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Chair

Mr. Tom Lukiwski

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• (0845)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Colleagues, if I could have your attention, I'll call the meeting to order.

We're pleased to have the Honourable Scott Brison with us today.

Mr. Brison, welcome once again to our committee.

To start off the proceedings, Minister, I would ask you to introduce your officials who are with you today, and then I'll ask you to initiate your opening statement.

Hon. Scott Brison (President of the Treasury Board): Thank you very much, Mr. Chair.

On a personal note, Mr. Chair—and I'm sure I'm speaking on behalf of the committee—we're glad to see you back in fighting form. Welcome back. We spoke during your recovery. You seem to be doing great. All of us look forward to having a little break this summer, but I particularly hope that you take some time. We are very happy to see that you are feeling better and are back to work.

The Chair: Thank you very much, Minister. I do appreciate the gesture and the phone calls during my convalescence. It was very kind of you, and I do appreciate it. Thanks very much.

Hon. Scott Brison: Today, Mr. Chairman, I'm going to be focusing on supplementary estimates (A). I'm here with Brian Pagan, Renée LaFontaine, and Marcia Santiago, who is here from the expenditure management sector.

[Translation]

As you know, supplementary estimates are tabled three times a year. They present information to Parliament on spending that was either not ready for inclusion in the main estimates, or that has since been refined to account for new developments in programs or services. With that in mind, we want to make it easier for Parliament to hold the government to account.

[English]

However, as noted by the PBO in his most recent report on supplementary estimates (A), preparing the main estimates prior to the budget means that these documents are not aligned. I agree with the PBO on that. That's why we have advanced an agenda on estimates reform designed to properly sequence the budget and estimates processes. I look forward to working with parliamentarians on this agenda in terms of a four-pillared approach of purpose-based

budgeting; reconciliation of cash versus accrual accounting; departmental results frameworks; and of course, budget and estimates sequencing.

We are already making some progress in terms of better information and sensible changes to the process. These supplementary estimates (A) provide an online table detailing the activities of organizations participating in horizontal initiatives that span multiple departments. We'll provide more details on those in a moment.

We're also continuing the practice, which started last year, of reconciling funding announced in this year's budget with funding requested through this year's estimates. This comparison makes it easier for Parliament to track government spending and to hold our government or future governments to account.

With respect to budget 2017, this year's supplementary estimates (A) include funding for 26 items announced in this year's budget. Indeed, of the \$3.7 billion to be voted by Parliament in supplementary estimates (A), \$1 billion is to implement budget 2017 measures.

Mr. Chair, both we and the PBO recognize that this is less than last year. It is still significantly more than what was accomplished two years ago with budget 2015 in supplementary estimates (A).

More importantly, our government has started a significant discussion around the importance of getting the basic sequencing right so that the priorities of the budget are presented before the program plans of the estimates. This would allow a bottom-line reconciliation to the budget in the tabled main estimates of the same fiscal year, which would be a first for any government. It would also eliminate the confusion caused by having Parliament vote on supply bills for both the main estimates and supplementary estimates in the same period.

Through supplementary estimates, the government is asking Parliament to approve spending on programs and initiatives of importance to Canadians.

Mr. Chair, our government is committed to growing the Canadian economy and to strengthening the middle class.

Allow me to detail four of the seven horizontal initiatives involving multiple organizations. They include \$221.7 million for the oceans protection plan; \$195.8 million to support the targeted admission of 300,000 immigrants under the 2017 immigration levels plan; \$146.8 million for the youth employment strategy, which was laid out in budget 2017; and \$99.8 million to support infrastructure and programs for indigenous early learning and child care.

Other major items voted in these estimates include \$446.5 million for compensation to first nations for specific claims settlements; \$400 million for transfer payments with the provinces and territories to support early learning and child care; \$235.4 million for national rail passenger transportation services, as announced in budget 2017; \$174.7 million for operation return home to repair, rebuild, and re-establish four Manitoba first nations communities that were affected by the catastrophic flooding in 2011; \$166.7 million to maintain mission-critical services to Canadians; and finally, \$162.8 million to maintain the integrity of Canada's border operations.

● (0850)

[Translation]

I'd also like to draw your attention to the portion of the supplementary estimates (A) that apply to my department.

The Treasury Board Secretariat is seeking Parliament's authority for \$625 million for adjustments made to terms and conditions of service or employment of the federal public administration.

This funding will cover retroactive payments and salary increases resulting from collective agreements that were recently signed or are expected to be signed in the coming weeks.

[English]

Our government is also committed to improving and strengthening parliamentary oversight of spending. With the changes we've made so far, we're raising the bar on better openness, transparency, and accountability. This is reflected in the fact that this May, Canada was ranked number two in the global open data barometer survey. It's a global measure of how governments are in terms of publishing and using open data for accountability, innovation, and social impact. We have more work to do, but we are achieving some progress that is being recognized.

It is also reflected in the Government of Canada's recent election to the Open Government Partnership steering committee ahead of 11 other candidates. This is a global organization affiliated with the United Nations.

Mr. Chair, as you know, I enjoy working with parliamentarians and all stakeholders to find ways to improve the estimates process. We can agree that better aligning processes and timing for the budget and estimates will strengthen the clarity and consistency of financial reporting.

Recently, on June 2, I had my 20th anniversary as a member of Parliament. In that time I spent 17 of those years in opposition and three in government. Just to speak of the role of Parliament, every one of those years was valuable, important, and productive, so I come to this place as a minister from the perspective of great appreciation and respect for the work of parliamentarians. On an ongoing basis, parliamentarians make a difference in the lives of

their constituents but also, as legislators, in the lives of all Canadians.

I really have great respect for the work of parliamentary committees, which is reflected by my 19th appearance, I believe, before a parliamentary committee in this incarnation as a minister. I hope I'm not overstaying my welcome with you, colleagues.

● (0855)

The Chair: Thank you very much.

Colleagues, just before we begin with questioning, Mr. Brison will be with us for approximately an hour.

Hon. Scott Brison: I'm joined by my parliamentary secretary, Joyce Murray, today, whose work has been instrumental.

Thank you.

The Chair: Following Minister Brison's appearance, we will be joined for approximately 30 minutes by officials from the PCO, and for those PCO officials who may be in the room, just a quick heads-up, I will be precluding any opening statements from PCO officials. All members of this committee have their opening statements in hand, so we'll go directly into a seven-minute round of questions to be able to get that portion of our meeting concluded on time.

With that, we'll start our questioning from colleagues.

[Translation]

Mr. Ayoub, you have seven minutes.

[English]

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

I'd like to start by underlining, Mr. Pagan, that you don't have an Ottawa jersey on today.

Mr. Brian Pagan (Assistant Secretary, Expenditure Management, Treasury Board Secretariat): I'm sorry about that.

[Translation]

Mr. Ramez Ayoub: Minister Brison, my first question concerns the payroll requirements, or the \$625 million under vote 30a. It's "funding for adjustments made to terms and conditions of service or employment of the federal administration." You referred to it briefly in your opening statement. You said the requested funding would be used primarily to cover the cost of ratifying new collective agreements and a portion of the employer's anticipated costs related to the 2016-17 fiscal year.

How has the government established the priority of engaging with the public sector unions in a positive way, as part of the new program and with the money that will be spent?

Hon. Scott Brison: Thank you. I appreciate your question.

When we were elected, we inherited a situation where not all federal public servants had a collective agreement. Therefore, we immediately started negotiating collective agreements with all the unions representing public servants. Today, 90% of public servants have a collective agreement. We're currently working on completing the negotiations with the others.

It's very important for us to show our respect for the public service. We have an exceptional public service in Canada. It serves the governments in a non-partisan and professional manner. We'll continue to make progress in the negotiations.

