



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Government Operations and Estimates

OGGO • NUMBER 009 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Tuesday, April 19, 2016

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Chair

Mr. Tom Lukiwski

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• (1550)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Ladies and gentlemen, I think we'll start. We have quorum. We'll start the continuation of our discussion on the main estimates.

Mr. Pagan, thank you once again for being here with your colleagues. I understand that you would like a moment or two to address the committee on a couple of issues that came forward this morning. If so, please go ahead.

Mr. Brian Pagan (Assistant Secretary, Expenditure Management, Treasury Board Secretariat): Thank you, Mr. Chair. It's good to be back.

My job as the assistant secretary of expenditure management at Treasury Board is to aggregate all of the different spending requests of the government and present them to the committee in the estimates documents. As the minister made clear today, we are presenting in the 2016-17 main estimates requirements totalling \$250.1 billion, and this is broken out by our voted amounts of \$89.85 billion and statutory requirements of \$160.29 billion.

To help me explain these estimates requirements today, I'm joined at the table by Renée LaFontaine, our chief financial officer at Treasury Board. Renée will address any questions related to TBS-specific requirements. Also, there is my executive director of expenditure strategies and estimates division, Madam Marcia Santiago. Between Marcia and I, we will do our very best to address any questions you have about the rest of spending across the public service.

The Chair: Thank you, Mr. Pagan.

There is one thing I will mention before we commence. For the last ten minutes or so of the meeting, I'll excuse the witnesses, and we'll go in camera for some committee business. I have a few items that I'd like to discuss with committee members, if that's all right with everyone.

Now I think we'll get right into it. Leading off on our seven-minute round of questions will be Monsieur Drouin.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Mr. Chair.

Thank you for being here for the second time today.

There has been some talk about the importance of cybersecurity. I know that Mr. Fadden was in the news saying that cybersecurity is going to be the major threat, probably bigger than terrorism.

As it relates to the strategic direction that the TBS gives to Shared Services, how has the IT strategic plan for the Government of Canada been completed and approved as it relates to cybersecurity? What are the steps that you're taking as Treasury Board to ensure that all government departments are properly secured from cyber threats?

Mr. Brian Pagan: As I think everyone understands, the security of our information holdings is a top priority of the government. Since 2010, coordinated efforts by the government have contributed to significant improvements to the Government of Canada's cybersecurity posture. These initiatives have included coordinated approaches to collecting and analyzing cyber-threat intelligence, reducing the overall attack surface by consolidating Internet access points, and standardizing the planning and implementation of network security across the government.

In budget 2016, the government continues this commitment by making commitments totalling \$77.4 million in additional funding over the budget horizon. This funding will be used to support or to implement a vulnerability management and compliance regime across the Government of Canada enterprise. It will reduce the number of privileged user accounts across the government in order to minimize vulnerability to data breaches, and we will be implementing an application whitelisting in order to reduce Government of Canada vulnerability to zero-day malware.

I have to be honest with you that, if you want to know what an application whitelisting is, I think you'll have to speak to our chief information officer branch or perhaps Mr. Fadden, but those are the purposes of the money set out in budget 2016.

Mr. Francis Drouin: Is it the responsibility of Treasury Board to perform those vulnerability audits or do you mandate Shared Services to do that?

Mr. Brian Pagan: It's a shared governance.

Within the Treasury Board Secretariat we have a branch, the chief information officer branch, that sets overall policy and security posture for government. They work with Shared Services Canada basically as the face of IT investment and management across the government and also with the Communications Security Establishment and other security agencies to look at threats both internal and external, so there's quite a coordinated approach across government to manage this.

Mr. Francis Drouin: We know that your department put what is called a department action plan on IT for Shared Services in response to the findings and recommendations contained in report 4 of the Auditor General's fall report. There have been some shortfalls with some of the initiatives that Shared Services undertook. What role does Treasury Board play to ensure that we don't see any more shortfalls in terms of IT implementation plans? One example is the email, as everybody knows.

