist this last week, and there was an expression of concern about the estimates process and the ability of the average Canadian and possibly of parliamentarians to understand it. Certainly he, as a member of the media, was confused by the estimates process. I think it's important for people watching this and for those who don't fully understand the estimates process that you explain in general terms how Canadians should look at the estimates. Maybe you can also explain some of the things that have been done to help people understand the estimates and some of the recent things that have happened.

•(1615)

Hon. Tony Clement: This is a constant challenge for anyone who is the President of the Treasury Board, to draw the distinction between the estimates process and the budget process. Ultimately they align, but it does take some months for that to occur. Because I'm statutorily required to table the estimates to the House of Commons prior to March 1, and frequently the budget is either around the same time, or in this case just after that, they don't align perfectly at the start of the year but they certainly align perfectly at the end of the year. So parliamentarians have the estimates process and they obviously pass or not. We have the budget, and then we have the public accounts for the previous year, which are a topic of examination and debate by this committee and by the parliamentary process.

Finally, I would say that one of the things I have instituted since being named the President of the Treasury Board in 2011 is to try to get us away from paper-based estimates and public accounts, and toward the more online versions, where through hypertext and other links it will be easier for you and your colleagues to examine each program year by year, each department year by year, and that way you can compare and contrast, rather than going through three sets of books of the past three years that are a metre high.

I think it is working better, and there is certainly more that can be done, but technology is our friend and it's making it easier for the government to be accountable to parliamentarians.

Mr. Chris Warkentin: The estimates process doesn't really outline reductions and spending, only additional asks. It seems to me that it would take some work to find a reduction in spending simply by...addition of numbers of the estimates of previous years—

Hon. Tony Clement: The estimates are a baseline, and then through supplementary estimates (A), (B), and (C) you get additions to the baseline based on the budget for that particular year. So it is part of the picture. I think it would be unwise to say the main estimates are the whole picture, because quite frankly, they are subservient to the budget, and of course there's a lot of debate in the House of Commons on the budget.

Mr. Chris Warkentin: In terms of issues such as the sunset of programs or the reprofiling or winding down of money, how is that reflected in the estimates process, and are there things that people could be informed of to better understand those processes in relation to the estimates process?

Hon. Tony Clement: Yes, and there's a good case in point with Marine Atlantic, which is a good example. I know the member, Mr. Byrne, would like me to mention that. When there might be a sunset based on a budget commitment that was made in previous years—and that was certainly the case in Marine Atlantic—then there is...a sunset, that is to say, the funding stops at a certain year. In this case it would be this year. But of course, the government can always decide to renew a program so that it does not sunset and be not funded anymore. That frequently is the case with programs that have shown their value and worth.

So some of these are regularized into the main budgets of the department, and others are continued for another period of time until they are reviewed again.

The Chair: Thank you, Mr. Warkentin. You're all but out of time.

Next, for the NDP is Mr. Tarik Brahma.

[*Translation*]

Mr. Tarik Brahma (Saint-Jean, NDP): Thank you, Mr. Chair.

Minister, I would like to talk about the funding for National Defence. However, I would first like to take this opportunity to extend my sincere condolences to the family of Sergeant Andrew Doiron, who lost his life in the Iraq theatre of operations.

The Department of National Defence is asking for \$138 million for the two operations Canadian Forces are involved in at this time, that is to say Operation Impact in Iraq, and Operation Reassurance, which is taking place mostly in Europe and Ukraine.

Can you confirm that these amounts are included in supplementary estimates (C)?

Do you plan an increase or a decrease in the funds that will be allocated to operations abroad?

Will there be an adjustment following this tragedy, for instance a change in the number of military members affected to the theatre in Iraq?

I am not talking about those who are currently on duty in Kuwait with aviation services, but about Canadian troops who are serving in Iraq in field operations.

• (1620)

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

I can say that the additional expenditures for this operation and the other operations are included in the main estimates and in the supplementary estimates.

Mr. Pagan may be able to provide a more specific answer to your question.

Mr. Brian Pagan (Assistant Secretary, Expenditure Management, Treasury Board Secretariat): Thank you.

I can confirm that this is contained in supplementary estimates (C):

[*English*]

an incremental amount, in the total of \$138.1 million, for National Defence for their projected incremental costs of operations in Iraq and the Ukraine for the present mandate. I cannot comment on the structure of the operation, the policy decisions about force structure and deployment, but I'm certain that National Defence will be adjusting their plans as a result of day-to-day operations.

The current mission includes an air task force with six CF-18 strike fighters, one Polaris refueller, two search planes—

[*Translation*]

Mr. Tarik Brahma: I apologize, but I am going to have to interrupt you because I think we are aware of these details, which have already been provided by the Department of National Defence. I know this because I also sit on the Standing Committee on National Defence.

However, the Parliamentary Budget Officer published a report estimating that the cost of Operation Impact could reach \$166 million. Since there is some uncertainty regarding the future, that is to say what will be happening to the Canadian Forces after March 31, and what will be in the budget for fiscal year 2015-2016, have you taken the recommendations of the Parliamentary Budget Officer into account to adjust expenditure forecasts? If that is the case, can you comment on the amount cited by the Parliamentary Budget Officer for Operation Impact?

Mr. Bill Matthews: Thank you for the question.

As the member has already said, the Office of the Parliamentary Budget Officer has done a certain amount of research on the missions.

[*English*]

I believe the Department of National Defence released their own estimates of what the mission would cost.

Understand that when the PBO does work in this area, they are basing their estimates on industry standards. They are not basing the estimates on specific planes. The National Defence costing is actually based on the planes and equipment they have in theatre, whereas PBO's estimates would be based on standards.

A credible estimate, a credible way to do things...but it's much more high level. It is an estimate. It's an "up to" amount. The key drivers in those costs are the number and types of equipment they have over there and the number of missions they are flying. As those change, the costs will change. National Defence would basically have better data at their fingertips in terms of the cost per flight, whereas PBO would be using a generic estimate. That's why you'll see a difference.

[Translation]

Mr. Tarik Brahmī: Thank you, Mr. Chair.

[English]

The Chair: Thank you, Mr. Brahmī.

For the Conservatives, we have Mr. Greg Kerr.

Mr. Greg Kerr: Thank you, Mr. Chair.

Minister and staff, it's good to have you here today.

I'm glad you started off in transportation in the Atlantic area, because that certainly is a matter of great interest to all of us who live on the Atlantic coast, given our watercourses. We've had what they call an old-fashioned winter, so we've had lots of time to reflect on many things down in the east.

I would like to ask specifically about the main estimates, the \$90 million planned for expenditures for Marine Atlantic. Why is this figure so much lower than the \$127 million listed in 2014-15? I know you alluded to it, but I wonder if you could give us a bit more detail on what's going on in this area, if you would.

• (1625)

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

As I started to explain, in the main estimates Marine Atlantic had received about five years of funding that started in budget 2010. That five years of funding ends in the 2014-15 fiscal year. When we have a sunset issue like that, it's typically found—yea or nay—in the budget, not in the estimates.

One would expect that this issue would be addressed one way or the other. I'm not trying to pre-empt the budget, but one way or the other, it will be certainly found; if it's not found in the main estimates—which it isn't—it will be found in budget 2015. That's why you perceive a decline in the estimates, because the funding has not been allocated according to the budget.

So this is quite typical. This is not an unusual situation. Departmental reference levels are regularly updated through the budget and the supplementary estimates that of course will come before the House. One would expect that the next opportunity to see whether Marine Atlantic has additional funding would be in supplementary estimates (A).

Mr. Greg Kerr: I appreciate that, and I know that because people look at it, if they don't understand, they'll make certain judgmental calls.