Mr. Ramez Ayoub: To clarify, how many employees are affected? How many collective agreements have been ratified? How many still need to be ratified?

Hon. Scott Brison: We've ratified 18 agreements to date. We also have a

[*English*]

tentative agreement with a 19th group, reached recently, and we're awaiting ratification. We had anticipated the completion of these negotiations, and as such, we're anticipating this funding.

These agreements, negotiated over the last several months particularly, have come a long way in terms of restoring...

● (0900)

[*Translation*]

It's a priority for us to restore a culture of respect for our public service. I believe we've made a great deal of progress, but we still have a lot of work to do. We'll continue working closely with unions and public servants throughout the government.

Mr. Ramez Ayoub: When you negotiate collective agreements, I suppose you make estimates to arrive at \$625 million. Does this figure include retroactive salary amounts? How do you estimate the content of the collective agreements that still need to be signed, to arrive at \$625 million?

Hon. Scott Brison: When we were elected, some public servants hadn't had a collective agreement in three years, in certain cases.

Is that correct, Mr. Pagan?

[*English*]

Mr. Brian Pagan: Yes.

Hon. Scott Brison: In some cases it was three years. As a result, there were large groups within the public service who had been without agreements for some time, so we undertook to negotiate.

You're not just negotiating from now on, you're actually negotiating going back to when the agreements had lapsed. There was retroactivity in many of the agreements reached, reaching back to when the agreements had actually lapsed.

[*Translation*]

Mr. Ramez Ayoub: I gather that this money could have or should have been included in the previous years' budgets. We're including the money in the budget now because the collective agreements will be signed soon.

[*English*]

Hon. Scott Brison: That's right. Brian can explain more granularly how the calculation is done.

[*Translation*]

Mr. Brian Pagan: Yes. Thank you for the question.

[*English*]

The Chair: You have 40 seconds.

Mr. Brian Pagan: I'll answer very quickly.

It's simply a mathematical formula. We know the size of the public service. We know the number of agreements reached to this point. Therefore we're simply extrapolating and doing a forecast of what the amounts would be to cover the public service if the pattern holds.

Second, in terms of how this is funded, there was an operating budget freeze introduced in 2013 that covered a two-year period. Departments are responsible for the portion of the increase that covers that period. They have put money aside, and we're bringing it into these supplementary estimates (a). It's their money and they're going to be paying their bills. Moving forward, there is a central vote administered by the Treasury Board Secretariat that makes the departments whole for the costs going forward, for this agreement.

The Chair: Thank you very much.

Mr. McCauley, you have seven minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Welcome back. It's always a pleasure, Minister, and Mr. Pagen. Poor Renée unfortunately gets shut out again from being able to comment on anything.

I tease your other colleague because she comes along and we never ask her any questions.

Hon. Scott Brison: Well, you can change that.

Mr. Kelly McCauley: Sorry, not Renée—

Hon. Scott Brison: She helps ensure that I have good answers.

Mr. Kelly McCauley: It's not Renée, but the other lady.

Ms. Renée LaFontaine (Chief Financial Officer and Assistant Secretary, Corporate Services Sector, Treasury Board Secretariat): Marcia.

Mr. Kelly McCauley: Sorry Marcia.

You mentioned that 90% of the contracts have been signed now. How many people does that cover approximately?

Hon. Scott Brison: It's fairly commensurate with the public service, so it would be approximately—

Mr. Brian Pagan: The number I have in my head is 185,000.

Hon. Scott Brison: Okay, it's in the 185,000 ballpark. If Brian says so, it must be true.

Mr. Brian Pagan: It's 87%, and I believe the—

Mr. Kelly McCauley: With regard to the \$565 million in the estimates, how many people does that cover, then? I'm sure you've read the PBO report on the estimates. They're stating that the numbers that they had for salary adjustments were applied across the public service. It could be as high as \$2.3 billion, and you have \$565 million. What's the difference, please?

• (0905)

Mr. Brian Pagan: The reference here is to numbers that were included in supplementary estimates (C), the \$535 million. As I think everyone realizes, those funds were not required. They were included in supplementary estimates (C) on the possibility that agreements would be ratified and payments made. Those agreements were not ratified before the end of the fiscal year, and payments were not made.

Mr. Kelly McCauley: Of the \$625 million—

Mr. Brian Pagan: The difference between the \$535 million and the \$625 million is that since the supplementary estimates (C), we've actually signed additional agreements, and therefore we're anticipating higher costs and payouts. That number reflects the best information at the time of supplementary (A)s, which was about 87% of the....

Mr. Kelly McCauley: Will that be enough to cover it? I mention the PBO's comments. It could be \$3.2 billion, so that's quite a gap.

Mr. Brian Pagan: Right. It covers the amount forecast for deals signed up to that point in time. It is hoped there will be additional progress in collective bargaining, and we will see subsequent amounts in subsequent supplementary estimates.

Mr. Kelly McCauley: How much to you expect those to be, to get that last 13% signed up?

Hon. Scott Brison: I think the PBO was speaking of—was it \$2.7 billion?

Mr. Kelly McCauley: \$2.3 billion.

Hon. Scott Brison: That goes to 2018-19.

Mr. Kelly McCauley: Okay, so it was \$1.2 billion for this year.

Hon. Scott Brison: I think he was saying 2018-19, so I think he was looking further ahead in terms of future fiscal—

Mr. Kelly McCauley: But he says \$1.2 for this fiscal year.

Mr. Brian Pagan: It's his forecast. Because negotiations—

Mr. Kelly McCauley: But your forecast is \$625 million for 87%.

Mr. Brian Pagan: This is to cover the deals already signed, and it's the retroactive portion of that. Because negotiations are ongoing with additional bargaining agents, it is really quite difficult to tell the total cost of salaries, both this year and into the future.

His estimates and methodology were very sound. We take no issue with the numbers advanced by the Parliamentary Budget Officer.

Mr. Kelly McCauley: I know that, bit by bit, the actual back pay by Phoenix is being delayed. How far caught up are we? I understand that two or three departments have successfully gone through with the pay changes. How far along are we?

Hon. Scott Brison: The collective bargaining agreements are being implemented currently. The main category, the financial advisers, has gone through for August, I believe.

Ms. Renée LaFontaine: That's right, and we have made some payments.

Hon. Scott Brison: There are some of the collective bargaining agreements, and they're being implemented through a staged approach.

Mr. Kelly McCauley: Do we know how far along we are?

Hon. Scott Brison: It's consistent with the collective bargaining agreements, because there are deadlines for agreements, and we are implementing them consistent with those deadlines.

Mr. Kelly McCauley: You mentioned that 18 of them have been signed. How many have we gotten through?

Hon. Scott Brison: How many has it been at this point?

Ms. Renée LaFontaine: There are three now.

Hon. Scott Brison: And they're being done consistent with each of these agreements that have deadlines, so they're being implemented—

Mr. Kelly McCauley: I understand the need to go slowly with it so it doesn't add to it. I'm just asking for that.

Hon. Scott Brison: Actually, they're being implemented though, consistent with the negotiations, in terms of the deadlines.

Mr. Kelly McCauley: I'm just going to get to the estimates process. We heard one of our committee members state, I think it was just last week, that the estimates reform is on hold for a while. Then just last week, I think, in the Senate, Mr. Pagan said that you expected movement on estimates reform in the very near future. I was just wondering if you could clarify that, please.

Hon. Scott Brison: We've been quite—

The Chair: Give him a time sense.

Hon. Scott Brison: —plain on this in terms of our government's priority to modernize and strengthen the budget and estimates process. We're already doing purpose-based reporting, the new departmental results framework, and cash and accruals, so we're doing three, and in principle, the fourth one.

Mr. Kelly McCauley: Is it going to be in the near future, or is it pushed back? Which is it, please? Will it be in the very near future, as your colleague Mr. Pagan said?