Mr. Brian Pagan: It's a challenging question in the sense that the initiative to create Shared Services Canada is really quite novel. It had not been done to this scale, to our knowledge, anywhere else in the world, in fact, so when Shared Services Canada was created in 2011, there was a concept to bring this together to both improve service and improve the security posture of government.

A challenge for the agency was the fact that the world continued to evolve. The business needs of departments needed to evolve, but the budget of the department quite simply did not keep pace with that. Shared Services, like other departments, had to implement some efficiency and cost-containment strategies, and so they went forward with their business plan while at the same time working to achieve savings of almost \$390 million over that three- or four-year period.

They have been successful in the sense that they have consolidated 485 data centres down to seven, 50 networks down to one, and we are in the process of moving from 63 different email systems to one email system.

In that sense, there has been some very good progress, but at the same time there have been some challenges in terms of that service availability. Budget 2016 recognizes that in order to move forward to provide the service and enhance the security the government will need to make investments at Shared Services to be able to realize the original intent of the initiative, and so budget 2016 does identify new funding for Shared Services for that purpose.

• (1555)

Mr. Francis Drouin: I remember in 2012, when Shared Services was created, the CIOs weren't sure which responsibilities they had. Do they, and CIOs in other departments, now understand that Shared Services does infrastructure? Is that clear in terms of who does what within each department from an IT perspective?

Mr. Brian Pagan: To my knowledge, I think that's clear.

Renée, as our CFO, would have some first-hand experience with that.

Ms. Renée LaFontaine (Assistant Secretary, Corporate Services and Chief Financial Officer, Treasury Board Secretariat): The CIO of TBS proper reports to me; and, yes, over the last three years it has gotten clearer.

What we're still working out is this cyber side of things because, as you know, Shared Services Canada looks after all the servers and that hardware, but the breaches can come from anywhere, so we have to really work well together. That's something we're working out to make it much more understood between both of us.

The Chair: Monsieur Blaney, seven minutes, please.

[Translation]

Hon. Steven Blaney (Bellechasse—Les Etchemins—Lévis, CPC): Thank you very much, Mr. Chair.

My first questions will be about VIA Rail. After that, I have some questions about Infrastructure Canada. Finally, I will be talking about public-private partnerships.

So, my first question is about VIA Rail.

We are aware about the Quebec City-Montreal-Windsor corridor project. In the estimates, they are asking for additional funds in the amount of \$382.3 million, including \$240 million in order to cover the deficit.

Are you able to describe the nature of VIA Rail's operating deficit? Which infrastructure projects is VIA Rail planning? Finally, coming back to the deficit, which lines are profitable? Which parts of the VIA Rail network are profitable?

By the way, welcome to the committee.

Mr. Brian Pagan: Thank you, Mr. Blaney.

First of all, I have some information about VIA Rail Canada but, for more detailed information, I feel that you might need to ask VIA Rail Canada directly.

[English]

The estimates amount presented in the 2016-17 main estimates total, as you noted, is \$382.8 million. This does include an amount of \$239.5 million for an operating deficit at VIA Rail.

It's my understanding that passenger rail traffic in Canada, the passenger rail business, continues to be challenging from a cost-recovery perspective for VIA. The only corridors that come close to recovering costs, let alone generating revenue, are the Ottawa-Toronto and the Toronto-Montreal corridors. VIA loses money on every other rider across the country.

• (1600)

[Translation]

It is in that context of weak revenue and fixed costs that VIA Rail is incurring an operational deficit.

Hon. Steven Blaney: To your knowledge, could a part of the deficit have anything to do with the pension fund? Could I ask VIA Rail that question directly?

Mr. Brian Pagan: It is a question that VIA Rail can answer.

Hon. Steven Blaney: Fine.

[English]

If I go to the infrastructure, there's an important amount of \$3.9 billion forecasted in 2016-17. Part of it was initially scheduled in the 2013 federal budget. You are asking for an increased investment of \$575 million.

Can you tell us when those funds will be used? Do you have any indication of the advancement of the infrastructure program and dealings with the provinces?