You're basically saying "stay tuned" because certainly it's a very important service, and we know government is behind it.

Hon. Tony Clement: Let me say stay tuned, and for newcomers to this process, this is the same thing that happens every year. I'm not

casting any aspersions on current members or any of our colleagues, but if somebody lights their hair on fire somewhere because it's not found in the main estimates, then, of course, by budget time the issue is a non-issue because it's funded at budget time.

Mr. Greg Kerr: Thank you very much.

I have a little time left. I know the parliamentary secretary is all pumped up and ready to go today, so I'll give him the rest of my time.

The Chair: He's loaded for bear, and he has about two and half minutes.

Mr. Chris Warkentin: This gets back to the concern—and actually bridging from Mr. Kerr—that the issue of winding down or sunset programs sometimes reflects differently than what the government policy or intention might be in the longer term.

Obviously I think you clarified this reality, but in terms of reprofiled money, how would it be reflected in the estimates process, if in fact a department was going to reprofile funds?

Mr. Brian Pagan: Thank you for the question.

Circling back to a previous comment from the minister about the positioning of the estimates versus the budget in the fiscal year, as mentioned, the reality is that by the Standing Orders of the House of Commons we have to table the main estimates on or before March 1 every year. By convention, the last several budgets have been in February, March, and April of other years.

It is quite common, if your budget is the pre-eminent policy statement of the document, aspirational in nature, setting out what they want to do, that it will take some time from that budget to work with departments to stand up a program. It will take some time to develop the terms and conditions, work with their partners, be it provinces, NGOs, international stakeholders, so that program will stand up to the scrutiny of the President and his Treasury Board colleagues.

At that point, when we have the Treasury Board approval, we bring the item forward in supplementary estimates for parliamentary approval. Depending on when that happens in the year, there can be as little as just a few weeks left in the fiscal year for a department to spend the money. I'll use supplementary estimates (C) as an example, which were just tabled on February 19.

We don't anticipate parliamentary approval of those amounts, the \$1.8 billion in voted programming, until something like the third week in March. Therefore, there are instances where departments simply run out of runway, time and space, to be able to implement the initiative. Then there are some options available to them to carry forward the funds.

There is a process, which I'd be glad to speak to in the second hour to explain the carry forward process, or to have that funding reprofiled by the Department of Finance. That is a dual role. We will work with the department to see if there's a valid reason why they couldn't stand the program up. If the Department of Finance agrees, they will reprofile the money in their fiscal framework, and that will be subsequently presented to Parliament in future supplementary estimates for their approval at that point.

It's not automatic. It requires a dual role by TBS and by Finance, and it is presented to Parliament. In fact, in the main estimates we have a couple of examples. Aboriginal Affairs is—

•(1630)

The Chair: Thank you, Mr. Pagan; I'm going to have to cut you off. It was a very concise answer to a very complicated question, so thank you for that.

Next is the Liberal Party and Mr. Gerry Byrne, for five minutes, please.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Thanks, Minister, and thanks to your officials for appearing before us.

I appreciate that I was able to provide you with advance notice of my line of questioning so you came prepared. Let's see how prepared you came.

The most recent version.... I'll start where I should begin. Every federal crown corporation is required by Treasury Board to submit a five-year corporate plan. The current corporate plan for Marine Atlantic, just one of many federal crown corporations, would at this point be the corporate plan for 2015-16 to 2019-20, I believe.

Every federal crown corporation is also required to table a corporate plan summary. The last corporate plan summary that I can find on Marine Atlantic is for 2012. Has a more recent corporate plan been approved by Treasury Board and cabinet?

Hon. Tony Clement: I am told by my secretary that we have yet to approve the corporate plan.

Hon. Gerry Byrne: You've yet to approve the corporate plan. So if you have not approved the corporate plan, how can you be so confident that Marine Atlantic's budgetary allocation will be ready in time for budget day?

Hon. Tony Clement: Again, it's not my place to predict the budget at this committee. I was merely talking more generally about how I have observed that some items in the budget are, in fact, sunsetted, but I would say—observationally—that items that have a limited time or a limited budget frequently get renewed at the time of the budget.

We'll all have to wait to see about Marine Atlantic.

Hon. Gerry Byrne: I think we'll all have to wait.

Sometimes, Minister, I do indeed get my hair on fire, but I don't want you to ever get your pants on fire.

That said, it's important to be clear and to be precise. It's not just you who doesn't know the budget of Marine Atlantic, but the president of Marine Atlantic does not know the budget, and he won't

know for quite some time. That creates an interesting management challenge.

How do you actually operate a federal crown corporation for a period of several weeks, if not months, without having a clue how much money you're going to have as an appropriation?

Mr. Bill Matthews: Thanks for the question.

Generally speaking—I'm not speaking about Marine Atlantic specifically—what's at play is incremental funding. Departments, corporations all have a base amount of funding they count on. The variance you'll see in departments from one year to the next, or in crown corporations, is incremental funding, sunset funding, as the minister mentioned. That's really the delta that's at play.

It's not full stop, because they don't have certainty. Crown corporations will make plans based on the past, and wait to hear on budget day what's at play in terms of new initiatives or incremental funding.

Hon. Gerry Byrne: Mr. Matthews, in fairness, and I appreciate everything you've said and all the advice you've given this committee over the past, but you, as the Comptroller General, would be the first to admit that as a president of a crown corporation, if you have no idea what your budget is going to be, you're probably going to hold back on overtime, you're probably going to cut back on expenditures as best you can, until you find out exactly what your budget is going to be.

As the minister pointed out, last year's budget was \$127 million. Can you tell this table right here and now, and can you tell the president of Marine Atlantic that he can be assured he's going to get at least \$127 million in this coming fiscal year? Or might he be getting less?

Ms. Yaprak Baltacioglu (Secretary of the Treasury Board Secretariat, Treasury Board Secretariat): Sir, you know very well that we will not be able to say that. There is a funding decision. There is also a Treasury Board consideration.

The minister responsible and I am sure the president of Marine Atlantic will be aware of the discussions and the potential funding levels. What they may share with you versus what they know about how they're going to manage their corporation would potentially be different.

We will look into this in terms of Marine Atlantic, but this is no different from any other organization, because of where the budget is and where the estimates are. We will ensure that the departments and the managers, like crown corporations, can manage their departments.

•(1635)

Hon. Gerry Byrne: It's much appreciated.

I have very limited time. For which years were the last corporate plans approved for Marine Atlantic?

Hon. Tony Clement: We'll check on that, Gerry, and get back to you.

Hon. Gerry Byrne: Would you feel, though, Minister, that it should be the 2015-16 to 2019-20 plan, or would you be disappointed to hear that we're two years behind and that it's actually the 2012-13 to 2015-16 plan?

Mr. Brian Pagan: As the minister has said, we're expecting a budget, and as was made clear at the beginning, the budget provides a source of funds not only potentially for Marine Atlantic but for a number of other programs and initiatives. Organizations—

Hon. Gerry Byrne: But I'm talking about the corporate plan. This is a requirement of Treasury Board. It's not something that is required of the budgetary process. It's a requirement of the fiscal administration act.

Mr. Brian Pagan: I would have two points for you.

The first is that—

The Chair: You don't have time for any points, actually, Mr. Pagan.

You're well over your time, Gerry, as much as I'd love to let you continue. You'll have to wait until your next round perhaps, because Ms. Wai Young has been waiting patiently and it is her turn for five minutes.

You have the floor, Ms. Young.

Ms. Wai Young (Vancouver South, CPC): Thank you very much.

Thank you, again, Minister, and the panel for being here today.

As some of us are new to the committee, and certainly for my community of Vancouver South, where we have a very high immigrant population, this whole budgetary process is a bit of a mystery, particularly when you're looking at 2014-15 main estimates and 2015-16 main estimates. There are some fairly large discrepancies there.