Can you please answer the question, Minister?

Hon. Scott Brison: It would be very soon that we would expect to see progress.

Mr. Kelly McCauley: Progress or movement?

Hon. Scott Brison: Progress.

Mr. Kelly McCauley: We'll come back to the question on progress and which one of you was telling the accurate information.

Hon. Scott Brison: Both were. We're saying progress. There's no space between what Mr. Pagan said and what I'm saying. We believe

Mr. Kelly McCauley: The PBO said you're moving backwards on your progress, so we'll get back to it and sum it up in the next five minutes.

Hon. Scott Brison: The PBO is entitled to its opinion, but we are making progress, and we will make progress very soon.

• (0910)

Mr. Kelly McCauley: Thank you for the couple of extra seconds.

The Chair: Mr. Weir.

Mr. Erin Weir (Regina—Lewvan, NDP): Mr. Brison, you mentioned that you spent 17 of your 20 years in Parliament on the opposition side, so I want to begin by congratulating you on your keen sense of when your political party is close to forming government, and your ability to quickly change parties to avoid that fate.

Voices: Oh, oh!

Mr. Erin Weir: I feel as though you might be getting rusty, though, because you stayed with the Liberal Party through the last election, and here you are before us.

Hon. Scott Brison: That's a curious argument coming from a New Democrat.

Mr. Erin Weir: But we've been even more successful on the opposition side.

Hon. Scott Brison: I was elected in a caucus of 20 as a Progressive Conservative, with Jean Charest as my leader at that time, and I was in the corner where you are. I was up where Elizabeth May sits. Every time I was on camera, you could see the translator behind me. Then when I joined the Liberals, that was the week of the merger with the Canadian Alliance Party in December 2003. I, of course, came over to the government side, and became a minister after 2004. Then we were defeated and I was up in the corner by the Speaker. Then we were defeated worse in 2008, and we moved down—

Mr. Erin Weir: As scintillating as this—

Hon. Scott Brison: —and in 2011.... So I'm the only member of Parliament who has—

Mr. Erin Weir: —I do want to ask you a little bit about the estimates.

Hon. Scott Brison: But I want to tell you, I have sat in every row in the House of Commons, and there's no bad seat in the House of Commons, I can tell you.

Mr. Erin Weir: The implementation of new collective agreements and the hiring of summer students increased the number of problems with the Phoenix pay system in May. Now, it strikes me that the renegotiation of collective agreements and the hiring of summer students are imminently foreseeable events, so I'm wondering if you can provide some assurance that the government is going to better prepare for those events in future.

Hon. Scott Brison: Well, whenever there's a transaction or a change, it creates a burden on the pay system. We are working very hard to anticipate those and to apply resources. As you know, there has been a recent outreach to public servants across the Government of Canada, as well as to former public servants, to increase the

number of people who are actually physically working on the system. That's important.

We've also invested in—

Mr. Erin Weir: I'd like to pick up on that. When you appeared before our committee on May 18, I asked you a whole series of questions about the cost of fixing Phoenix, and you seemed quite hesitant to answer them. I think we now know why. On May 24 your government announced an additional \$142 million, among other things, to hire more people to help fix Phoenix.

In light of that, I would just like to recap the total costs of this boondoggle. My sense is that the initial implementation of Phoenix cost \$300 million. In terms of fixing it, we had the \$50 million to keep satellite offices open. We had the \$70 million a year that is being left with departments for three years, so that's another \$210 million, as well as the \$142 million that you announced recently. That's about \$400 million to fix Phoenix. Are those numbers correct, and do you anticipate that's going to be the final tally, or will there be significant additional costs to Phoenix?

Hon. Scott Brison: The initial cost was \$309.5 million. In terms of responding to some of the issues around the implementation and the quite public challenges faced in the implementation, there was \$50 million for additional support from IBM, more resources to manage our complaints centre, additional training and support to departments and agencies to set up and maintain satellite offices, and \$142 million in 2017-18. That's to increase capacity to maintain the satellite offices, implement a new case management tool, and to better support employees.

Treasury Board has announced that the \$70 million that the previous government expected in cost savings is being left in the departments to focus on fixing this.

I have to tell you this has been—

Mr. Erin Weir: You've cited the same numbers I have.

Hon. Scott Brison: Yes.

• (0915)

Mr. Erin Weir: Would you agree that the total we're talking about is \$400 million so far to fix Phoenix?

Hon. Scott Brison: If you look at the initial costs and the additional resources we've committed, you are looking at significant investments. You've referenced parliamentary secretary MacKinnon's recent announcement of \$142 million.

Mr. Erin Weir: Yes.

Hon. Scott Brison: So \$116 million of that over five years is for pay operations.

Mr. Erin Weir: I'm wondering, Mr. Brison, if you could confirm that we're understanding the total of those figures correctly.

Hon. Scott Brison: It would be in the ballpark of what you're describing.

Mr. Erin Weir: Do you see that \$400 million as being a final total, or do you anticipate significant additional expenditures on fixing Phoenix?

Hon. Scott Brison: We will fix Phoenix and make the investments necessary to fix Phoenix. I can tell you that, from a project management perspective, it's a mistake—and I'm not going to be partisan on this—for governments or any organization to try to cut costs during a complex enterprise-wide IT transformation.

There may be cost savings down the road once you've successfully implemented an IT transformation, but do not try to exact those savings during the transformation. That was a part of the problem.

Mr. Erin Weir: I agree that it was a big mistake, and I'm disappointed your government rushed ahead with it as well, but in terms of the costs of fixing Phoenix, now we are in this mess.

Hon. Scott Brison: I want to address—

Mr. Erin Weir: One item that we haven't talked about too much is the cost of compensating—

Hon. Scott Brison: Mr. Weir, may I? You said something, and I just want to address that.

Mr. Erin Weir: Okay. Go ahead.

Hon. Scott Brison: At the point of going ahead with Phoenix, the decision by the previous government to lay off 700 pay professionals created a situation. We did not have a legacy system. It was the date to start Phoenix. It was not a case of our being able to continue with the legacy system or—

Mr. Erin Weir: Sure. Your government decided to implement Phoenix. You had a problem with phase one, and you had an option.

Hon. Scott Brison: There was no legacy system. One of the lessons for any future government—you never know, maybe even an NDP one some day—would be to maintain the legacy system.

Mr. Erin Weir: I wish your government had done that.

The Chair: Unfortunately, Mr. Weir and Minister, we're out of time, fascinating as the topic is.

Hon. Scott Brison: One of the things, Erin, I found as an opposition member on these committees is that it's a good practice to keep your questions short because it gives people like me less time to think about what I'm going to say, but when you preamble yourself to death, what you do is make it very easy for me to think of what I'm going to say, and then you answer your own questions. Just keep them short.

The Chair: Well, thank you for the advice, Minister. I'm sure it will be well taken by all members of the committee.

We will now go to Madam Shanahan for seven minutes, please.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you very much, Mr. Chair.

And thank you very much, Minister. We appreciate all the advice you can give us.

Just to continue and finish off Ramez's line of questioning about the supplementary estimates (A) and the \$625 million allocated to the pay list requirements, to get it on the record, can you explain why this money is necessary in these supplementary estimates (A), when we already approved the same thing in February?

Hon. Scott Brison: I will ask Brian to speak to the sequencing of it in these supplementary estimates (A).

Mr. Brian Pagan: What we're doing in the estimates process is seeking approval from Parliament to have authorities available if an obligation, a contract, or a requirement comes due. At the time of supplementary estimates (C), which would have been finalized in January, we had just come through a period in December and January when tentative agreements had been reached. It was impossible at that time to know for certain whether they would be ratified and implemented before the end of the fiscal year, so what we did in supplementary estimates (C) was bring it forward for Parliament's transparency to get the authorities. In the event that the agreements were ratified, we would have the funds available to make the payment.