[Translation]

Mr. Brian Pagan: As I mentioned, in budget 2013, the government announced—

[English]

It is the new building Canada fund.

[Translation]

That is a 10-year project, with investments

[English]

that were profiled over each of those 10 years. What we see in these main estimates, the increase of \$574.8 million that you referred to, is the forecast from Infrastructure Canada for those projects in the new building Canada fund, which will see cash disbursements this fiscal year.

They have a portfolio of infrastructure projects that span out into the next 10 years, and that totals billions of dollars. The increase in the requirements this year are related to those projects for which there will be payments to provinces and firms within this fiscal year.

Hon. Steven Blaney: We will probably see those amounts invested all over the country, and particularly in Quebec.

[Translation]

My third and final question deals with public-private partnerships.

[English]

It is indicated that an additional amount of \$267 million is requested for 2016. It says it is an increase of 22%. I understand the P3 is willing to go in the region and in jurisdictions where they are inexperienced with P-3 procurement.

Can you tell us where the P3 projects have been implemented, or not implemented, and when those investments will be made?

Mr. Brian Pagan: Mr. Blaney, I do not have details of specific P3 investments, but that is something we can research and answer for the committee.

As the minister made clear this morning, public-private partnerships can be an effective way of delivering complex and expensive infrastructure projects. This government has removed the mandatory screen for P3s, but they continue to be a tool that the government will consider as a way of moving forward. As the minister said this morning, these projects have generated cost savings of about \$800 million. We will get you a list of the investments.

• (1605)

The Chair: Thank you.

We'll go to Mr. Weir.

Mr. Erin Weir (Regina—Lewvan, NDP): I'm also interested in this topic. I appreciate that the government has removed the P3 screen, but is it correct to assume that all the money allocated to P3 Canada will find projects that are P3s? In other words, would it be a funding requirement for a prospective project to be organized as a public-private partnership?

Mr. Brian Pagan: That's right. In this instance the funds forecast for this fiscal year are in support of previously approved programs, or programs for which they are already doing a screening to

determine the viability of P3 as an investment tool. So these funds are in a sense committed, because they're tied to specific activities and projects of P3 Canada.

Mr. Erin Weir: When those projects are completed and the government is looking at things case by case, will the P3 Canada fund be wound down? Will infrastructure funding be provided only through the building Canada fund or other mechanisms not subject to a P3 requirement?

Mr. Brian Pagan: That's an interesting question. I wouldn't want to speculate on the disposition of any organization. This isn't a fund. It's a stand-alone organization. There's a machinery-of-government issue here, which is the Prime Minister's prerogative. I think we heard clearly from the minister this morning that, although this is no longer a mandatory screen, the numbers suggest that there has been value in using P3 as a tool in specific instances. I think the government would want to look carefully at making sure that it uses that tool to deliver infrastructure projects in the most cost-effective way possible.

Mr. Erin Weir: On the theme of infrastructure projects, I note that the main estimates refer to the termination of the gateways and border crossings fund. One of the things that was funded by that initiative was the Global Transportation Hub, which is a logistics facility just west of Regina. They also spent millions of dollars in suspicious land purchases. When I asked the president of the Treasury Board about this at his appearance before this committee prior to today, he said he would look into it. When I asked him about it again in the House of Commons, he said that he didn't really need to look into it, because the provincial auditor was going to be examining it. The answer I got from the parliamentary secretary to the Minister of Transport was that the federal funding would have been only for transport infrastructure, and not for land purchases.

It came out earlier this month that one major piece of that infrastructure, an interchange that was opened in 2013 to accommodate truck traffic to and from the Global Transportation Hub, at a cost of \$43 million, is going to be ripped up and rebuilt in order to connect to the new bypass being built south of Regina. There are a number of flags here about how federal money was used, whether it was in the land purchases or whether it was used to build this interchange that is now going to be rebuilt. At what point might the Treasury Board step in and investigate this matter?