Can somebody provide some background or information on the program spending and why there are these large discrepancies?

Hon. Tony Clement: Sure, I'd be happy to.

Certainly, a number of these indicate that the amounts in the 2015 main estimates have increased by almost \$4.5 billion, I think, in statutory spending over the previous year. That's just one example. That's due to things that our government has taken very seriously and has already communicated, for example, the almost \$2 billion increase in the Canada health transfer, which was listed in budget 2012. There's a \$2 billion increase in benefits for the elderly, including old age security, the GIS—guaranteed income supplement—and allowance benefits. That's included in that total.

As I alluded to in my opening remarks, we have the Canada job fund, including the Canada job grant, to make sure that we train Canadians for the jobs that are available to them. There's more money for the Canada First defence strategy, and more money for the Jacques Cartier and Champlain bridges. Unfortunately, in our country there is always some environmental or weather disaster—flooding, fires, and those kinds of things—so about \$250 million goes to those kinds of arrangements.

As you can see, that's typical of where you would see discrepancy between one and the other.

Ms. Wai Young: Is \$4.5 billion a huge discrepancy? The government has made a statement that we're going to come in with a balanced budget, so how is this being accommodated at the same time?

Hon. Tony Clement: Most of this is planned. For instance, the provinces know that they are going to get more money for the health transfer. It would come as no surprise that we make sure that actuarially we know how many more elderly we have in our population vis-à-vis the year before or two years before, so that money is planned over a multi-year period by finance officials and it's allocated in the budget. It's not a real surprise, and it does not derogate from our ability to have a fully balanced budget in 2015.

Ms. Wai Young: What you're saying, then, is that the government plans forward for these expenditures. When I sit in the House and listen to the opposition, they're constantly saying that the Canada health transfers are being cut.

Is this true?

• (1640)

Hon. Tony Clement: Well, no, because they go up every year. They certainly will be going up this year as they went up last year.

As I say, these are planned increases in transfers either to provinces or to individuals, whether it be for veterans or old age security or what have you. That part is planned.

Then there's another part of the budget that is discretionary in the sense that there may be new programs for innovation or for infrastructure that are included in the budget statement, and then included in a budget implementation act in the future. Those will be explained in due course to Parliament and to the public at large.

Ms. Wai Young: Because health and seniors are of primary concern to Canadians, and certainly in Vancouver South, where we have a disproportionate number of seniors, I just want to get clarity from you that there is planned spending and the spending has increased over time.

Is that correct? How much has it increased?

Hon. Tony Clement: There was a 6% increase on the Canada health transfer. As I said, there was a \$1.9 billion increase for benefits for the elderly.

So yes, I think you can say that to your constituents and it would be accurate.

Ms. Wai Young: And these are hard facts, as opposed to some of the comments that we hear from the opposition that health transfers have declined.

Hon. Tony Clement: They are indeed in the estimates, absolutely.

Ms. Wai Young: Thank you very much for that.

I also wanted to know what the difference—

The Chair: You'll have to be very brief, Ms. Young. We have about 15 seconds.

Ms. Wai Young: Certainly. Thank you.

Very quickly, what is the difference between statutory and voted expenditures?

Hon. Tony Clement: The statutory expenditures are comprised of committed government funding that parliamentarians voted through past legislation. Employment insurance is a good case in point, or CPP payments. Voted expenditures represent government funding contained in legislation that has not yet been passed by Parliament. They would be approved by Parliament through appropriation or supply bills.

The Chair: Thank you, Ms. Young.

That concludes our first round of questioning.

Before I go to the second round, I wonder if I could ask the minister a point of clarification on a comment you made earlier?

Hon. Tony Clement: Sure.

The Chair: You said in response to a question from Mr. Warkentin, I believe, that estimates are subservient to the budget. We've done a lot of studying about the estimates, partly under the tutelage of Mr. Matthews, to help the committee get up to speed on the constitutional importance of the estimates.

Is it not true that the estimates are where you come to Parliament to ask permission to spend money? In my view, that kind of trumps the budget, which is more or less a statement of how you plan to spend that money that we've given you permission to spend.

Hon. Tony Clement: That is certainly a more elegant way to put it, Mr. Chairman, so thank you for that.

I would only add that estimates are sometimes not the last word on all spending. I think that's a more accurate way to put it.

The Chair: That's fair enough. That's clear.

Mr. Ravnat, you have five minutes, sir.

Mr. Mathieu Ravnat: The Canadian Environmental Assessment Agency is being cut \$13.6 million. That's a whopping 44% of its budget. It's mostly in programs related to aboriginal consultations.

Is this a pipeline approval cut? Is that what's going on?

Hon. Tony Clement: Mr. Matthews might have some details.

Mr. Bill Matthews: I will, and if need be Mr. Pagan can help me out.

This is another example, Mr. Chair, of sunseting programs so the last word, as the minister said, is not the main estimates. There are some programs that are expiring, and we will know in the coming weeks and months the extent to which they have been—

Mr. Mathieu Ravnat: Why would programs related to aboriginal consultation be expiring?

Mr. Bill Matthews: Basically, the way the government programming works is that most programs are put in place for five years at a time. After five years they go through an evaluation.

Mr. Mathieu Ravnat: So it's a political decision that they are not being renewed.

Mr. Bill Matthews: No, that's not what I said, Mr. Chair.

Mr. Mathieu Ravnat: I know that's not what you said. That's just an additional question.

Mr. Bill Matthews: Programs are put in place for five years, generally speaking. There's an evaluation. At the end of that evaluation there are basically tweaks recommended to the continuation of programs or in some cases there are recommendations that the program not be continued.

Mr. Mathieu Ravnat: And those recommendations go to the minister's office, and the minister's office either approves or disapproves, so it's a political decision.

Mr. Bill Matthews: The decision to actually continue is....

Mr. Mathieu Ravnat: Minister, you do have a constitutional obligation, a legal obligation, to consult aboriginal people when it comes to these types of projects.

Can you tell me these cuts are not going to put into question that obligation to consult?

Hon. Tony Clement: We do have an obligation to consult on certain aspects of the relationship. I don't think there's a veto by first nations groups or any other group in Canadian society on the budget. That's the primary role of Parliament.

• (1645)

Mr. Mathieu Ravnat: But will the sunseting of these programs put into question that consultation process?

Hon. Tony Clement: I certainly hope not, unless people get scared by the rhetoric of the opposition, but I'm sure you wouldn't want to do that.

Mr. Mathieu Ravnat: Okay.

Moving on....

Ms. Yaprak Baltacioglu: Just before.... There's a....

Mr. Mathieu Ravnat: Moving on....

With Bill C-51 there are some major new powers given to CSIS, right?

Hon. Tony Clement: Sorry. Say that again.

Mr. Mathieu Ravnat: Bill C-51 gives some pretty considerable new powers to CSIS, yet there is a miniscule increase in the budget for security agencies.

Were you not expecting Bill C-51? What's going on?

Hon. Tony Clement: I think you would be the first to object if we assumed that Bill C-51 has passed Parliament before it has passed Parliament.

Mr. Mathieu Ravnat: True enough, but in the eventuality that it will pass, which is likely, would you not want to build in greater expenses?

Hon. Tony Clement: If Parliament decides that Bill C-51 is enacted into the law, and it is signed by the Governor General, then of course any incremental costs associated with that would have to be supplied to Parliament in due course, absolutely.

Mr. Mathieu Ravignat: So wait for the budget is your answer.

Hon. Tony Clement: That and/or supplementary estimates (A) or (B) or (C).