As we know, the agreements were not ratified by the end of the fiscal year and the money was not required. It lapsed, and what we are now doing in supplementary estimates (A) is to take that original amount plus some additional funds to reflect additional agreements that have been negotiated. We are presenting this to Parliament as our best understanding of the costs due at this time as a result of the bargaining process.

There will be additional funds sought in subsequent supplementary estimates as further agreements are reached. There are 27 bargaining agents; we have ratified 18 agreements, and there's a 19th that is pending ratification, so we have eight to go.

● (0920)

Mrs. Brenda Shanahan: Okay. It's not new money, then; it's money that was already approved and now has to be—

Mr. Brian Pagan: The funding, to respond to Mr. Ayoub's question, is coming from two sources. Because of the operating budget freeze, departments have been aware since 2013 that they were going to have to pay a portion of collective bargaining. They put money aside, and it has been continuously reprofiled.

About \$390 million of the \$625 million you see is money that was appropriated in previous years, was never used, was put aside, and is now being brought forward for the departmental portion of the obligation. The balance—I think it's about \$235 million—is funds that are coming from the central fund to reflect the costs going forward. That will be the pattern for subsequent agreements as well.

Mrs. Brenda Shanahan: Thank you very much for that.

Minister, you know I have a personal interest in the realignment process, so I'd like to ask you something about it.

According to the report by the Office of the Parliamentary Budget Officer, page one, these estimates cover 19 of the 94 spending measures in Budget 2017. The report states as follows:

The Government has proposed improving the alignment of the budget and the main estimates by delaying [the tabling of] the main estimates until May 1 and revising internal processes. Given the limited number of Budget 2017 measures that are included in these supplementary estimates, this proposal may not result in [a] meaningful improvement in the alignment of the budget and the main estimates.

When will the other 75 spending measures announced in Budget 2017 appear in an estimates document? Since only 20% of the measures announced in Budget 2017 are included in supplementary estimates (A), how would delaying the tabling of the main estimates have improved the alignment of the two documents this year?

Hon. Scott Brison: There are a couple of things. One is that last year the number was better in terms of the number of budget items in supplementary (A)s. It reflected fewer items of larger amounts. This year we did not achieve the same percentage.

With a permanent or more rational sequencing of main estimates after the budget, we believe that the working relationship between Treasury Board and Finance on budget and estimates processes will deepen and strengthen. As main estimates follow the tabling of the budget, each year you will see progress made in the percentage of budget initiatives that will be in the main estimates. That has been the experience in other countries. In fact, in some jurisdictions they come out almost simultaneously—a lot of the work of budget and estimates is done and announced concurrently or shortly after. The Australians have, in my opinion, one of the better models of how this works.

In Canada, there's the budget process of approving budget initiatives and then the Treasury Board process of submissions to Treasury Board that lead to the actual expenditure approval. I believe that aligning these processes will strengthen budgeting activities and expenditure approvals, which will mean that funds will flow more quickly and that the rigour of public expenditures will be increased.

This is going to take time—and I've been clear about this whenever I met with this committee—but it's a significant step. I believe *The Globe and Mail* editorial has called the current situation absurd, where main estimates precede the annual budget. I agree with that, but it will take time to change. I'm not underestimating the fact that it will take time to accomplish this. Some years we've done better than others, but the permanent sequencing of main estimates after the budget will really take us much closer to what we want.

• (0925)

The Chair: Thank you.

[Translation]

Mr. Clarke, you have five minutes.

Mr. Alupa Clarke (Beauport—Limoilou, CPC): Thank you, Mr. Chair.

Hello, Minister Brison.

In February, the Standing Senate Committee on National Finance shared a concern with you. I don't think you were there, but your senior officials were there. The committee was concerned about the recurring practice of using supplementary estimates—what we're studying today—to pay the salaries of certain ministers, ministers without portfolio. These include the Minister of International Development and La Francophonie, the Minister of Science, the Minister of Small Business and Tourism, the Minister of Sport and Persons with Disabilities, and the Minister of Status of Women.

Your department responded by specifying that the increase in the salaries of ministers without portfolio was part of a practice

established in 1995. That said, the practice violates parliamentary rules.

I have a quick and easy question. Why do you want to increase the salaries of ministers without portfolio?

[English]

Hon. Scott Brison: Each minister in our government has responsibilities. For instance, the Minister of Science, Kirsty Duncan, works closely not just with the ISED department but also across government in a horizontal approach on all matters related to science.

These are ministers with responsibilities. Whether it's the status of women minister or our minister for sport and persons with disabilities, they reflect our government's priorities—science is one, and the advancement of women in the public service and throughout Canadian society is another.

As to the three additional ministerial positions, I think you will see that Bill C-24 would authorize payments to all eight positions under the Salaries Act.

Mr. Alupa Clarke: Exactly, yes.

First, I would say that those ministers without portfolio don't have to take care of a ministry, so their workload is much less for sure, so I don't understand why we would increase their salary.

But the other question is—

Hon. Scott Brison: But I would—

Mr. Alupa Clarke: —why didn't you wait for royal assent on Bill C-24 to go forward with the raise in their pay?

Hon. Scott Brison: I know all these ministers personally and I know what they're working on. They are working extremely hard and their responsibilities are across government to drive important priorities around the advancement of women, or to support Canadians with disabilities, or advance priorities that we take very strongly as a government.

Mr. Alupa Clarke: Okay.

Hon. Scott Brison: The one point you said, respectfully, that they don't have as much work as other ministers, I wouldn't—

Mr. Alupa Clarke: Well, they don't have a ministry, that's for sure.

Hon. Scott Brison: They have significant priorities that they are responsible for driving across every department and agency.

Mr. Alupa Clarke: Let's say we agree with what you said, that they do an important job, and of course it's true.

Hon. Scott Brison: Sure.

Mr. Alupa Clarke: Why didn't you take it seriously as soon as you were elected as a government and put forward Bill C-24? Now, after two years, you are still repeating the same scenario of going on another route. You're supposed to go through the law...and not through the votes. Why are you still, two years after your election, going down the wrong avenue?

Hon. Scott Brison: Thank you.

I'm going to ask Brian to respond.

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

I agree that there is some confusion and I think some misconceptions about the purpose of the vote wording and how it interacts with legislation before the House.

The concept is very simple. There was a point of order raised in the House about this vote wording. The Speaker ruled, in fact, that the vote wording and the authorities are entirely appropriate and in keeping with parliamentary practice.

By the estimates process, Parliament is approving specific wording, what departments can and can't do with the monies provided to them. One thing they can do is pay salaries to ministers and to ministers of state with or without portfolio. The reason for this is because the supply cycle, when we introduce estimates to the House, is fixed, but the way in which the prime minister, he or she, arranges the ministry, is not fixed. A prime minister can make changes to his or her ministry at any time, and if they do that, obviously the prime minister would need the ability to pay that minister his or her salary.

• (0930)

Mr. Alupa Clarke: Is the supplementary treatment included in vote 30a?

The Chair: Mr. Clarke, unfortunately we're out of time. I know you want to have an exchange, but perhaps Mr. McCauley can take that up when it's his turn later in this round.

Mr. Whalen, five minutes, please.

Hon. Scott Brison: We can get back with some answers on that as well and have a further conversation.

Mr. Nick Whalen (St. John's East, Lib.): Thank you, Mr. Brison, and thank you for coming to us for a record 19 times now. That's good. You're going to be like the Wayne Gretzky of the government operations and estimates committee.

Hon. Scott Brison: You've never seen me play hockey.

Mr. Nick Whalen: I'm interested in the oceans protection plan and the \$209 million that's been allocated in supplementary estimates (A).

