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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, I'll call the meeting to order and welcome our guests.

Monsieur Fréchette, thank you very much for being here.

Colleagues, this is a televised meeting. Before we begin, I have just a couple of quick notes. We may be interrupted by bells this morning. I'm not 100% sure on that, but I have a sense that we'll probably hear the bells ringing at about a quarter after 10 or so. Since we're next door to the chamber, if we still have questions of our guests, we have the ability to stick around here a little longer rather than just leave immediately when the bells start ringing. I'll do a little consensus building at that time and see what we need to do.

Since this will be in all probability our last meeting before the summer, I want to thank each and every one of you for all the hard work you've performed on behalf of Canadians and your own taxpayers. I particularly want to acknowledge all the hard work you did with our most recent report, which we tabled last week, on the whistle-blower protection act. We hadn't had a report like that for 10 years, as all of you know. I have heard, as I'm sure you have heard from many of your constituents and many public service holders themselves, that an update of that act was desperately needed. We had many, many government employees and public servants who were feeling shut out of the process. They felt that they couldn't really go forward to their supervisors, in some cases, with evidence or suggestions of wrongdoing, for fear of reprisal. I think the work you all did on drafting that report, which we've tabled, will go a long way in comforting a lot of our public servants and in fact encouraging them to come forward with evidence of wrongdoing, should they see it in the workplace.

This is, I think, a very memorable—I won't say “historic”, as I'm not prone to hyperbole—and good piece of work that all of you did. I give my thanks to each and every one of you for that. It's going to stand the test of time, I believe. We'll see what happens in five years when we do another review. Congratulations to each and every one of you. You should be proud of the work you did.

Colleagues, I also just want to mention to you that our clerk, Philippe, will not be with us come the fall. This is his last meeting. It's been 18 months since this committee began sitting, and I think we will now be going through our fourth clerk, which I take as a direct reflection of my abilities as your chair.

Some hon. members: Oh, oh!

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Is it us?

The Chair: It kind reminds me of my love life when I was younger, when the woman always used to say, “It's not you, it's me. That's why I'm leaving.”

Philippe is going on to bigger and better things. I know we all wish him well.

Thank you for all of the hard work you've done.

Some hon. members: Hear, hear!

The Chair: Of course, I will never ignore, and nor should I, our two hard-working analysts. Both Audrey and Raphaëlle have done exemplary work over the course of the last several months. Frankly, without them, we wouldn't be tabling reports in the House of Commons as comprehensively as we have been.

Ladies, thank you very, very much for all your work.

Some hon. members: Hear, hear!

The Chair: With that, Monsieur Fréchette, we will have your opening statement. We'll continue with a round of questioning until we are interrupted by bells. Hopefully, sir, we can get the majority, if not all, of the meeting under our belts by that time.

The floor is yours, sir.

Mr. Jean-Denis Fréchette (Parliamentary Budget Officer, Library of Parliament): Thank you, Mr. Chair.

You made a good segue when you mentioned the fall. Should Bill C-44 be passed in the next few hours, all of the PBO team members are looking forward to working with your committee, which is one of the four committees mentioned in the PBO legislation. We're looking forward to that.

[Translation]

Mr. Chair, Mr. Vice Chair, members of the committee. Thank you for the invitation to appear before you to discuss the estimates process and our recent reports on the estimates.

Today, I am joined by Mostafa Askari, Assistant Parliamentary Budget Officer, and by Jason Jacques and Alex Smith. I feel that Mr. Jacques and Mr. Smith are members of quite a small group of experts who have been following the evolution of the budget process for many years.

[English]

Of course, I include in that group Brian Pagan and his colleague Marcia Santiago, who are both not unknown to your committee.

[Translation]

As you know, in October 2016, the Treasury Board Secretariat released its vision for estimates reform. It rests on four pillars: aligning the estimates with the budget, scope and accounting, vote structure, and finally, the departmental plans and results reports.