Mr. Brian Pagan: I'll try to get into this in as much detail as I can, and perhaps that may generate a second question from you.

First of all, this Global Transportation Hub, as you noted, is an intermodal transportation facility designed to support the rapid transfer of shipping containers and international trade between road and rail transportation. This includes activities and transportation links with Canadian Pacific Railways and the Loblaw group of companies and their western distribution centre.

The transportation hub itself is the responsibility of the Province of Saskatchewan, but the federal government, as you've noted, is contributing up to 50% of eligible costs for the project through the gateways and border crossings fund. Now, it's quite clear in the gateways and border crossings fund that land acquisition costs are not covered. They are not eligible for federal reimbursement. The Department of Transport and the Treasury Board Secretariat do have the ability to go in and audit to make sure that our funds have not been used for that purpose.

• (1610)

Mr. Erin Weir: Have you done such an audit in this case?

Mr. Brian Pagan: We have not, at the Treasury Board Secretariat, done that. We have not been asked to do that. In checking with Transport Canada, we have been told that they themselves have looked into this and they've established that their funding has not been used for the purpose of purchasing land.

What it has been used for, as you've noted, is upgrading the existing Pinkie Road alignment, including an intersection and the construction of a short section of the west Regina bypass. If that has since been ripped up or revised, that is a question for—

Mr. Erin Weir: Yes, that's the question. Clearly, there's federal money in this Pinkie Road interchange. It's come out earlier this month that the province is going to rip this thing up and rebuild it to try to connect to the new bypass south of Regina.

I wonder how it can possibly be considered good planning or a proper use of federal money to have built something that now needs to be torn up and rebuilt. It may be bad planning by the province rather than the federal government, but surely the Treasury Board would want to look into this.

Mr. Brian Pagan: It is a provincial project, and my understanding here is that for the realignment of Pinkie Road and the construction of the short west Regina bypass, that work is intended to increase safety, reduce traffic delays, and increase the processing efficiency with respect to the international and inter-regional transportation activities. My understanding is that the work under way is scheduled for completion in this fiscal year for March 2017 and that it supports the original design of the project.

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

We'll go to the last seven-minute intervention, with Monsieur Ayoub.

[*Translation*]

Mr. Ramez Ayoub (Thérèse-De Blainville, Lib.): Thank you, Mr. Chair.

I am probably going to share my time with Mr. Whalen, depending on the answers I get to my questions. They will deal with two specific subjects, the Canada School of Public Service and the Royal Canadian Mounted Police.

First, according to what I read, the Canada School of Public Service is asking for \$62 million, an increase of 28%. The increase is in connection with a new funding model. I would like to know about the reason for that new funding model, if you have any details about it.

In addition, what does the Treasury Board Secretariat have in mind in terms of new directives as a result of the new funding model?

[*English*]

Ms. Renée LaFontaine: I'll start with the Canada School of Public Service.

On the new funding model they're referring to in their notes here, the Canada School of Public Service used to be on a cost recovery basis, and what they found was that the change in policy was related to wanting to use it as a campus and a school to further good, solid public service training and to actually ensure that we have talented people and a lot of executive leadership training and all of that sort of thing.

What has happened over the last two years in their budget is that they've now transitioned to where actually we're allocating them funds to deliver these programs, as opposed to them being subject to whether departments would use their services or go somewhere else. That's the model they're transitioning to, and it's going to be a fully funded, appropriated model.

Does that answer your question?

• (1615)

[*Translation*]

Mr. Ramez Ayoub: Yes, I think I understood. However, with this new model, is the school assured of balancing its revenue and expenditures? How will it be able to fund itself, which is what I understand, and maintain the same quality and relevance of its programs? We are still talking about an increase of 28%, which is nothing to sneeze at.

I assume that the decision to move towards this new funding model was studied and that other options were considered. Why was this model chosen?