I'd like to get a sense of how this money is being broken up across departments, how the activities are being broken up across departments, and since the overall oceans protection plan is a \$1.5-billion initiative, whether other funds have been allocated already through other departmental spending initiatives. Or are we expecting to see more funding announced in supplementary estimates (B) and (C) in relation to the oceans protection plan?

Hon. Scott Brison: The initiatives are being carried out and the oceans protection plan is being implemented through Fisheries,

Transport Canada, the Canadian Coast Guard, Environment, Climate Change, and Natural Resources. It's a horizontal initiative across a broad range of government departments and agencies, and over several years.

You can appreciate this, coming from Newfoundland and Labrador, or me from Nova Scotia, or any.... It's essential from an ecological and an environmental perspective, but also from an ocean industry perspective. I would commend to you, I think it was last week, *The Economist* did an excellent piece on global ocean sciences and the state of oceans. Oceans are under threat right now, and the economic opportunities of strong conservation and ecological policies resulting from that are significant.

in addition to the oceans protection plan, as a government we're investing significantly in ocean sciences. The future opportunities for Canada around ocean sciences are immense. We are looking forward to implementing these investments. Marine trade currently employs about 250,000 Canadians, but we believe broadly that the economic opportunities in sustainable ocean management give Canada a great opportunity to lead on this. So our investments are significant. They will help create a lot of economic opportunities for us in the future, while we preserve the ocean environment.

Mr. Nick Whalen: Thank you.

With respect to the back office transformation initiative, about \$25 million is being dedicated to that in supplementary estimates (A). Obviously this committee has provided some recommendations in the past about making sure we're not booking our savings before we achieve them, with respect to IT transformation. Of course legacy back office systems will need to be maintained.

With respect to this process, can you give us some assurance that the legacy systems or the current systems in use will be appropriately maintained with regard to the back office transformation initiative, and some sense about the types of overall savings, if any, government might expect to see in the future?

Hon. Scott Brison: First, it's too early to.... I don't want to make the same mistake that I was critical of earlier. We don't want to be booking savings until we've had the successful implementation of a new system. These investments currently are important. There may be savings in the future, but we're not going to book those savings pre-emptively. We need to get it right.

Back office transformation will help give us a better line of sight into both the financial situation of each department and agency and the human resource status throughout the government. This is important. When wholly implemented over 10 to 12 years, the new system will give us in real time better, consistent reporting of annual spending across government.

We're working on a broader digital transformation of government, and at some point in the future I'd like to have that conversation. Sometime we could get together informally as a group and talk about digital transformation, which I think all governments are taking more seriously now, given the rapidity of change in technology and the expectation that Canadians have of better digital services. It's quite exciting and important work.

• (0935)

The Chair: Thank you very much.

Mr. McCauley.

Mr. Kelly McCauley: I just want to get back to the estimates process. I want to give you a quote from the PBO. He states that the secretariat is moving further away from its goal in 2017-18, rather than closer to it, raising significant questions of whether the government's proposal to delay the main estimates would result in meaningful alignment with the budget. He says, "Unless the Government is able to present a clear plan to reform its internal management processes,...[it's] unlikely that delaying the release of the main estimates by eight weeks will provide full alignment with the budget."

We've also seen, from the PBO and TBS officials, that it's taking six to seven months to get the money through treasury, and sometimes as long as 18 months. Concerning that, how are we going to get to alignment? What specific reforms are you going to be undertaking to shrink that huge gap? It seems we're putting the cart before the horse and wanting to change the Standing Orders and the dates that the estimates are tabled, when we're still waiting six, seven, 18 months to get out the door. What is the plan to get that shrunk before we start changing the Standing Orders? Can we get a commitment that we're not going to change the Standing Orders without unanimous consent of all parties, before we actually have that plan and that progress being made?

Hon. Scott Brison: Kelly, as I've said previously here, I don't underestimate the amount of work this takes in terms of better integration of the budget and estimates process, and the work among individual departments and the Department of Finance and the Treasury Board.

Mr. Kelly McCauley: Can you present us with a plan on how you will shrink that gap?

Hon. Scott Brison: There's been significant progress made. Last year is an example of that. I believe very strongly that next year—

Mr. Kelly McCauley: This year you're going the other way. Last year was a marginal increase over the year before. It wasn't this huge jump like you're saying. It was a marginal increase. Now you're going backwards. The numbers don't lie. You're going backwards. You want a plan before you change the Standing Orders.

Hon. Scott Brison: You can argue this, and I understand your argument, but my belief is actually that when you get the sequencing right, it does shift.

Mr. Kelly McCauley: But you haven't. What is the plan to get it right?

Hon. Scott Brison: We haven't yet, but when we get the sequencing right, that instills within the system—I'm saying with Finance, Treasury Board, and across government departments and

agencies—the expectation that budget items get into the main estimates.

Mr. Kelly McCauley: Are you going to present a plan on how you're going to do that?

Hon. Scott Brison: There's a specific example that's illustrative.

Mr. Kelly McCauley: Minister Brison, please, we're running out of time. Could you just answer the question? Are you going to present a plan to us on how you're going to get this accomplished?

Hon. Scott Brison: We already have presented, and we are in fact already providing crosswalks on this.

Mr. Kelly McCauley: Well, it's not working, because we're going backwards according to the PBO.

Hon. Scott Brison: The Marine Atlantic example is actually one that is illustrative of our approach, and Brian can speak to that, just on the specifics.

Mr. Kelly McCauley: I'd prefer we not talk about a single, individual department.

• (0940)

Mr. Brian Pagan: In respect to the question about what we will gain from alignment, Mr. McCauley, I can cite a specific example here in the supplementary (A)s: Marine Atlantic, on page 2-28. This organization has faced—

Mr. Kelly McCauley: Okay, but Brian, I'm going to interrupt because you say you have one accomplishment. The PBO is very clear; you're—

Mr. Brian Pagan: No, this isn't an accomplishment. This is a poster child of why our current system is wrong.

Mr. Kelly McCauley: Okay. Are you going to present a written plan to us for bringing that huge gap from seven to 18 months down to the two months that you want in order to justify changing the Standing Orders?

Mr. Brian Pagan: The president tabled a discussion paper last year, and it's a four-point plan. We have to get the timing right.

Mr. Kelly McCauley: I've seen the four-point plan. It needs more than a graph, though, showing this, this, and this, to move from 18 months down to six or seven. What we've seen from the PBO is we're going backwards.

Mr. Brian Pagan: But we haven't implemented any part of the four-part plan, so the PBO—

Mr. Kelly McCauley: That's what I'm saying. Why do we want to push ahead? I want to confirm that we're not going to change the Standing Orders just to justify something that's....

Mr. Brian Pagan: Marine Atlantic is an example of why we want to push ahead, Mr. McCauley, so I'll just cite very quickly—

Mr. Kelly McCauley: No, I'm going to interrupt, Mr. Pagan. I don't see the point. Changing the date of the Standing Orders is not going to allow you to move.

Mr. Brian Pagan: Well, you're looking for an example of what we can gain, but you're not letting me present an example.

Mr. Kelly McCauley: If it's taking six to seven to 18 months to get the money out the door, that's not going to get it into the supplementary (A)s. You're going backwards in the supplementary (A)s.

Hon. Scott Brison: You are entitled to that opinion. I have a very different opinion, and that is—

Mr. Kelly McCauley: So you're saying the PBO is wrong?

Hon. Scott Brison: I'm saying I don't agree with the PBO on this.

Mr. Kelly McCauley: Are you saying the PBO's statement is just an opinion?

Hon. Scott Brison: I have great respect for the PBO's work, but it doesn't mean I agree with every utterance from PBO. They may have a difference of opinion from us—

The Chair: Minister, we'll have to leave it there.

Hon. Scott Brison: —which is absolutely fine.