Mr. Mathieu Ravignat: Natural Resources is being hit with a \$320-million cut, which is pretty significant. I think only the Treasury Board is being cut more. That's 12.6% of its budget and mostly in energy efficiency practices. That's not a surprise from our perspective.

Hon. Tony Clement: I guess we're more efficient now.

Mr. Mathieu Ravignat: Is that it?

Hon. Tony Clement: No.

Mr. Mathieu Ravignat: You're confident that—

Hon. Tony Clement: I'm being facetious.

Certainly in the case of Treasury Board it could well be the case that a number of our commitments such as the commitment to fund out the severance is ending, so your ongoing commitment to continue to include amounts in the Treasury Board budget declines as a result. That one I do know.

In terms of Natural Resources, perhaps my colleagues can help me.

Mr. Bill Matthews: There are two items I'll flag for you.

Part of it is statutory. A net decrease of \$110 million is related to the Atlantic offshore accords, and that's a statutory amount calculated by formula. The other big decrease is \$110.8 million related to Sustainable Development Technology Canada as well as the next-generation biofuels fund. Those are the two areas.

Mr. Mathieu Ravignat: That's quite helpful. Thank you, Mr. Matthews.

Aboriginal Affairs...\$133.4 million mostly in first nations education. You may or may not know this, but the Pontiac has two first nations, Kitigan Zibi and Barriere Lake. Barriere Lake hasn't had a school built since 1985. They send most of their students off reserve to Maniwaki to be educated.

I don't think it's an exaggeration to say there's a crisis in first nations education, so why choose to do this?

Hon. Tony Clement: I don't know the particular case of your constituency, but we were all disappointed, of course, when the education deal with first nations across the country fell apart. I know that our aboriginal affairs minister is working very diligently to find partners in first nations communities across the country who are willing to participate in what was a groundbreaking partnership on ensuring both more funding for first nations education and more accountability for the results of that.

Perhaps I would recommend that you speak to the minister, and perhaps there might be some programs that are available for your riding.

The Chair: We'll have to leave it at that. Thank you.

Next up for the Conservatives is Mr. Brad Butt.

You have five minutes, please, Brad.

Mr. Brad Butt (Mississauga—Streetsville, CPC): Thank you very much, Mr. Chair.

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

Before I ask my main question, I just want to give you a chance, Minister, to state again on the record how the sunset issue works. I think there's a lot of misinformation that these are cuts to programs.

Can you just clarify again exactly what is meant by sunset provisions? One of the officials I think said that some of these programs are designed for five years and then they lapse. I want to give you an opportunity to explain very clearly on the record what the sunset of programs means, and that it's not cuts to programs. Programs have lapsed because they have achieved their objectives or they have done what they were supposed to have done within that period of time.

I just want to give you this opportunity.

• (1650)

Hon. Tony Clement: There are many sunset programs, so I can't generalize completely on it. They fall into different categories. Some programs are experimental in nature, and were deliberately designed to not be part of the base budget of a department, because we wanted to assess the success or failure of that program within a discrete period of time, let's say five years. That's why you have the rolling funding and the five-year's assessment of success or failure. If it's failure, you fix the program, or it may be there is no need for that program. It was time-limited in terms of what it was needed for. If the program is successful, the funding could be repeated for another five-year period or whatever is deemed appropriate. It really depends on a case-by-case basis.

Of course, that provides a review process, which is carried out by Treasury Board, and then Treasury Board recommends to Finance, on our review of a program that is in the final year of its funding, whether it is meeting its objectives and whether it should be continued. Quite frankly, many of them are continued because they are achieving goals that are important to Canadians and to society, and that will be ultimately reflected in the budget.

Mr. Brad Butt: Thank you very much.

The other committee on which I serve, Minister, is the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, which is now under Employment and Social Development Canada. It runs a myriad of programs.

I do have to mention, being a member of that committee since shortly after I was elected to Parliament in 2011, the transformation I've seen within that department and the number of programs and services that have better reflected, in my view, the reality of the labour marketplace: the new Canada job grant, apprenticeship loans, some of the changes we've made to the employment insurance program, and other things that I think are important and reflect the reality of life in 2015 in Canada versus maybe 20 or 30 years ago.

The amount of \$2.6 billion has been allocated in the main estimates for ESDC. Can you explain what that entails? What's involved in that budget number?

Hon. Tony Clement: Sure. I can give you some generalities, certainly. I'm not the minister of that department, but I can absolutely give you some generalities.

It's largely due to the \$1.4-billion increase to old age security. As well, \$483 million goes to the guaranteed income supplements. Again, that relates to the actuarial changes in our society. We have more elderly and therefore more beneficiaries of these programs. As you've already alluded, \$499 million is related to the Canada job fund. That job grant number is part of how we are accelerating the potential training of individuals in our society for the jobs that are available in or near their communities.

That is the \$2.6-billion number broken down for you.

Mr. Brad Butt: One of the other programs we have struggled with—and I'm sure your numbers reflect this—is the issue of student grants and student loans. Did you want to touch on that just a bit? As far as I know there's been some talk about defaults and payouts and subsidizing these kinds of programs. They're important programs because they are providing financial assistance to students to better their education, obviously, to make them more successful in Canada's workplace. That's what we want. Do you have any comments about the default rate and how that fits into some of our numbers?

Hon. Tony Clement: Well, no one likes to see default, but the good news is that represents a relatively small percentage of the total amount of funds allocated for the program, and it happens only after considerable effort has been put into trying to recoup the money. In some cases, there is a recognition that we're not able to do so without expending more money than the loan is worth. That's the calculation.

The Chair: I think we'll have to leave it at that, Mr. Butt. Thank you.

Thank you, Minister.

Next for the NDP is Tarik Brahmī for five minutes.

[*Translation*]

Mr. Tarik Brahmī: Thank you, Mr. Chair.

Minister, I expect that you know that the issue of rail safety is paramount in Quebec, especially since the Lac-Mégantic catastrophe, when 47 people lost their lives and the downtown area of a medium-sized city was completely destroyed. This is a particularly important issue. Unfortunately, the problem is in the news again because this weekend on the Toronto-Winnipeg line there was a catastrophic accident, both ecologically and economically disastrous.

There is enormous traffic on that line, which is unique in rail transport.

The Transportation Safety Board is asking for a \$300,000 adjustment for the safety investigation into the Lac-Mégantic railway accident. Does that represent the total cost, or will there be additional costs for the investigation? Finally, will the measures that will be taken pursuant to the conclusions of the investigation mean that there will be additional expenses that have not yet been forecast?

• (1655)

Hon. Tony Clement: I can answer in a general way. Of course, there will be additional costs. This is a tragic event and the government will do what it needs to do to ensure public safety.

Ms. Baltacioglu may wish to reply, as she was once Deputy Minister of Transport.

[*English*]

Ms. Yaprak Baltacioglu: The number for the Transportation Safety Board is the amount to do the investigation. If you would like to find the measures, you'll have to look at Transport Canada estimates for the amount that will be added. They are taking some steps. I'm sure they're going to take many more steps as well as those around Lac-Mégantic. The safety board is an investigative body with a tiny budget. So for them, that amount of money just facilitated their investigation.

[*Translation*]

Mr. Tarik Brahmī: This leads directly to my second question, which concerns the 2015-2016 main estimates.

The budget of Transport Canada has been slashed by \$40 million, which is quite incomprehensible to the Canadian population, in particular to the citizens of Montréal and the Eastern Townships who had to endure this catastrophe.

Can you explain why the budget of Transport Canada was slashed in this way when it was determined that more monitoring was needed? One of the obvious conclusions following this catastrophe is that when the industry self-regulates and self-monitors, disasters like this one occur.

How can you reconcile the priority, which is to ensure more monitoring—you explained that this is Transport Canada's responsibility—and this \$40 million cut in Transport Canada's budget? We hoped and expected that that budget would have been increased. How can we explain this to the people in those regions who are directly concerned?