[*English*]

Ms. Renée LaFontaine: I think the reasons were the same as I previously mentioned. In terms of the departments, we wanted to take a lot more leadership and set up management training programs, management leadership programs, that are focused on the talent gaps in the areas that we wanted to address, as opposed to a cost recovery model that incited departments to use it or use the private sector. This training is also coupled with the fact that it needs to be mandatory for certain positions, certain communities across government, certain senior executives, etc. That is my understanding of the general model.

There is a chief financial officer who works for that organization. Perhaps for any further details, we could go back to them to provide to you.

[*Translation*]

Mr. Brian Pagan: I could give you a specific example about the type of training that the school provides.

Public service executives have to have a certain level of skill in areas like ethics and values, service delivery and staff management. Different skills are required at each level, including some that are more detailed and more focused. The school undertook a review of the various departments to better understand their needs for training. It prepared a course that is offered to all public service executives so that they all have the same understanding and skill levels in those areas.

[English]

That approach is based very clearly on consultation with departments to understand their learning needs. We heard this morning a question regarding the public service survey and our work on prevention of harassment and violence in the workplace. These are examples of how we use the surveys to design the training required and then consult with departments to make sure that training responds to their needs.

It is client-driven. There are surveys done after the training to confirm with both the participants and the sponsoring departments that the training has met a need or satisfied a gap. There will be continuous learning and improvement to make sure those skills are passed on.

We also have very technical training related to IT security and financial management. For the most part, our finance professionals in the public service have professional designations, CAs, CPAs, etc., but they also need to be schooled in the management of public finances and our requirements on TB policies. The school has worked with the Treasury Board Secretariat, with the office of the comptroller general, to make sure our finance staff are getting the appropriate training on the audit function, on preparation of invoices for payment, etc. We do that with different functional communities across the public service.

The Chair: I think we are out of time.

We have two more five-minute rounds for the government, so you might be able to get your question in there.

Mr. McCauley, you have five minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Thanks for joining us today.

On the parliamentary protective service, \$62 million.... How are we evaluating the efficiency? I don't want to say "effectiveness", because obviously we are all still here breathing. How are you evaluating the efficiency of this money that is getting spent? It is all anecdotal, of course, but I can't walk two steps in any building without tripping over someone sitting and reading a newspaper.

• (1620)

Mr. Brian Pagan: This in fact came up in a tangential way this morning, during the minister's appearance, and I think it is important to reiterate this point.

The estimates present the aggregate of the appropriation requirements of all entities in the Canadian public service, but with respect to Parliament, and that is to say the House of Commons, the Senate, and the protective service that is co-managed by the two offices, the Treasury Board Secretariat has no line of sight and no

authority over those requirements. Requirements from the Senate, House of Commons, and the protective service are determined—

Mr. Kelly McCauley: You just show up asking for the money on behalf of others.

Mr. Brian Pagan: They respect our timelines and our requirements in terms of reporting, but the actual details around their requirements—unlike everything else presented in the estimates—those are not presented to Treasury Board ministers for review or approval, and therefore we have no insight.

Mr. Kelly McCauley: Why don't we move on if you don't have an answer for them.

The Office of the Public Sector Integrity Commissioner, which I think is a great idea, protecting whistle-blowers, etc., gets an amount of \$5.5 million every year. I'm just curious if we're tracking how many people we are serving or protecting with that, or processing, and again, the efficiency, if it's 10, 20, 500. Are we getting the word out properly?

Mr. Brian Pagan: The Office of the Public Sector Integrity Commissioner, like every other organization in these main estimates, will produce results, objectives, and indicators in support of their program. Typically they would set targets for the timeliness of their response. Obviously, they don't have a target for how many complaints they want to receive, but they are responsive to those complaints and would generally commit to resolving those within specific periods of time. I don't have their—

Ms. Renée LaFontaine: I don't have their RPTs with me.

Mr. Brian Pagan: Okay.

Marcia is also reminding me that this office also reports directly to Parliament so again it's not possible for me—

Mr. Kelly McCauley: That's okay, we'll move on again if you haven't got an answer.