[English]

We welcome the government's efforts to enhance Parliament's role in financial scrutiny. To help parliamentarians examine the government's proposals, we prepared a document outlining issues to be considered when reforming the business of supply. We have also been monitoring the implementation of the government's reforms through our reports on the estimates. While we have observations on each of the four pillars, I will focus on the government's proposal to improve the alignment of the budget and the main estimates by delaying the main estimates—originally until May 1, and now until April 16 based on a recent motion that would amend Standing Order 81. We will come back to that standing order during the question period, if you want.

As the inclusion of budget measures in the spring estimates is an indication of whether delaying the main estimates will lead to alignment with the budget, we tracked the number and value of budget 2017 spending measures in supplementary estimates (A) 2017-18. We found that only 44% of the additional funding allocated in budget 2017 for 2017-18 was included in the supplementary estimates (A). This is a decrease from the previous year, when 70% of the budget funding was included in supplementary (A)s 2016-17.

Given the limited number and value of budget measures that were included in supplementary estimates (A) 2017-18, we are concerned that the government's proposal to delay the main estimates may not result in meaningful improvement in the alignment of the budget and the main estimates.

• (0850)

[Translation]

It is worth noting that, in 2008, the government began tabling spring supplementary estimates with the stated intention of facilitating a closer alignment of the estimates to the budget. As the number of budget measures included in the spring supplementary estimates has varied considerably, it could be concluded that delaying the main estimates would result in similar challenges.

Our examination suggests that successfully aligning the budget and the estimates will require substantial reforms to Finance Canada's and the Treasury Board Secretariat's budgetary approval processes. Thus, parliamentarians may wish to wait for additional details regarding the government's plans to streamline and align those processes before changing the timing of the main estimates.

To help parliamentarians hold the government to account for the implementation of its budget plan, we also decided to track spending and tax measures from announcement in the budget to parliamentary approval through appropriation and budget implementation bills.

As a result of that exercise, we found a number of budget 2016 spending measures, 44% of them, line up with items included in the 2016-17 supplementary estimates. However, many spending measures had more funding or less funding than indicated in the budget, or were simply not funded through the supplementary estimates in 2016-17.

[English]

On that basis, we concluded that there is often no clear line of sight between budget spending announcements and their implementation. The different presentation, wording, and accounting methodology makes it challenging to align budget spending measures with items included in the estimates, and it is not possible to track spending on most budget measures beyond the first year or what was actually spent on specific measures. It is thus very difficult for parliamentarians to follow the money and hold the government to account for implementing its fiscal plan as outlined in the budget.

We believe that the government may be able to address some of these challenges by preparing and presenting its budget and estimates concurrently and using a more consistent method of presentation, as was recommended by this committee in 2012.

[Translation]

We have provided copies of the documents I have mentioned to the clerk.

My colleagues and I would be happy to respond to any questions you may have regarding our analyses, as well as the government's estimates process.

[English]

Thank you very much, Mr. Chair.

The Chair: Thank you very much, Monsieur Fréchette.

We'll start our seven-minute round of questioning with Mr. Peterson.

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

Thank you, Monsieur Fréchette, for being with us this morning.

Your report here looks at just the one fiscal year, correct? These numbers are just for the last fiscal year?

Mr. Jean-Denis Fréchette: Yes, the last fiscal year.

Mr. Kyle Peterson: We see that 44% of it lined up. Is there a problem with getting the proper authority to spend through the supplementary estimates process as opposed to the main estimates?

•(0855)

Mr. Jean-Denis Fréchette: I don't think it's a problem with the supplementary estimates; it's a problem with the main estimates. The 44% that you mentioned is interesting, because it was the following year: this year. Last year, in the main estimates, you could see 70% of the spending measures included. The reason is simple; it was a big chunk of money under the infrastructure program. It was easier for the government and Treasury Board to include it in supplementary estimates (A) following the budget. It was not the case the following year, because the infrastructure program was not there anymore, and therefore all these smaller programs and all that were more difficult.

The problem is the beginning of the fiscal year following the budget, with the supplementary estimates (A), where you're supposed to have most of the expenditures that were not in the main estimates.

Mr. Kyle Peterson: Okay.