Hon. Tony Clement: Of course it is Transport Canada's policy to make changes to regulation. The companies are then responsible for applying those changes. This is more than an expenditure, it is an obligation for the future.

[English]

Ms. Yaprak Baltacioglu: It is the same issue we've been having. When you look at the main estimates, you then have to look at the supplementary estimates to get a full picture of the department. Then within the department...it's a large department. In terms of the regulatory functions, I know for a fact that the cuts did not hit the regulatory functions. The cuts were taken out of the administrative functions.

Regarding any additional...you'll have to see what future documents, future estimates, demonstrate.

[Translation]

Mr. Tarik Brahmi: Very well, thank you.

[English]

The Chair: That concludes your time.

You have eight seconds left, if you'd like, Mr. Matthews.

[Translation]

Mr. Bill Matthews: I would like to talk about the budget of Transport Canada.

• (1700)

[English]

If you look at the detailed breakdown, operating expenditures in the main estimates are actually higher in 2015-16 than in the 2014-15 main estimates. Capital expenditures are showing a decrease, and that is largely because of a transfer of resources related to the Detroit River international crossing to the new authority for the bridge, so operating is up, capital is down, and that's why you're seeing the decrease.

The Chair: Thank you, Mr. Matthews.

That does conclude your time, Mr. Brahmi.

I see that it virtually concludes the time we have dedicated—

Mr. Byrne.

Hon. Gerry Byrne: I'll just raise a quick point of order. I want to clarify, Mr. Chair. I thought I heard an undertaking on the part of the minister and the officials with him in relation to the question I asked about the current status of the corporate plan for Marine Atlantic. I thought I heard an undertaking that Treasury Board officials would submit to you, as chair, a description of the Financial Administration Act statutory requirements for the submission of a corporate plan, which is held under sections 122 and 123, and also the Treasury Board policy expectations of crown corporations when it comes to the submission of corporate plans, as well as Marine Atlantic's performance of those policy expectations within the explanations that they may provide as to why there may be a discrepancy.

I thought I heard an undertaking by the minister to provide that information. Would you be able to ask the minister if he is prepared to make that undertaking to the committee?

The Chair: I'm having trouble understanding how that's a point of order, Mr. Byrne, but it was a really good effort anyway. I do admire seeing an old journeyman ply his trade.

Hon. Tony Clement: It's all on Twitter anyway, so we have you covered here.

The Chair: I'm afraid that's not a point of order, Mr. Byrne, but you have made your point, and that does come close to the time that we have for the minister with us today.

But I just want to say before you go, Minister, that this has not exactly been a triumph of scrutiny and oversight and due diligence, in that 241 billion dollars' worth of spending just flew past under our noses with the most cursory overview of one hour with the committee, and one party with political standing got exactly five minutes to question all of the spending on the main estimates and the supplementary estimates (C).

It's a bit like walking a chicken past a pot of boiling water and calling it chicken soup. It hardly qualifies as oversight, in my view.

On a point of order, Mr. Albas.

Mr. Dan Albas (Okanagan—Coquihalla, CPC): Thank you.

To relevance, as chair, I'm sure you can make the—

The Chair: I don't have to be relevant, Mr. Albas. I'm the chair.

Mr. Dan Albas: I can challenge that notion if you like, but the point is, Mr. Chair, we all have the opportunity to hold government to account through many different vehicles. It's up to us, as individual members, to do that. While I totally understand that you do have your strong feelings on things like this, it should be done through the committee process. Therefore, if you'd like to ask the officials questions, you can give it up to the vice-chair, and I'm sure the vice-chair will gladly take the chair so you can fulfill your role and bring accountability in your way.

Thank you.

The Chair: Mr. Albas, I'm not sure if you were a member of this committee when we did a comprehensive review of the way the committee deals with estimates, where we made 17 very robust recommendations and a commitment to the public that we would do a more comprehensive analysis of the estimates for the very reason that it's our obligation as an oversight committee, which happens to be called the Standing Committee on Government Operations and Estimates.

A one-hour analysis of 241 billion dollars' worth of spending does not satisfy those—

Mr. Dan Albas: It's up to individual members of Parliament to do that, Mr. Chair—

The Chair: Well, as the chair—

Mr. Dan Albas: —and there's still a whole other hour.

The Chair: —I've taken the chair's prerogative to share my views.

Hon. Tony Clement: Chair, in response, I offer up my officials. They can be here—

A voice: As long as you want.

Hon. Tony Clement: —day and night, night and day, to answer any questions you or the committee may have.

The Chair: That's very generous of you, Minister. Frankly, the buck stops with you, and it's you we would like to question.

Hon. Tony Clement: I have a few other things on my plate, but I can offer other time. If the committee votes to bring me back, I'd be happy to be back.

The Chair: Mr. Byrne, do you have a closing comment?

Hon. Gerry Byrne: I do, Mr. Chair. On a point of order that may have been raised earlier, I was wondering if the minister just made an undertaking that he would answer the four questions related to the Financial Administration Act, to the statutory requirements that are imposed upon federal crown corporations, to the Treasury Board's policy expectations with regard to the approval of corporate plans, and to Marine Atlantic's performance in meeting those Treasury Board policy expectations, and any explanations that the Treasury Board may want to provide in that regard.

I think I may have heard the President of the Treasury Board actually commit to that particular—

• (1705)

The Chair: Perhaps we had better ask the minister.

Hon. Tony Clement: We'll take it under advisement and get back to you.

The Chair: Fair enough.

You've used your time well, Mr. Byrne.

I'm going to suspend the meeting briefly while we excuse the minister.

Thank you, Minister, for being with us today.

• _____ (Pause) _____
•

The Chair: We'll reconvene the meeting and our examination of supplementary estimates (C) and the main estimates.

The minister is no longer with us, but we do welcome Mr. Brian Pagan.

You'll be leading your team for the next hour, Mr. Pagan. Is that what I'm to understand?

Mr. Brian Pagan: Yes, thank you, Mr. Chair.

Joining me today is Marcia Santiago, executive director of expenditure operations.

The Chair: Ms. Santiago, it's nice to see you again.

Mr. Brian Pagan: Also with us is Renée Lafontaine, chief financial officer for the Treasury Board Secretariat.

The Chair: Hello, Ms. Lafontaine.

Mr. Brian Pagan: With her is her deputy, Grace Chenette, deputy chief financial officer.

The Chair: It's nice to see you. Welcome.

Thank you very much. Do you have any opening remarks or would you like to allow us to proceed with questions?

Mr. Brian Pagan: Very briefly, Mr. Chair, just by way of context and to pick up on some of the items from the last round, there was a great deal of interest in the issue of the budget and sunset, and the order in which information is presented, supporting, again, your

point about the primacy of parliamentary control and approval of the estimates documents.

We are presenting information to you that has been approved by the Treasury Board based on an available source of funds, as confirmed by the budget. Generally, that source of funds is through the budget process. We have no control of or indication as to when that budget will be, but we do have regular intervals, regular opportunities, to update Parliament on the spending plans of departments based on the sources of funds that are provided through that budget process.

What we are presenting today in supplementary estimates (C) are all those authorities to close out fiscal year 2014-15 and the approved authorities to begin fiscal year 2015-16. We will update Parliament regularly through subsequent supplementary estimates as that situation changes with the budget and the economic update.

The Chair: Very good, Mr. Pagan. Thank you very much.

We're going to begin with a new round of questioning, then, with Mr. Ravignat for the NDP, for five minutes.

Mathieu, please.

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

Thanks to all of you for being here. Some of you I've seen before, but some of you are new, so welcome to the committee.