Just going back to the public service—and I'm sure I'm almost out of time—I understand it's maybe just paperwork, it's not on a cost recovery anymore. Have you gone back to the other departments where it was on a cost recovery but is now not transferring over? Do you know if that money is reduced from those departments or if they're just given that money to spend elsewhere? Because if there was \$20 million, for example, coming in from, say, Industry on a transfer for cost recovery, is that money just left for them for other uses?

Ms. Renée LaFontaine: Let me see if I can clarify what I think you're asking. The Canada School of Public Service used to cost-recover some of its courses. It did have a base budget as well to deliver government-wide programs or training programs.

Mr. Kelly McCauley: We're not doing cost recovery anymore.

Ms. Renée LaFontaine: Right. It was a combination an assessment, as Brian said—this was done in close consultation with all departments—so an estimate of the funding that departments were building into their own training budgets for certain common courses that were high priority, and that funding was actually, I'd say maybe two years ago, transferred from departmental budgets into the Canada school, and then through these main estimates—

Mr. Kelly McCauley: So it's no longer getting transferred over.

Ms. Renée LaFontaine: No longer. That was sort of a catch-up, one-time thing, and now they're being appropriated through the estimates on a regular basis.

Does that answer your question?

Mr. Kelly McCauley: No. It doesn't.

The Chair: But you're quite right about one thing, that you were out of time.

We'll go now to Mr. Grewal for five minutes.

Mr. Raj Grewal (Brampton East, Lib.): Thank you, Mr. Chair, and thank you to our witnesses for coming today.

My question is going to be around the Canada Revenue Agency. There are a lot of people in the news, and I guess we've all been paying attention to the Panama papers and the recent KPMG and CRA issues. The government's made a commitment to increase the effectiveness of the CRA by giving it more money to hire more compliance officers and auditors. And just yesterday, or two days ago, it was in the news that there's about \$38 billion outstanding that still has to be collected. We're estimating an increase of \$280 million this year, which is about 7.4%. Are there any studies you know of regarding the CRA's budget having been increased or decreased and the corresponding revenue that comes into treasury?

•(1625)

Mr. Brian Pagan: The funding provided in budget 2016 to the Canada Revenue Agency to enhance compliance is a result of what I believe is a proven track record at the agency to utilize investments made by the government to enhance compliance and ensure stronger compliance with Canada's tax laws.

Budget 2016 makes specific investments. This has been occurring over the last number of years. The CRA has been able to demonstrate to the Department of Finance how through incremental investments in different types of audits that they do—medium and small enterprise, large international, offshore, GST compliance, personal income tax, the whole range of their tax suite—they've been able to provide information that supports how adding capacity, adding auditors, enhancing the compliance process has generated incremental revenues from a baseline.

Finance takes that information and does the calculations about whether that return on investment is reasonable. Generally it is. If you can invest a dollar and get two back it's a good deal, and they continue to work closely with the CRA to make sure those incremental revenues are realized.

These are discretionary investments that the government makes. The government makes these investments because they're satisfied they are getting a return in this area.

Mr. Raj Grewal: It would be interesting to know if there's a return on investment there. Of the \$280 million we're going to invest in the CRA, how much are we going to collect in additional tax? For every dollar invested you get a \$1.05 back is what I'm saying.

Mr. Brian Pagan: It varies by their business line. Of course, there can be diminishing returns as we make more and more investments in these areas, but the short answer to the simple question is there evidence to support this: there is. It's part of every budget ask from every department. They need to be able to demonstrate a result or some value to the government.

Mr. Raj Grewal: On the infrastructure projects, the minister said the other day that we're open to adopting the formula, but we're still open to P3 projects. What's the accountability and the tracking on the P3 system? It has been inherently flawed in previous years. Can you comment on the current P3 program, and where we could leverage by changing it to ensure that money gets invested and there's a return on that investment?

Mr. Brian Pagan: That's a very complex question. In response to an earlier question, I think a starting point would be to get a listing of the P3 investments that have been made. Then with that listing the committee, myself included, would be in a better position to speak to the value of that tool in each case.