The Chair: Mr. Peterson, you have five minutes, please.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, Mr. Chair.

Thank you, Minister, for being here with us.

Again, congratulations on your 20 years of being a member of Parliament. You, along with, I think, Mr. MacAulay and Mr. Goodale, now represent the old guard of Parliament, so congratulations.

Hon. Scott Brison: Thanks very much.

Ms. Renée LaFontaine: Sages.

Mr. Kyle Peterson: On that esteemed accomplishment....

Mrs. Brenda Shanahan: Sages.

Hon. Scott Brison: Faint praise.

Mr. Kyle Peterson: Mr. MacAulay, Cardigan, of course, not Mr. McCauley here.

Hon. Scott Brison: My eyes are still pretty good, and I think you have more grey hair than I do.

Mr. Kyle Peterson: I do. I spent a lot of time in the private sector. That might explain that.

Hon. Scott Brison: There's no stress in politics.

Mr. Kyle Peterson: But thank you for being here.

First of all, Mr. Pagan, I think you ran out of time with Mr. McCauley. If you want to expand on the plan that...you were about to illustrate an example of how that plan is working—

Mr. Brian Pagan: Thank you.

Mr. Kyle Peterson: —and if the Minister wants to expand on those steps, that would be great.

Mr. Brian Pagan: Just for the benefit of the committee and observers, the Minister did table a plan to this committee last year. It's a four-point plan that addresses timing; the need to reconcile the scope and universe and accounting of estimates; budget processes to provide better control for Parliament by purpose, rather than by inputs; and finally, better reporting, using online tools such as InfoBase so that committee members and Canadians can access, in

real time, information about how government departments are spending their money.

That is the plan, and that has been developed in consultation with departments and other central agencies. We are ready to execute if we can get agreement to move forward.

There was a question. The PBO quite rightly observed that we have fewer budget items in the supplementaries this year than we did last year. We take no issue with his observation. If the question is what can we gain by changing the timing of the main estimates, I would advance three arguments for you, sir.

The first is that we would be able to reconcile immediately the estimates and the budget. Right now we're doing that post-fact with the supplementary estimates (A). That's number one.

The second one is that we have this situation now, where in this supply period, we are going to be presenting full supply for main estimates and incremental supply, supplementary supply, for these supplementaries (A). There is a very specific example, Marine Atlantic. VIA Rail is another. If we had the estimates after the budget, the confusion that's created by the two documents would not be necessary.

In the 2016-17 main estimates, Marine Atlantic's authorities from Parliament were \$140 million. In the 2017-18 estimates that were tabled February 23, the authorities provided to Marine Atlantic were \$76 million. That's almost a 50% reduction.

In these supplementary estimates (A), as a result of the budget decision that came after the tabling of main estimates, Marine Atlantic is seeking \$135.9 million from funding that was confirmed in the budget. Therefore, we're going from \$140 million down to \$76 million and back up to \$211 million. Had we had the estimates after the budget, that apparent reduction would not have been the case, and, in fact, there would not be a requirement for these supplementary estimates. Those amounts would have been included in the main estimates for Marine Atlantic.

The same situation applies with VIA Rail, and it has applied with other departments in the past. Therefore, when the president speaks of the importance of getting the timing right, there are certain budget decisions that are ongoing funding. We don't require elaborate Treasury Board approvals or controls. Once we get that budget decision, we can basically automatically reflect that in the main estimates. That is one of the very real gains from getting the timing right. There are other new initiatives that are identified in the budget that will require some consultation with partners and some challenge from Treasury Board before they're brought forward. They will likely remain elements of budget funding that are brought in through the subsequent supplementaries, but as the Minister says, if we can get the basic processes right, we can shorten that timeline so that it's much more timely.

•(0945)

Hon. Scott Brison: Yes, until you get the timing right on a permanent basis, any progress made year to year will be halting. Part of this is sending more than a clear signal. Actually having the sequencing right, departments and agencies, Finance and Treasury Board, builds, year over year, a deeper and closer relationship between departments and central agencies like Finance and Treasury Board to incorporate and take into account the two processes.

The Chair: Thank you.

Hon. Scott Brison: In terms of what we want to achieve, I think the PBO would be in broad concurrence with strengthening the process.

Where we differ is whether or not it's a priority to do the sequencing. I feel confident that it would be the right thing to get the sequencing right and have the main estimates after the budget.

The Chair: Thank you, Minister.

Mr. Weir, you have three minutes.

Then we'll excuse our witnesses and bring the PCO officials to the table.

Mr. Erin Weir: The supplementary estimates include \$1.6 million for regulatory alignment with Canada's trade partners. Which regulations does the Treasury Board plan to change?

Hon. Scott Brison: That's a great question, Erin.

There are a couple of things. There is regulatory co-operation as part of CETA. There is a discussion with CETA partners around regulatory co-operation. There is also the RCC, the Regulatory Cooperation Council, which has been in place for some time. It was established when President Obama was there, under the previous, Conservative government, and it is focused on Canada-U.S. regulatory co-operation.

There has been some progress. With trading partners like the U.S., there is a tyranny of small differences, in some ways, between our regulations.

Mr. Erin Weir: You mentioned the trading partners, but can you tell us the specific types of regulations that will be changed with this money?

Hon. Scott Brison: Oh, sure. For instance, we have had progress on railcar safety between Canada and the U.S. There has already been progress on that. In the wake of the Lac-Mégantic tragedy, the regulators in Canada and the U.S. have worked together to develop an enhanced standard for a new class of rail tank car for transport of flammable liquids.

Mr. Erin Weir: That would be a good example of moving regulations up to a higher standard. Can you provide some kind of assurance that this will always be the case? Could this ever lead to going to the lowest common denominator?

Hon. Scott Brison: It's an excellent question. I can tell you, on behalf of our government, that we see the opportunity to strengthen the governance. Health and safety, as well as environmental protection, are all key. I gave one example of what has been accomplished already in terms of Canadian and U.S. regulators strengthening regulations around railcar transportation of flammable liquids.

Mr. Erin Weir: Have you considered just having the budget earlier?

•(0950)

Hon. Scott Brison: The principle of whether to have the budget earlier or the estimates after.... The sequencing is the key, and having the main estimates after the budget.... In terms of individual conversations I've had with members of this committee and members of the opposition, I think we all agree on that.

I take Mr. McCauley's point very seriously, that it's not good enough just to change the sequencing unless you do the important work of co-ordinating the work between the budget process and the estimates process, but I believe that getting the sequencing right is extremely important because otherwise all progress will be halting.

Mr. Erin Weir: Are you open to setting the budget date earlier?

The Chair: Mr. Weir, I'm sorry. We're going to have to shut it down.

Minister, thank you very much for your appearance here today.

Hon. Scott Brison: Thank you.

The Chair: I know we're going to have further discussions on this, particularly on the alignment, in the days, months, and perhaps years to come.

You are now excused.

I would ask the committee members that we suspend for a couple of moments while the PCO officials come to the table.

Hon. Scott Brison: I'd like to thank the committee members very much. I have great respect for the work you do individually as parliamentarians, but also collectively at this committee.

This may be the last time I meet with the committee prior to the House rising in a few weeks. I want to wish everybody a great summer in their constituencies and with their families. All the best for a happy, healthy, and productive summer 2017. With Canada 150, it's an exciting year for all of us, individually and collectively, as Canadians. I wish each and every one of you a great summer, and that you rest up and come back raring to go and do great things for Canadians in the autumn.

Thank you.

The Chair: Thank you very much, Minister.

We will suspend for two minutes.

•(0950)

(Pause)

•(0955)

The Chair: Colleagues, we'll resume our meeting.

I have just a couple of quick comments before we start. As you know, we will be going in camera for about a 30-minute period following the presentation from PCO officials since we need to finish off, hopefully within that 30 minutes, the report on the Public Servants Disclosure Protection Act.