I want to talk about vote 20c, wherein the Treasury Board Secretariat is requesting \$49.9 million for "changes approved under the Public Service Health Care Plan". I want to understand what the changes are specifically. What has been implemented and why the \$49.9 million?

• (1710)

Mr. Brian Pagan: The member is speaking of the supplementary estimates (C).

Mr. Mathieu Ravignat: That's right. It's vote 20c, if that helps.

Mr. Brian Pagan: Vote 20 is a central vote administered by the Treasury Board Secretariat on behalf of the Public Service Commission of Canada. In particular, vote 20 is in respect of pension and benefit programs for public service and Canadian Forces members. In particular, the request for \$196.2 million in supplementary estimates (C) is to address a funding shortfall under the service income security insurance plan. I believe the minister spoke to this. It is the plan for support to Canadian Forces members who have been medically released from the forces.

There are two drivers on that demand: first, the number of soldiers as a result of recent missions, in particular in Afghanistan; and second, an economic factor. This is a funded plan. Future benefits are dependent on interest rates. As interest rates decline, the cost of sustaining that future obligation increases and that contributes to part of the increase.

Mr. Mathieu Ravignat: Do we have a sense of numbers here? How many employees will benefit from the measures?

Mr. Brian Pagan: Sorry, the actual number of soldiers...?

Mr. Mathieu Ravignat: Yes.

Mr. Brian Pagan: Yes, I would have that for you.

I just want to make clear that vote 20 is an amalgam of a number of different benefit plans available to Canadian Forces. I was just speaking to the program known as SISIP, the service income security insurance plan. There is an additional amount required in vote 20c, and that is for, as per your question, the recent benefit changes under the health care plan.

That particular item is driven by a budget 2014 decision to move to equal cost-sharing, 50-50 in terms of the contribution ratio for the government and pensioners. As part of that agreement, there was some adjustment to the benefits provided. For instance, laser eye surgery, elective eye surgery, is now funded through this program.

Mr. Mathieu Ravignat: Presumably the \$49.9 million that touches the public service health care plan.... That was the one I was interested in, not the one touching the soldiers, though I may come back to that one. Is it related to new types of benefits—you just mentioned laser eye—or is it related to administering the changes? Is there an amount of that \$49.9 million going into implementing the changes as well?

Mr. Brian Pagan: No. This increase is driven by changes to the benefit plan, such as elective eye surgery, aerotherapeutics devices—sleep apnea support—psychological services to account for—

Mr. Mathieu Ravignat: That's helpful. As long as I know it's related to benefits....

[*Translation*]

The budget of the Canada School of Public Service has been cut by \$13.6 million, or 17.1% of its budget.

Could you provide further details as to the programs specifically affected by these cuts, and explain why? You will understand that in the national capital region, this is quite important.

[*English*]

Ms. Marcia Santiago (Executive Director, Expenditure Management Sector, Treasury Board Secretariat): Are you referring to the change in the main estimates for the Canada school?

Mr. Mathieu Ravignat: Yes.

Mr. Brian Pagan: Certainly, we'll look at that.

Perhaps while we're doing that.... We are dealing with two documents: supplementary estimates (C) and the main estimates.

Mr. Mathieu Ravignat: I'll give you fair warning next time.

Mr. Brian Pagan: It would help us if you could do that.

With the Canada School of Public Service, we are seeing a program expenditure, vote 1, of \$53.8 million in this year's main estimates. This time it is an increase over last year's main estimate of \$39.9 million. The increase is driven by a change in mandate. A large part of training and professionalization of certain functions—finance and evaluation, etc.—is now being consolidated in the Canada school. A number of departments transferred money from their budgets into the Canada School of Public Service to start the year. They're actually beginning the year with a substantial increase.

•(1715)

The Chair: Mr. Pagan, I'm going to have to stop you there, I'm afraid. We're way over time here, and it's not fair to the other

questioners. Perhaps that can be answered in the context of a response to another questioner.

Mr. Brian Pagan: Mr. Chair, if I may, how much time do I have for answers, so I'll follow the clock?

The Chair: Unfortunately, we have five minutes for questions and answers, so when someone asks a fairly long question it leaves you very little time.

Mr. Brian Pagan: Okay, I will manage my time accordingly.

The Chair: That's probably why Bill Matthews talks so fast.

Voices: Oh, oh!

The Chair: He gets a lot of stuff in.

I'm sorry to interrupt, but again, we do have to go on to Mr. Guy Lauzon.

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Thank you very much, Mr. Chair. This is my first meeting at this committee and I'm thoroughly impressed. I find this committee fascinating and interesting. I wonder if all these meetings are this interesting. I look forward to future meetings. Seriously, I'm really impressed with the quality of the members and of the witnesses. So, welcome.

The Chair: No comment on the chair, sir?

Voices: Oh, oh!

Mr. Guy Lauzon: And the chair, at moments, does quite a good job.

Voices: Oh, oh!

The Chair: I shouldn't have fished for compliments.

Mr. Guy Lauzon: I don't want to put you on the spot, Mr. Pagan, but the minister said a couple of things in his comments that tweaked my interest. I don't know if you caught it or not, or if you or whoever wrote it is aware, but he mentioned, I think, either in his comments or in answer to a question, that we were on track for a balanced budget.

Is that your understanding of what he said?

Mr. Brian Pagan: That is my understanding of what he said, yes.

Mr. Guy Lauzon: Okay.

The other thing he said, which really impressed me, is that there's a \$9 billion increase in payments to individuals.

Mr. Brian Pagan: Yes.

Mr. Guy Lauzon: Did he say \$9 billion?

Mr. Brian Pagan: That was the number he used, yes.

Mr. Guy Lauzon: That is a—

Mr. Brian Pagan: I'll just pull up that table.

If I can direct members to a table here in the document, on page I-6 of the main estimates, transfers to persons will total \$82.6 billion in fiscal year 2015-16, compared to \$75.3 billion at this time this year.

Mr. Guy Lauzon: Wow. I think the public has to understand that and realize that, because I think that's significant. It's going to individuals. It's going to seniors, I think he said.

Mr. Brian Pagan: This is for elderly benefits, employment insurance, other children's benefits, and the universal child care benefit.

Mr. Guy Lauzon: That is fantastic.

The other thing, being that I am a fiscally conservative type of person, is that Treasury Board apparently is asking for \$6.9 billion in planned spending. You can answer to that \$6.9 billion, I'm sure; that's your department. But is it true that it's a decrease of \$472 million?

Mr. Brian Pagan: Yes, it is.

Mr. Guy Lauzon: Is it a decrease?

Mr. Brian Pagan: It is.

Mr. Guy Lauzon: Can you explain how you managed to do that? Are you working more efficiently or what?

Mr. Brian Pagan: There are two components to the Treasury Board appropriation.

Vote 1 is our program expenditure. This is the vote available to the department to manage itself. It's operating costs and programs. The other votes that we see listed under the Treasury Board Secretariat are, in fact, what we call central votes, which exist for the management of the public service as a whole. They are administered by Treasury Board, but they support public service management. We spoke earlier about vote 20 and public service insurance.

A big part of what we're seeing here in the reduction is for the vote 30, called "Paylist Requirements". Vote 30 is the means by which we reimburse departments for their costs of parental leave and severance. We are seeing this year, as referenced by the minister, a reduction as a result of the winding down of severance, as well as the pay in arrears. There was a one-time spike in that vote last year to put the government onto a modern pay-in-arrears process, so now we are seeing a significant decrease, \$850 million, in that vote this year.

• (1720)

Mr. Guy Lauzon: That's a real savings, a real reduction, not just a....

Mr. Brian Pagan: Yes.

Mr. Guy Lauzon: That's wonderful.