The Treasury Board president, Minister Brison, has appeared before this committee on a number of occasions, and he has agreed and admitted that the first step toward improving these processes would be to get the alignment right. I think he referred to it as the "sequencing". The government has now proposed moving the tabling of the main estimates to April 16 or 18, I think. That will obviously have consequences. The machinery of government will have to change and improve alignment between the budget and the estimates.

Do you agree with his assessment?

Mr. Jean-Denis Fréchette: We said in our report analysis that this move from the President of the Treasury Board was laudable. We still mention that. We welcome that. We welcome that for parliamentarians. We work for parliamentarians. But we have some restrictions, or when we observe and then we make the analysis as we did and follow the money document, we can see that it's going to be very difficult. You're talking about the sequencing. We still have to see this sequencing.

It's not by changing the standing order to April 16. Maybe it will help a little bit to give an additional two or three weeks to Treasury Board to make the alignment, but we're not convinced that it will be sufficient. Is it an incentive for Finance Canada and Treasury Board to work more collaboratively, or in better collaboration? We're not convinced of that.

I don't know if Jason wants to add something on this.

Mr. Jason Jacques (Director, Economic and Fiscal Analysis, Office of the Parliamentary Budget Officer, Library of Parliament): I think the only observation we would make, going back to Jean-Denis' opening statement, is that the government attempted to do precisely this in 2007 and 2008 with the creation of the spring supplementary estimates (A). Largely it's been a failure over the past 10 years. We've asked where the plan is, how are they actually going to implement things differently in comparison to the past and address those failures, but nothing has been forthcoming at this point.

The only other observation I'd make is that if Minister Brison and Minister Morneau cannot currently direct their officials to work together more effectively, I think there's an open question regarding

to what extent Parliament is in a good position to place additional pressure on those two government departments.

Mr. Kyle Peterson: Do you see as part of the problem, then, that Finance and Treasury Board are not working in alignment, in conjunction?

Mr. Jason Jacques: That's precisely the observation we made, and have been making over the past eight months, that the problem does not rest within Parliament but rather within the government and within the public service itself. Until they actually fix those internal processes and until Parliament actually sees a plan to fix those internal processes, changing the Standing Orders of Parliament is potentially the wrong direction to be going in and the wrong thing to be focusing on.

Mr. Kyle Peterson: Okay.

Mr. Fréchette, have you had a chance to review the new departmental results framework or the departmental results reports, or the concept, if not in any detail? Do you think it's an improvement on the way things operated in the past?

Mr. Mostafa Askari (Assistant Parliamentary Budget Officer, Office of the Parliamentary Budget Officer, Library of Parliament): Well, relative to the current system, I think anything would be an improvement. There is a performance architecture within the government. They are always trying to improve that. What we have observed in the past is that the way that was managed and the information that was provided was not very useful. We did a study a couple of years ago, in which we looked at the performance indicators. We tried to figure out how they are being used, and whether there is any link between those performance indicators and the changes in expenditures for various programs. We couldn't find any link between those two. We saw that programs that were not actually performing well were given more money, and programs that were performing really well saw their budget reduced.

So it wasn't really clear how the government was using the indicators. Right now they are trying to improve that, and we have to see if it is a better system. Certainly that would be welcome.

•(0900)

Mr. Kyle Peterson: Okay.

How's my time, Mr. Chair?

The Chair: You have a little less than a minute.

Mr. Kyle Peterson: Okay.

I read your report, and in one of the tables was a comparison to other jurisdictions. Is there an ideal jurisdiction that you see out there? Is there someone we should be trying to mimic more than others, or do they all have some merits and some not-so-good aspects?

Mr. Jean-Denis Fréchette: To quote the President of the Treasury Board, Australia is a model to follow. He also mentioned the Netherlands, but Australia is probably one of the best examples. Over there, both treasury and finance work really closely together. They're moving together. Their collaboration is clear. They table their budget and estimates at the same time. Of course, it's a different culture, and we have to understand that. So we're not there yet.

Mr. Kyle Peterson: Thank you, Mr. Chair.

The Chair: Thank you very much.

[*Translation*]

Mr. Clarke, you have seven minutes.

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

Good morning, Mr. Fréchette. It is an honour to meet you and your team. Thank you for joining us this morning.