Therefore, as I mentioned earlier, we'll preclude the opening statements and go straight to questioning. In addition, I would suggest that we go to one five-minute round, rather than one seven-minute round. That will get us back on time and hopefully allow us to complete the report in camera.

We will start a five-minute round beginning with Madam Ratansi.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you, all, for being here.

My question will concern the PCO asking for \$33.1 million for the National Inquiry into Missing and Murdered Indigenous Women and Girls. I know the PCO had laid out the money in September.

Number one, do you think that money is sufficient? Number two, are there any risk mitigation strategies that you have in place should the process not work out? Also, do you know if the inquiry will be able to complete its work by its given deadline?

Ms. Kami Ramcharan (Assistant Deputy Minister, Corporate Services, Privy Council Office): On a couple of things, maybe what I can do is to preface what the role of the PCO is before I get into responding directly to your questions. Because the commission of inquiry is an independent commission, so a separate arm's-length organization in terms of the decision-making, the role that the PCO plays is really under the administrative support for the commission of inquiry.

We provide all of the financial, human resources, and procurement kinds of activities that they need in terms of making sure that the spending they do, the spending they intend to do, is done in accordance with the rules and the regulations within the Government of Canada.

To come back to your very specific questions about risks and do they have enough money, it's up to the commission to decide how they're going to achieve their mandate. In terms of looking at whether or not there's risk or if there's enough money, it's up to the commission to figure out within the money that's been allocated by government, the \$53.86 million, how they go about addressing those terms of reference, how they structure the work plan, how they accomplish the tasks at hand. Up to this point in time, we have not received any formal request with regard to an extension related to time or any additional resources.

Ms. Yasmin Ratansi: So your role is just a facilitator's role? Okay, fair enough.

Then my question is to the department officials from TBS. The Department of Indian and Northern Affairs is asking for \$174.7 million and this is in relation to the flood in Manitoba. This happened in 2011. Is this the first time your department is asking for money, and if so, why did they come so late?

Number two, what is the cost of rebuilding and is it sufficient for the four first nations?

Mr. Brian Pagan: We'll confirm previous funding provided. It is my understanding that when the flood occurred initially, there was an immediate government response in terms of evacuation and temporary resettlement, but I don't have that detail in front of me and we'll be happy to provide it.

Moving forward, these funds are related to building permanent accommodation removed from the flood plain zone for four first nations, first nations at Dauphin River, Lake St. Martin, and Little Saskatchewan, and the Pinaymootang First Nation. This funding covers both ongoing costs for temporary accommodation and the construction of permanent facilities in these first nations communities.

In regard to future costs, if there are any, it is my understanding that those would be reflected in subsequent main estimates. This is the government's bring-forward plan as it impacts this fiscal year. Any ongoing costs would be reflected in main estimates for subsequent fiscal years.

• (1000)

Ms. Yasmin Ratansi: You don't know whether the work has started or not, right? This is just a request for funding six years later to rebuild permanent residences.

Mr. Brian Pagan: Yes, the construction has now started.

Ms. Yasmin Ratansi: Okay.

The department is also requesting—

The Chair: Madam Ratansi, you have less than 30 seconds left.

Ms. Yasmin Ratansi: Then that's okay. Thanks.

The Chair: Thank you very much.

Mr. Clarke or Mr. McCauley.

[*Translation*]

Mr. Alupa Clarke: Thank you.

Mr. Pagan, I have a question for you. Does the \$625 million under vote 30a include the salary increases for the ministers without portfolio?

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

Vote 30a exists so that the Treasury Board can allocate funding to departments to cover the costs of collective agreements and of certain obligations related to our employer role, such as maternity and paternity leave, and so on.

[*English*]

With respect to ministers of state, in your previous question, the vote wording provides the authority for departments themselves to make those payments until the Salaries Act catches up and provides that coverage.

Mr. Alupa Clarke: I understand that, but is it included?

Mr. Brian Pagan: No.

Mr. Alupa Clarke: It's not there?

Mr. Brian Pagan: No, it isn't.

Mr. Alupa Clarke: Where is it?

Mr. Brian Pagan: You're asking specifically where ministers of state—

Mr. Alupa Clarke: Where are the salary increases to be found? In which vote do we find the increases in salary?

Ms. Marcia Santiago (Executive Director, Expenditure Management, Treasury Board Secretariat): There is no salary increase. It's not part of this round of negotiations.

Mr. Brian Pagan: If your question is with respect to the ministers of state, those funds are provided by the departments in question from their operating votes.

Mr. Alupa Clarke: Okay, so it's nowhere to be found here.

Mr. Brian Pagan: It's from their operating vote. That's why the vote wording is included for each ministry that could potentially have a minister of state or with or without portfolio, in the event that the prime minister makes a change to his or her ministry and introduces a minister or a minister of state where there had not previously been one.

[Translation]

Mr. Alupa Clarke: That's fine. I understand.

I have another question. On May 30, Michel Girard, from the *Journal de Montréal*, published data that made radios in Quebec City panic. The public service benefits have increased by 54% in the past four years.

How can you explain this increase in benefits, which total \$93.4 billion in liabilities?

In the past four years, there has also been a \$33 billion increase in benefits such as severance pay, package deals for separation from employment, and so on. How do you explain this drastic increase in public service benefits, which lit up Quebec City's radios?

Mr. Brian Pagan: Are we talking about the recent studies conducted by the C.D. Howe Institute, Fraser Institute and other analysts that refer to the total costs for the public service?

Mr. Alupa Clarke: I don't know the journalist's sources.

[English]

Mr. Brian Pagan: There are several drivers to the costs of benefit packages provided to employees. There are price and volume factors. There can be increased costs for prescription medicines and certain treatments, over which the government has little, if any, control. With volume, as an aging public service or as we bring in younger workers, you can have costs at both ends in terms of medical costs and parental leave, maternity and paternity leave.

A further driver we have taken to this committee in the past consists of requirements owed to our veterans. There have been court decisions with respect to the offset of pension reductions, and there have been increased costs as a result of some of those decisions.

• (1005)

Mr. Alupa Clarke: Okay.

Mr. Brian Pagan: The final driver is interest rates. Some of our obligations are accrued, and as interest rates go down, the cost of future obligations increases.

Mr. Alupa Clarke: That's a very good explanation. Thank you. However—

The Chair: You have 30 seconds.

Mr. Alupa Clarke: —for each ministry that could potentially have a minister of state, with or without portfolio, how do you

explain that it has risen way faster in the last four years, for example, than in the last decades?

Mr. Brian Pagan: I'd need a specific reference in terms of a study or costs, but those are generally the four drivers that we are aware of in terms of cost increases in this space.

Mr. Alupa Clarke: Thank you.

The Chair: Madam Malcolmson, welcome to our committee. I understand you have some questions of our officials, and you have five minutes to pose them, please.

Ms. Sheila Malcolmson (Nanaimo—Ladysmith, NDP): Thank you, Chair. I appreciate the opportunity.

Thanks to my colleague MP Weir for giving me some space.

My questions are all for the Privy Council Office and in relation to the funding around the murdered and missing indigenous women's inquiry.

We had some fairly high-profile criticisms both from the Native Women's Association of Canada and the 50 indigenous leaders and family members. Quite a few of their questions were about the extent to which money is flowing to the inquiry and whether there are some bureaucratic interferences that might explain why the inquiry has been so slow to generate results.

I will just say the big picture is that we all want the inquiry to succeed and so none of these questions are meant to undermine its overall intent, but just to make sure that as MPs we're doing everything we can to set it up for the best success.

Do the commissioners have full access to the inquiry funding that the government has set aside for them? Do we have examples of times that there have been delays waiting for payment in relation to the inquiry because of the Privy Council Office approval process?