Again, what the minister made clear is that we're lifting the mandatory screen, but the experience to date suggests that we have been able to move forward with a number of important infrastructure projects using the P3 model that have saved us money over time.

The idea going forward is to make sure that we continue to avail ourselves of that tool, but not make it mandatory. That we use it when it makes sense and when the conditions exist to support that project, whatever the winning conditions are for P3 investments.

•(1630)

The Chair: Thank you.

Mr. Blaney, you have five minutes.

[*Translation*]

Hon. Steven Blaney: Thank you, Mr. Chair. I am going to share my time with my colleague.

I would just like to point out to my honourable colleague Mr. Grewal that some excellent public-private partnership projects were carried out in the last decade, especially in public transportation. These are major projects that allow communities to enjoy the benefits of mass transit.

You will have your chance to talk about them. I waited my turn.

[*English*]

Mr. Raj Grewal: Did you consider that low-hanging fruit, Mr. Blaney?

[*Translation*]

Hon. Steven Blaney: Yes. I do.

[*English*]

Can you tell us a little bit about a budget increase we made not so long ago, actually in the last budget of our government, for the RCMP? They have an annual budget of \$2.8 billion. They are expecting an increase.

I understand there's been a change between vote 1 and vote 5. Can you tell us exactly how they changed the calculation, the presentation of their expenditure, the operating versus capital? Could we have an overview of the budget of the RCMP, please?

Mr. Brian Pagan: Thank you, Mr. Blaney. There are two parts there.

First of all, with respect to requirements from RCMP in vote 1, their operating, versus vote 5, their capital expenditures, every organization that has capital requirements above \$5 million has a separate capital vote, and that is a starting point.

Secondly, what we have done over the last couple of years is worked with departments to ensure that they are using that capital vote in a consistent way, in accordance with our TB policies and accounting rules, so this is really a question of taking some money that had previously been under their operating vote. It was quite properly part of their capital expenditures and should be recorded in the capital vote.

[Translation]

That reflects the increase for the RCMP.

[English]

As we know, budgets of successive governments will make investments in the area of security and the well-being of Canadians, so there have been announcements in recent budgets with respect to RCMP programming. With respect to federal costs for contract policing—this is our policing obligations in the provinces—there is an increase of \$37.4 million in vote 1 this year for the RCMP to respect those federal obligations for contract policing.

Hon. Steven Blaney: Okay. I believe there is also some investment in British Columbia.

Thank you.

Mr. Kelly McCauley: On vote 1, back to the school of public service, did we look at instead of doing it in-house, so to speak, sending it private to analyze the cost? Just quickly, for the \$83 million, how many people will we train in a year for that investment?

Ms. Renée LaFontaine: Unfortunately, I don't have that information with me.

Mr. Kelly McCauley: Just under Parliament as well?

Ms. Renée LaFontaine: No, it's not. But we could follow up on that exactly and get back to you on that, because that should be very clearly mentioned in their RPP.

Mr. Kelly McCauley: What about the analyzing, sending it out for training rather than doing it internally?

Mr. Brian Pagan: That's a terrific question, and that analysis was part of the study going forward.

There are simply some aspects of public service work that are unique to the public service and it is hard to find training at universities or external third parties, but where that training does exist, the public service does avail itself of that. Language training is an example.

Mr. Kelly McCauley: So the \$83 million is solely government focused, not done outside.

•(1635)

Mr. Brian Pagan: Right. Primarily it is about our values, our competencies as executives, the technical requirements around controller general, financial policies, the staffing process for the government. It is that sort of training, very unique to functional communities within the government.

The Chair: Thank you.

We will go to our final five-minute intervention with Mr. Whalen, and following that I will excuse our witnesses. We'll suspend for a moment or two to go in camera for committee business.

Mr. Whalen, please.

Mr. Nick Whalen (St. John's East, Lib.): Thank you again for coming back.