Last fall, in 2016, we debated some reforms of the main estimates a little. We did so without focusing on whether the figures or the accounting methods were exact and without discussing all those questions of a technical nature. Instead, from a more philosophic perspective, we spent time discussing whether the reforms would actually reduce the time allocated to members to scrutinize government spending in depth.

In your opinion, if these reforms were adopted, would that actually reduce the time allowed to scrutinize the expenditures?

Mr. Jean-Denis Fréchette: Thank you for the question. The answer comes in two parts.

First, we all know that your time is limited. So, if the documents are clearer and easier to understand, and if the figures in the budget and the main estimates are better aligned and better organized, clearly, your examination of them will be made easier, and consulting the documents from end to end will be quicker.

Second, according to the proposed changes—you are referring to those that are the result of the reforms and probably to those regarding the Standing Orders of the House—the amount of time you have is still being increased. Even if you put the tabling of the main estimates back to April 16, parliamentarians still have more time, up to June 10, to examine them.

That is certainly enough time if the documents do indeed turn out to be clearer, plainer and easier to understand. As I said, if we, as experts who have been observing the budget process for years, have difficulty in finding figures ourselves, we can understand how difficult it can be. Any reform proposal that clarifies the process is clearly welcome.

Mr. Alupa Clarke: Right.

On the third page of your document, you say: “the government may be able to address some of these challenges by preparing and presenting its budget and estimates concurrently...”

What exactly do you mean? Does concurrently mean on the same day and with the same figures? Is that what you mean?

Mr. Jean-Denis Fréchette: And with the same accounting, yes.

That was a recommendation of the committee in 2012. As I explained, it is what happens in other countries. The difficulty is that I am not convinced that it can be done and I refer specifically to 2012. That is when senior officials said that the main estimates and the budget could never be aligned, for various reasons, such as accounting, financial year and cash flow, but also because of the amounts of the spending. They said that we would always need supplementary estimates in order to align some expenditures, and we agree on that.

That is why alignment could be extremely difficult if there is no change of culture inside the public service itself in terms of providing data. We will not achieve that by changing the Standing Orders of the House. I do not see what incentive there would be, especially as that change is for two years. It goes to the end of the current, 42nd Parliament, unlike other regulations that, once changed, stay changed forever—accepting that nothing is really forever. However, in this case, it is a trial run for two years. So it has to be seen as a pilot project.

● (0905)

Mr. Alupa Clarke: Yes, in Australia, when changes were made to align the budgets, it seems to me that it was done immediately, was it not? They did not take two or three years to conduct pilot projects.

[*English*]

Mr. Jean-Denis Fréchette: Jason, on Australia...?

Mr. Jason Jacques: Sure.

In the specific case of Australia, many years of work were undertaken leading up to that alignment. To highlight the point that the President of the Treasury Board and Mr. Pagan made in the past at this table, and that we've also made, it is a complex undertaking, but again, it's an undertaking that primarily starts within the public service. It's alignment within the public service, government departments, and especially central agencies working very closely together to ensure that the documents that can be furnished to parliamentarians and upon which they're voting are well aligned and very well integrated. It does require a tremendous amount of internal work and machinery changes within the public service.

[*Translation*]

Mr. Alupa Clarke: Mr. Fréchette, I will let you have the floor for the two final minutes, so that you can make any comments.

Mr. Jean-Denis Fréchette: Thank you, but I have no further comments, except to repeat that we find the approach very commendable in trying to harmonize the estimates and providing parliamentarians with clearer documents. I want to be very clear on that. In the budget process, it is your role to approve those sums of money. In order to do that, you need clear documents that are easily understood in a short time. That is my main comment.

However, as Mr. Jacques and I mentioned, it is currently difficult to take such an approach in the public service and the two central organizations. We hope that the reform will result in the main estimates being presented a little later, and that it will bring about better alignment.

Based on our analyses of the last two years—I am not giving you an opinion of mine—70% of the funding proposed in the budget was accounted for in the 2016-2017 supplementary estimates (A). That was easier, because it was about overall infrastructure programs. This year, it is more difficult because it is about individual programs. So the performance of the departments has to be a factor.