Mr. Brian Pagan: The ongoing savings from winding down severance are \$500 million annually. Each and every year, the government will save \$500 million.

Mr. Guy Lauzon: Wow.

What votes specifically does the funding for the Treasury Board Secretariat fall under in the main estimates?

Mr. Brian Pagan: As I said, there are seven votes in total, only one of which is for the Treasury Board Secretariat per se. My colleague Renée Lafontaine is the chief financial officer and will administer that vote on behalf of the department. In vote 1, program

expenditures, we are seeing a request for \$219.6 million. That's a decrease from last year's main estimates of \$231.2 million.

Mr. Guy Lauzon: How much is that?

Mr. Brian Pagan: It went from \$231.2 million last year to \$219.6 million this year.

Mr. Guy Lauzon: Good for you. You're running leaner and meaner. That's what I like to hear.

The Chair: Guy, I'm afraid your time has expired. Thank you very much.

Next we'll go to Mr. Tarik Brahmi.

[*Translation*]

Mr. Tarik Brahmi: Thank you, Mr. Chair.

In the 2015-2016 main estimates, funding of \$315 million has been allocated for the operations, repairs and maintenance of the Jacques-Cartier and Champlain Bridges. I use this last bridge regularly and I remember that in 2013, 12 cracked beams were detected. At the end of 2013, a super beam was installed, which was then removed in 2014.

My next question is the following: how are the funds broken down between the Jacques-Cartier and the Champlain Bridge? Regarding the Champlain Bridge, why are funds being requested for repairs and maintenance, in light of what was done in 2013 and 2014 with the installation of the super beam?

Mr. Brian Pagan: Thank you for the question.

The amounts are set out in the main estimates but I do not have the exact details of the projects in hand. This is a question you should put to the representatives of the department.

Mr. Tarik Brahmi: Fine. I understand.

How will the funding be broken down between the Champlain Bridge and the Jacques-Cartier Bridge? There is a global amount, if I understand correctly.

Mr. Brian Pagan: Yes.

Mr. Tarik Brahmi: Very well.

I'd like to ask another question concerning Foreign Affairs.

Foreign Affairs, Trade and Development Canada is requesting \$126 million in funding in the supplementary estimates. What does this mean for the number of police officers who are deployed abroad? How will this affect our participation in the assistance provided to Ukraine, for instance? Will the recent developments in Ukraine affect this expenditure?

Mr. Brian Pagan: I thank you for your question, but I do not have the—

Mr. Tarik Brahmi: You do not know the details.

Mr. Brian Pagan: I don't have the exact details, especially regarding the number of police officers deployed at this time.

[English]

What I can say is that the funding requested in supplementary estimates (C) is for continuation of the global peace and security fund and the stabilization and reconstruction task force that was created in 2005. This in fact is an example of the questions to the minister earlier about sunseting programs and the renewal of these programs as we get some experience and can apply some lessons about the best modalities and operations of the programs. The funding for this was confirmed in budget 2014 and is being presented now for parliamentary approval.

In the past it has included deployment of Canadian police officers in Haiti and Afghanistan and has helped respond to crises around the world including the Haiti earthquake, the Pakistan floods, etc.

Marcia, perhaps you can provide some additional details.

• (1725)

Ms. Marcia Santiago: I have just a little bit of extra information on the police deployments under this funding.

Currently 90 Canadian federal and provincial police officers are in arrangements managed through the stabilization and reconstruction task force. Eighty-four of these are in Haiti. A few additional deployments are in the process of being considered, including those that may involve regions like Ukraine.

[Translation]

Mr. Tarik Brahm: My last question concerns the cuts to Citizenship and Immigration Canada.

Program appropriations regarding temporary residents have been reduced by \$6 million, even though we know the waiting lists are difficult to manage. We also receive requests about this in our offices. What is the rationale for making cuts to Citizenship and Immigration Canada when we observe in our riding offices that the wait times are becoming longer and longer?

[English]

The Chair: Give just a very brief answer, Mr. Pagan. I'm sorry to put you in this position all the time, but we're almost out of time.

Mr. Brian Pagan: Thank you. Again I appreciate the question.

The operating expenditures for Citizenship and Immigration for main estimates 2015-16 are \$566.5 million, compared with \$556.4 million last year, so there is in fact a slight increase to their operating vote.

I would defer to the department for additional detail on that.

The Chair: I'm afraid we'll have to leave it at that, Mr. Pagan. You've made your point, I think. Thank you.

Next, for the Conservatives for five minutes, is Dan Albas.

Mr. Dan Albas: Thank you, Mr. Chair.

Thank you to our witnesses for being here to lend your expertise so that the committee can understand things better.

I'd like to first follow up with Mr. Pagan, who suggested that if he had more time he would like to talk about the carry forward process. I would like to hear what you were going to say, so I'd like to give you a little time to give an overview of that particular area, please.

Mr. Brian Pagan: Thank you for the question. I welcome this, because I think it is an opportunity to educate members of Parliament about the process and perhaps dispel some myths and misconceptions.

I spoke earlier about supplementary estimates (C) and the fact that they are tabled according to House Standing Orders at a certain point in the year, leaving just a few weeks in the fiscal year for departments to execute the programs based on the approvals provided by Parliament.

In the past, going back to the early nineties, this timing created a phenomenon known as "March madness", whereby departments would spend the money available, because if they couldn't spend it, they would lose it. This was a practice that was criticized by the Auditor General and by parliamentary committees, so the concept of carry forward was introduced in 1993. It allowed a bit of flexibility. It simply recognized the reality of providing approval for funding very late in the fiscal year and some of the difficulty in spending this related to contracting, hiring staff, etc.

It proved to be quite successful, I think. The Auditor General supported an increase to the carry forward. It was increased to 5% in 1994-95 and has stayed at that level ever since.

A more recent development in 2007 was the creation of a central vote to provide more transparency to Parliament in terms of the use of that vote. Right now Parliament, through these main estimates, is creating a central vote for administration by Treasury Board, and we will report back—that central vote is worth \$1.6 billion—at the conclusion of the fiscal year on how that \$1.6 billion was allocated, department by department, in accordance with their carry forward needs and entitlements. There is a very strict process by which we determine whether they are eligible or not for that carry forward.

• (1730)

Mr. Dan Albas: So that's a new process, and it helps parliamentarians understand, particularly late in the fiscal year, the allocations. Is that correct?

Mr. Brian Pagan: That's correct.

Mr. Dan Albas: Okay.

Just on this whole topic, because criticisms are raised in this place quite often, and sometimes it's good to check in with them, would you say that you're well acquainted with the supply process and the need to check in with parliamentarians throughout?

Mr. Brian Pagan: Absolutely. This is a process that we take quite seriously. The sector exists to support the expenditure management system, and we appear regularly before parliamentary committees. We take this quite seriously.

Mr. Dan Albas: With that in mind, because it was raised earlier that we have only this much time at this committee, I was left with the impression that people at home might think we spend only an hour reviewing these particular things. I know you probably spend much more than just that.

Besides this committee, what other opportunities do individual members of Parliament have to hold the government to account when it comes to its spending, both informal as well as formal methods?

Mr. Brian Pagan: Thank you for the question.

Transparency and accountability for the moneys provided to departments again are something that we take quite seriously. We have, I think, worked very constructively with this committee, with the Senate Committee on National Finance, with the Office of the Auditor General to listen and hear their needs and make real improvements to the information provided to Parliament, not only in the estimates but in a range of other documents. The quarterly financial report provides in-year reporting on how each and every department is progressing against the authorities provided to them by departments.