Ms. Kami Ramcharan: Mr. Chair, I will take the questions.

As I mentioned, just specifically with regard to providing funds to the commission of inquiry for murdered and missing indigenous women and girls, even though we're coming here for supplementary (A) estimates, and it's the first time we're coming for those resources, we've had enough resources within the PCO budget to be able to pay for expenditures related to the commission up to this point so they have not been without resources available for what they would need in terms of doing it. Have they had full access? Absolutely.

How we develop the access, the way we've come up with the fact that we're going to be using \$34.4 million roughly this year, is by working with the commissioners to determine what their work plan looks like, what they want to achieve, and being able to come up with a costing. Because, as you're aware, in terms of getting money out of Treasury Board ministers it's about providing a work plan, identifying how the money is going to be used, and the timing that money is going to be used for. Yes, the commissioners have had full access to any resources they would have needed in terms of carrying out their responsibility.

In terms of examples related to payments not being made on time, I know there have been some challenges with regard to.... There is government process. We won't just say someone's going to go and travel, and they've spent \$100. We actually need to see the authority for that spending to happen, we need to see the receipts associated, and we have to have all of those checks and balances in place before we can issue the money.

There have been challenges from the people who, say, travel for the advisory committee meetings, for the hearings, to get their information in together, to get it signed off through the commission structure into PCO for us to then turn it around.

We have put in two specific people within PCO. That is all they do. For anything that comes into the PCO in terms of procurement requests, payment requests, or anything like that, their only function is to make sure we don't delay the operations of their committee.

Ms. Sheila Malcolmson: When the commissioner submitted the first yearly plan, how much time did it take for the monies to start to flow to hire staff, open offices, and pay travel expenses?

Ms. Kami Ramcharan: It would have had nothing to do with the plan. As soon as they hit the ground running, as soon as they wanted to.... For example, the first office we opened on their behalf was in Vancouver. We had staff go out right away and look at facilities within Vancouver to see what would be appropriate for the chief commissioner in terms of setting up their operations.

As they wanted to hire staff, it wasn't a question of whether they had the budget, the facility to do that, because everything they wanted to do within their request we were able to accommodate.

It's unfortunate, but we are in a government process, so in order to get accommodation, to do travel claims, we have a process we have to follow. We try to make that as streamlined as possible and do as much heavy lifting as we can.

•(1010)

Ms. Sheila Malcolmson: How long does it take for the PCO to arrange a payment once the chief commissioner has approved the expenditure?

Ms. Kami Ramcharan: Within days we can arrange payments.

Ms. Sheila Malcolmson: Great.

There were also questions around the fee that comes out of the budget. Some of the budget for the inquiry has been spent to support the Privy Council Office and civil service staff.

I wonder how the PCO determines the fee that is charged to the inquiry.

The Chair: A very short answer, please.

Ms. Kami Ramcharan: Whenever we go forward with a Treasury Board submission to seek monies in order to deliver on a program, there is a piece that's internal services. That's for the underlying back office function that we provide. We're not going to charge them directly for the use of a financial system or for the services I would provide to them directly, but that's built into what we call a fee, but it's actually an internal services cost. That's typical with any Treasury Board submission that we would submit, and it's in line with a costing model we've developed over a number of years that we apply against our Treasury Board submissions.

The Chair: Thank you very much.

Finally, we'll have Mr. Whalen, for five minutes please.

Mr. Nick Whalen: Thank you very much, Mr. Chair.

Following up a little further on those questions, when I go to the MMIWG website, it talks about the number of staff. It looks like there are about 41 there now. When we look at the briefing note we've received, it says that you're intending to hire 65 full-time equivalents in 2017-18. Would that include the 41 who are on the website? Is PCO the employer of all the support staff of the commission, or are these separate and apart, so you expect to have 115% of the employees that the commission itself has?

Ms. Kami Ramcharan: Maybe I can be a little clearer.

The commission will be hiring roughly 65 people during this year. They won't be employees of PCO, but it will be on our books, because all of the funds for the commission will appear in our main estimates. It's not a separate organization. It simply seemed best, for the sake of expediency and cost effectiveness, to have that attached to our organization.

Mr. Nick Whalen: In order to make sure this procedure happens as seamlessly as possible, PCO is doing whatever it can to assist in the administration while maintaining the independence of the commission itself. Is that right?

Ms. Kami Ramcharan: Absolutely.

Mr. Nick Whalen: That's wonderful to hear.

This is sort of a broader question. We have a letter from the Auditor General regarding fraud risk mitigation. It points out some issues regarding interdepartmental... Canadian Food Inspection Agency, Global Affairs, Health Canada. It singles out Defence Construction Canada for the level of risk assessment it is doing internally that might not be as proactive as it should be regarding fraud, corruption, and collusion.

I'm wondering what additional procedures might exist within Treasury Board to ensure that additional risk assessment is done in those areas, so that even if internal departments aren't managing their fraud risk appropriately, maybe Treasury Board is picking up the slack.

Mr. Brian Pagan: I'm aware, certainly, of the Auditor General's report. I'm not intimately involved in the response, but there was a management response and I will make sure that's forwarded to this committee.

It's important to point out that the Auditor General assessed the risk of fraud, and in assessing that risk he found no fraud. We have controls in place, and he made specific recommendations to improve those controls.

We have a range of activities currently. You mentioned Defence Construction Canada. They submit a corporate plan in which they identify proposed projects. They look at their existing management practices and skill sets to deliver on those plans, and the environments they're going to be working on. That's one view we would have of that department, and there are many others.

Secondly, when it comes to individual transactions, projects, as my colleagues mentioned, there is a challenge function at Treasury Board where we will be looking at the specific details of projects to understand terms and conditions—who they're going to be working with, the way service will be delivered, how contracting will be administered, and the geographic areas they're working in—and then there will be specific conditions or controls put in place to address that.

I will make sure you get the management response to the AG report.

Mr. Nick Whalen: With respect to the National Inquiry into Missing and Murdered Indigenous Women and Girls, are they subject to the same controls? Have they gone through this fraud, collusion, and corruption analysis? What's the effect? Are there risks there that we haven't heard about yet, or are they all being appropriately managed?

Ms. Kami Ramcharan: I'm not certain exactly how to respond to that.

Within the controls of PCO, we will do our due diligence to make sure all of the transactions that happen are done in accordance. We have our own internal control framework set up to manage the resources of Canada, that are part of our responsibility, like any other resources within PCO.

In terms of the transactions that happen on the ground with the commissions of inquiries, they tell us what they want to do and we use our processes that are currently in place. We use our standing offers, our procurement vehicles, and our staffing processes to ensure those controls and frameworks are addressed.

I think there's an appropriate control framework in there for managing the risk of fraud, because we do our due diligence and we do follow up with regard to every expenditure that's made.

•(1015)

The Chair: Thank you very much.

Colleagues, before I dispense with our witnesses, there are a couple of questions I have for all of you with respect to the supplementary estimates (A).

Do I have the unanimous consent of the committee to call all the votes on the supplementary estimates (A) together?

Some hon. members: Yes.

The Chair: PRIVY COUNCIL OFFICE

Vote 1a—Program expenditures.....\$33,132,276

(Vote 1a agreed to)

TREASURY BOARD SECRETARIAT

Vote 1a—Program expenditures.....\$26,392,686

Vote 30a—Paylist Requirements.....\$625,000,000

(Votes 1a and 30a agreed to)

The Chair: Shall the chair report the votes on the supplementary estimates (A) to the House?

Some hon. members: Agreed.

The Chair: It shall be done, thank you very much.

To all of our officials from PCO, I thank you for your appearance here again today.

We will suspend for a couple of moments, colleagues, and then go in camera.

[Proceedings continue in camera]

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