Mr. Alupa Clarke: Right.

I have one final question.

Is the alignment of the budget and the supplementary estimates designed to improve the management of the public purse or to make the documents easier to study in committee and for the public and MPs to understand? Basically, we have been operating in this way since 1867. I feel that Canada is a fantastic, rich country anyway. We all agree that it is a great democracy.

Is the goal of the reform to manage an internal process on Parliament Hill or is it really to improve the management of the public purse?

Mr. Jean-Denis Fréchette: I would say—
[English]

The Chair: Monsieur Fréchette, I know that your answer will be a little more comprehensive than perhaps we have time to allow, so I will ask you to keep your thoughts. The answer to Monsieur Clarke's question may come up in subsequent rounds of questioning.

We'll now go to Mr. Weir for seven minutes, please.

Mr. Erin Weir (Regina—Lewvan, NDP): Thank you.

Thank you, Mr. Fréchette. As you mentioned, last week the government put forward a motion in Parliament allowing it to table main estimates as late as April 16 as opposed to March 1. The downside of this proposal is that it reduces the time available to parliamentarians to scrutinize the main estimates. The potential upside is that it allows more time for better alignment between the main estimates and the budget.

I'm looking for your assessment of whether this proposal will achieve that goal.

Mr. Jean-Denis Fréchette: My assessment is that we won't have the choice; we will see. As I said, it's clearly a pilot project. We will see next year how parliamentarians will react to that. Mostafa might want to add something to that.

We have views, but I'm a very positive person. As I said, you will also have more time at the end because the deemed reporting to Parliament will be pushed to later in June. It will give you some time. If the documents are clear and easier to understand, maybe for you it will be preferable.

Mostafa.

• (0910)

Mr. Mostafa Askari: It gives the government between two and six weeks of extra time, essentially, because the budget date is not fixed, so we don't know when the government will actually table the budget. It could be the beginning of March, it could be the end of March, it could be in April. We don't really know how much extra time the government will get with this proposal.

The other part that has already been mentioned is that the problem really is not the date of the main estimates; the problem is the internal processes for the Treasury Board to approve the various budget measures. Based on the report from the government, those could take up to 18 months. If that's the case, then four or five weeks or two weeks of extra time will not help the government to include most of the budget measures into the main estimates.

Another problem with this proposal is that you are going to lose the supplementary estimates (A), which are normally tabled in the

month of May. What that means is that you will see most of the budget measures in the estimates only in November, when the first supplementary estimate is tabled.

It's not clear this is actually an improvement relative to the current system in terms of the alignment between the budget and the main estimates. What you need, really.... The test is very simple for every kind of measure that is proposed by the government in this regard—namely, is this going to increase the capacity of parliamentarians to hold the government to account and scrutinize their spending? Based on our evaluation, this proposal is not going to do that. Again, the problem is not the date; the problem is the internal processes. The Treasury Board submission process is completely separate from the cabinet process for approval of the budget measures, so when you get the budget approved, then you have to start the Treasury Board process, which will take up to 18 months. That's why we don't see the budget measures included in the main estimates.

Mr. Erin Weir: We're all in the position of having to vote on this proposal very soon. If you had to vote on it, would you vote for or against it?

Mr. Mostafa Askari: I'm not a member of Parliament, so I don't decide. I don't make that decision. Really, the challenge is for you, not for me.

Mr. Erin Weir: Okay. Well, indeed that is the case.

You mentioned the fact that the budget date is not fixed, and of course that raises the question of whether it should be. I mean, certainly one way of allowing more time for alignment between the budget and the main estimates would be to present the budget sooner. Is that something we should be looking at as a proposal?

Mr. Mostafa Askari: That was the proposal by OGGO in a 2012 report, that the budget date should be fixed. There is really no reason for not having it fixed, but obviously the government wants to have the flexibility of choosing the date of the budget. You know, this is their choice, but the problem is that when you fix the main estimates date but not the budget date, then you don't really have much room to play with, because you don't know when the budget is going to be tabled. Again, moving the date four or five weeks forward is not going to change the system significantly.

Mr. Erin Weir: Right.