In just a week or so the President of the Treasury Board will table departmental reports on plans and priorities, which provide a great deal of detail by department for the moneys requested in these supplementary estimates. We have worked with departments over the last several years to improve the transparency of their documents by identifying strategic outcomes and program activities that allow parliamentary committees to better understand the aggregation of programs and how those fit with departmental mandates and government priorities.

I think that provides just a very brief summary of the work that we've done, and I can assure you it is an ongoing exercise. I think Canada can be very proud of the way its public finances are managed, but we are always striving to identify and implement improvements, and we would welcome recommendations.

The Chair: Mr. Albas, I'm going to have to stop you there. You're over five minutes.

Mr. Dan Albas: I just want to clarify. The reports on plans and priorities I think was what you meant to say, not the departmental reports. Is that correct?

Mr. Brian Pagan: There are two documents that comprise part III of the estimates. The report on plans and priorities is tabled in the spring to support main estimates, and then at the conclusion of the fiscal year a departmental performance report is tabled, which provides that backward-looking view.

Mr. Dan Albas: I appreciate the extra courtesy. Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Albas.

Just to take a second, I think it would be useful for new members of the committee to see the helpful chart that Mr. Matthews put together for us to help us understand the continuity of the flow of supply, which included everything from estimates to budget to DPRs. It helped me at least to have that graphically illustrated to understand that flow of supply.

Mr. Byrne.

Hon. Gerry Byrne: Thanks, Mr. Chair.

Would anyone at the table be able to offer the committee a discussion about best practices for the conduct of cost recovery

measurements and analysis? Mr. Pagan, would you be qualified, would you like to step into that territory?

Mr. Brian Pagan: I will start.

Hon. Gerry Byrne: My question is that there's a particular crown corporation that offers two services, but they're identical. One's a core service; one's a seasonal service. It's a transportation company. The transportation company has a constitutional mandate or an authority with Canada and has an obligation to provide the transportation service. So it has boats, it has docks, it has ferry terminals, it has staff, it has various expenditures that it must make to meet that constitutional obligation. But it also offers a seasonal transportation service, which is ancillary to the constitutional obligation.

In terms of cost recovery measurements, because the constitutional obligation, the year-round service, already has the boats, the docks, the ferry, the ferry terminals, and the staff in place, when analyzing whether or not the seasonal service is meeting a certain cost recovery measure or target, that particular crown corporation suggests, because there are already certain capital assets and personnel in place, that when they do a cost recovery analysis on the seasonal service they don't have to include any of the costs of vessels, terminals, staff, anything like that. Is that a best practice? Would you encourage Canada Post to do the same thing, for example, in terms of measuring cost recovery for regular letter mail versus its courier business, or anything like that?

● (1735)

Mr. Brian Pagan: Thank you for the question.

I'm not aware of the details or the example that you're providing, but what I can say is that we do have, at the Treasury Board Secretariat in the Office of the Comptroller General, a centre of excellence on costing, and resident in that program as well is the policy centre for cost recovery and implementation of the User Fees Act. So there's always a bit of tension in programs as to whether to appropriate from Parliament or to charge the users, and we work with each and every department to understand their program, their client base, and then work with them to identify what the cost recovery elements of the program are.

Hon. Gerry Byrne: That is fantastic information.

Mr. Pagan, would you undertake to offer the committee a description of the services of that particular centre?

Would you be able to ask them to provide an analysis of Marine Atlantic's operations, the North Sydney to Port aux Basques services versus the seasonal North Sydney to Argentea services: analyze how Marine Atlantic conducts its cost recovery measurements and reports, provide the committee with that information as to what their findings are, and then determine whether or not they meet the best practices of the Treasury Board Secretariat?

Could you do that?

Mr. Brian Pagan: Thank you for the question. I am not familiar with any work that has been done, particularly with Marine Atlantic, but I will—

Hon. Gerry Byrne: But if work has not been conducted, they could examine that and then provide an overview. Officials with Marine Atlantic have said on public record—I believe they told CBC news' *On The Go*, or maybe somebody told somebody who told CBC news' *On The Go*—in Newfoundland and Labrador that Marine Atlantic does not include the North Sydney to Argentia run. They consider that fully cost-recovered because all of those facilities are already in place for the North Sydney to Port aux Basques run. Therefore, they don't have to use any of that capital expenditure or any of those operational costs in relation to making any kind of cost recovery analysis on the North Sydney to—

Mr. Chris Warkentin: Mr. Chair, I have a point of order.

The Chair: You have a point of order, Mr. Warkentin.

Mr. Chris Warkentin: Obviously, we have come to the meeting to discuss supplementary and main estimates. There is a fair bit of latitude, but I do call relevance on my colleague who seems to be completely outside of—

Mr. Greg Kerr: He's on a fishing expedition.

Mr. Chris Warkentin: He seems to be on a fishing expedition.

The Chair: I would have to uphold and support that Mr. Warkentin does indeed have a valid point of order, and by some happy coincidence your time has expired, Mr. Byrne.

Hon. Gerry Byrne: Shame on you, how ruthless!

The Chair: Again, time well spent.

Mr. Warkentin, do you wish to—

Mr. Chris Warkentin: I think we're done.

The Chair: Mr. Warkentin has no further questions.

We do have one further round of questions for the NDP, Mr. Mathieu Ravignat, and that will conclude our meeting.

Mr. Mathieu Ravignat: Thank you. I think we might be contributing to your work-life balance after this questioning.

I want to dig a little bit deeper on the main estimates. In particular the Treasury Board Secretariat is requesting \$11.6 million less under vote 1. Most of this is because it is requesting less under the workplace renewal initiative, and I just wondered why.

• (1740)

Ms. Renée Lafontaine (Assistant Secretary, Corporate Services, Treasury Board Secretariat): Thank you for the question. In terms of our workplace renewal, this started several years ago. We are currently situated in 11 different locations around Ottawa. The objective is to move into two locations in the downtown core, close to Parliament, close to where we do our business. This project has been ongoing for about three years now.

The basic reason we are reducing our operating funds by \$11.6 million is that this project has been delayed. We are trying to fit up and do some construction on the new building known as 90 Elgin. That is where the bulk of Treasury Board people will be moving. That project was delayed, and I'm going to say the “reprofile” word again that you guys have been talking about all day. Because the project has slowed down, we've asked for the money to be put into next year's budget. That is the primary reason we're reducing our operating funds this year. It is because the project has been delayed so that the spending will take place primarily next year.

Mr. Mathieu Ravignat: I have one last question.

For PWGSC, there's a change. In part, the change is attributed to an increase of \$57.5 million related to the rehabilitation of the parliamentary precinct buildings. There is a long saga of the parliamentary precinct buildings. We have to go back to the trough for \$57.5 million.

Again, why is there such an increase? It's a pretty considerable increase.

Mr. Brian Pagan: Thank you for the question. The increase of \$57.5 million in 2015-16, as mentioned, is largely attributable to the cash profile, the needs of the particular components of the project. For instance, in 2015-16 we will see the inauguration of the visitor welcome centre just across the street. The cost of that component is \$20.7 million. We will also see work beginning on the Government Conference Centre and on West Block. Those are the three principal components of the overall precinct project that are supporting the increase of \$57.5 million.

Mr. Mathieu Ravignat: So nothing seems to be related to security. It's just the visitors' centre, right?

Mr. Brian Pagan: Correct.

Mr. Mathieu Ravignat: Okay.

Thank you, Mr. Chair. That's it.

The Chair: Thank you very much, well done.

Thank you, Mr. Pagan, and to your team for being with us today to answer some supplementary questions.

Seeing no further business....

An. hon. member: [*Inaudible—Editor*]

The Chair: Mr. Butt is asking if we had intended to pass the vote.

No, I think we'll be doing that at the next meeting of the committee, Mr. Butt. It's a valid question.

I declare the meeting adjourned. Thank you.

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