At noon today we talked a lot about the main estimates, but also the process by which we hope to harmonize the estimates process, and maybe also the costs in accrual accounting. Another issue that the minister alluded to this morning was the pilot project on transport funding and going to a more project-oriented reporting system. A lot of the questions we had today were really about project funding. If we'd had more insight through the estimates process, our questions might have been more advanced.

With that in mind, I have a couple of questions about Atomic Energy of Canada Limited and its increase of something on the order of \$850 million over last year to transition to a new model of delivery. With respect to the process of moving to the government-owned, contractor-operated contractor, does your department have insight into the process by which the contractor was selected?

Mr. Brian Pagan: First of all, there was a policy decision to move from AECL being a crown corporation to a government-owned, contractor-operated model. That went to both cabinet and then to Treasury Board for approval. The contracting process, the selection of the consortium, was a submission to Treasury Board for approval.

So to that extent, yes, there was a line of sight and approval from Treasury Board ministers. The process was administered and run out of Natural Resources Canada and AECL, but they had to come back to Treasury Board for the requisite approvals on that.

Mr. Nick Whalen: Was it a widely responded-to process for the selection of the contractor?

Mr. Brian Pagan: I would have to get details on the RFP process and the number of bids, but yes, there were very prominent global firms bidding for that. The consortium is an international consortium of both Canadian and international firms.

Mr. Nick Whalen: Great.

My understanding is that some type of self-funded model for the storage and disposal of nuclear waste was meant to have been set up. How is that being funded? Is it part of this \$850-million increase to establish this fund? Is the fund being managed by the Government of Canada? Is it being managed by banks?

The self-funded fund for management of the nuclear waste is stipulated under the contract.

Mr. Brian Pagan: Right. As part of the new model, the government-owned, contractor-operated model, for what is now known as Canadian Nuclear Laboratories, there was a transfer of some responsibility. There was a program previously at NRCan, known as the nuclear legacy liabilities program, and that might be the initiative you are referring to. That was transferred from Natural Resources Canada to AECL as part of this policy overview. The funding this year.... That liability would stretch out several years to extinguish.

What we see in our appropriation requirements this year is the portion of the funding required to deal with that program in this fiscal year.

Mr. Nick Whalen: Do you know what percentage or what amount of the \$850 million is the contingent environmental liability, the nuclear liability, that's being transferred to the government-owned corporation?

Mr. Brian Pagan: Volume III of public accounts will have a detailed listing of the government's different liabilities and obligations. We would go back to that and extract that information for you.

Mr. Nick Whalen: Is this something we should be able to figure out ourselves, just by looking at the estimates? This really gets back to the theme of how this reporting process can allow parliamentarians to move quicker to the heart of the issue they're trying to get at in these sessions.

• (1640)

Mr. Brian Pagan: Right. That's a great question, Mr. Whalen.

In the C.D. Howe report that the minister referenced earlier today, and that I would commend to the committee, *Controlling the Public Purse*, there was a grading of Canada's senior governance. The starting point for C.D. Howe was to ask whether a reasonably

informed parliamentarian or citizen could move from the budget to the estimates to the public accounts and find information.

For the most part, we get reasonably good marks for the transparency and coherence of our documents. We do fall down in terms of this rating because our estimates are before the budget. We mix people up, as a consequence. There can be challenges reconciling accrual numbers and cash numbers.

The minister, as he said, has the intention of dealing with that. If we could get the estimates after the budget, then that would enhance your ability to follow the trail, so to speak.

The Chair: I think I'll call an end to it. We're out of time, however I have a couple of points. You referenced the C.D. Howe report. Our clerk has informed me that he's able to distribute that to all committee members.

Also, Mr. Pagan, you and your colleagues referenced on a number of occasions additional information that you didn't have at your disposal but would be able to provide. Could we have your commitment that all of that information will be provided to the committee, through the clerk, for distribution to all of the committee members?

Mr. Brian Pagan: It would be our pleasure.

The Chair: Thank you.

With that, witnesses, thank you very much for your appearance here for the second time today. You are excused.

We'll suspend for a couple of minutes and then go in camera for some committee business.

[*Proceedings continue in camera*]

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