Mr. Fréchette, you just described this current proposal as a "pilot project," which I think is an excellent analogy. We're going to have two estimate cycles under this new proposal, if it's passed by the House. Do you think that will be enough time to assess whether or not it works?

Mr. Jean-Denis Fréchette: I think the first year will be the acid test for that pilot project, because we will see if it's possible to have this alignment very quickly. The first year, we'll have some kind of a really good test.

The point here, to go back to what I said and to what Mostafa explained very well, is whether it's an incentive for both Treasury Board and Finance to have better collaboration and come with something that will be aligned with the budget. We will see that right in the first year.

Mr. Erin Weir: I think you've all made the point that the real problem here might not be the dates and the Standing Orders but rather a lack of alignment or co-operation between Finance and Treasury Board within the public service. I'm wondering what you see as the solution to that problem.

Mr. Jean-Denis Fréchette: I don't have a solution.

Mr. Mostafa Askari: One thing you can consider, and I don't know how difficult that is, is to integrate the cabinet process with the TB submission process. These two processes are completely separate now. Departments go through the MC process to get their programs approved by cabinet, and once that is done and the budget is tabled, then the TB processes start. Obviously they can't align the two, if that's the case.

In jurisdictions that don't have this problem, such as Australia or Ontario, those two processes are all the same. You go through one process to get it approved by cabinet and Treasury Board at the same time. Everything is done at the same time.

So theoretically that is possible to do. I don't know how difficult that is practically. That's something that officials from the two departments should be able to help you with.

• (0915)

The Chair: Thank you very much.

[Translation]

The floor is yours, Mr. Ayoub

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

Thank you for joining us, gentlemen.

We are talking of harmonizations, but, actually, parliamentarians need clear documents in order to base themselves on relevant information so that they are able to vote. I have familiarized myself with the document that was sent to us. It is called "Following the Dollar—Tracking Budget 2016 Spending and Tax Measures". It is an interesting document. It really shows us the differences, the difficulties and the challenges, as you mentioned previously. Following the money comes with a number of difficulties and they are structural ones. What you are telling us is not new.

There are in place plans, a test and a pilot project that help us to follow the expenditures with faster and more rigorous study. A budget sets a course, but it sometimes varies in a year and, at that point, we have to react. That is the time when we as parliamentarians have to make decisions.

Is this initiative, of following each expenditure and providing statistics, currently improving communications between your organizations, parliamentarians, the Minister of Finance and the ministers in the Treasury Board?

Mr. Jean-Denis Fréchette: Thank you for the question.

We hope that it will improve things. A document like this is interesting for anyone involved in the areas of finance and accounting. We do hope that it will improve understanding for parliamentarians. Do not forget that we do not work for the departments, we work for parliamentarians. This document is a good example of something that can help parliamentarians to better grasp

the difficulties that they have to resolve when they are looking at the budget process.

As Mr. Askari mentioned, it is not just a question of examining the budget process from the figures that you see in the main estimates or the budget. It is also important to clarify all the steps. It starts somewhere, meaning that an amount that appears in the main estimates has first been argued over in cabinet, then in the Department of Finance and the Treasury Board, not to mention in the approval stage.

In fact, we can see that amounts mentioned in the federal budget do not necessarily appear in the main estimates. They may only appear in the supplementary estimates. We have given the committee some examples. It gives you an overview of the difficulty for the Treasury Board and the time that approving some budgets can take. Infrastructure programs are good examples of programs that can require a lot of time.

Mr. Ramez Ayoub: It is also said that moving to an appropriation structure that is focused on objectives, as opposed to departmental expenditures, should in fact allow the process to be accelerated and be better understood before moving on. Do you agree with that hypothesis?

Mr. Jean-Denis Fréchette: I agree in part. Ideally, the approval process should be program by program, as the government previously asked. It is easier, for example, to examine one program and the corresponding amount, then another, and so on. High-level expenditures, such as statutory spending, budgetary spending or other kinds such as salaries, will now be based on the same objectives. That will certainly give you information of another kind, but there is still a large grey area where you will not have all the details of all the programs.

The argument is that you are going to go from 300 or 240 votes to 1,200. That argument is still valid. I reread this committee's 2012 report and the response to its members at that time used exactly the same argument. The officials said that it would not be possible to have an approval process program by program, because that would require too many votes.

• (0920)

Mr. Ramez Ayoub: Yes, there certainly would be a large number of votes.

Perhaps, one day, it will be possible for us to vote electronically; it would be easier and quicker.

There is a pilot project at Transport Canada. If you are aware of the project, could you tell us a little more about it? Could it be extended to other departments?

Mr. Jean-Denis Fréchette: Mr. Jacques could probably give you more details about the Transport Canada project.

[English]

Mr. Jason Jacques: Alex.

Mr. Alex Smith (Financial Analyst, Office of the Parliamentary Budget Officer, Library of Parliament): As the member had mentioned, there is a pilot program where the grants and contributions of votes of Transport Canada have been divided into subject-type votes. It's a good question whether or not that pilot project will be expanded. The government started this and put it in place for one fiscal year. It has given no indication of whether or not it will be expanded to other departments, and, if so, when. That would be a great question to ask the Treasury Board Secretariat. It does at least move in the direction of program-type votes that this committee had recommended in 2012.

Mr. Ramez Ayoub: How long would it take for the project to follow...? Is it a year?

Mr. Alex Smith: They've had it in place for a year. When members asked the Treasury Board officials how it was going, they said it was going fine. They just haven't made any commitment to expand it, to do anything more with it.

How long it would take to expand it across the government to other departments would depend on the departmental accounting systems a little bit. They could at least expand it to a few more, to five or six departments, and see how it works and what the kinks are. However, there's no plan in place to do so at this time.

Mr. Ramez Ayoub: Okay. Thank you.

[Translation]

I have one final question.

Does this policy run the risk of compromising the government's ability to reassign funds to meet unforeseen needs? If so, would you be in agreement with authorizing departments to reassign part of one appropriation to another, without the need for additional parliamentary approval, as is done in Quebec? Is that a possibility? Could we come up with a recommendation to that effect?

Mr. Jean-Denis Fr chet: First, the Parliamentary Budget Officer does not make recommendations. You mentioned a different approach. In Quebec, credits are approved by a parliamentary committee, immediately and very soon after the budget, and some transfers are, indeed, authorized. Based on my current understanding of what is going to happen, there will still be an opportunity for departments to transfer some funds within those targets.

In terms of the programs, and you also referred to risks, unforeseen events, emergencies, and so on, I would say that this is a follow-up. In principle, there may be additional budgets, which is why supplementary estimates continue to exist.

Mr. Ramez Ayoub: Thank you.

[English]

The Chair: Thank you.

We'll now go to five-minute rounds, starting with Mr. McCauley.

Mr. Kelly McCauley (Edmonton West, CPC): Gentlemen, it's a pleasure to have you here.

Mr. Askari, you talked about how we'll be losing the supplementary (A)s, basically. The next supplements will not get tabled until November, I think. Do you see a risk of six or seven

months of lost oversight from when the supplementary (A)s disappear, from when we can actually view them?

Mr. Mostafa Askari: I'm not sure if you lose oversight, because you haven't approved anything yet. If the measures are not proposed in the supplementary estimates, you haven't authorized the spending, so the government cannot go ahead and spend on those programs. What it means is that it delays the start of the various programs, because the government has to wait until November to get them approved by Parliament before it can start spending money on those programs. The problem is that, again, the main estimates are tabled in April, but the main estimates essentially are based on the budget measures from the previous year. So you don't really see anything of the new measures until November.

That's actually the problem that exists right now. They are trying to fix this by changing the date, but we don't really see how changing the date by six weeks will resolve that problem. The government had an opportunity over the past two years to include more of those measures in the supplementary (A)s. Last year it went up to about 70% of the measures, and then this year it went back down to close to 40%. Obviously there is an issue there. There is some problem with the processes that are being used, so they can't include those things. I don't really see how that is going to resolve the problem.

• (0925)

Mr. Kelly McCauley: We've heard repeatedly—it was in your report that came out in November and then in the supplementary (A)s report—that the issue is that we need reforms to the spending process, etc. Will moving the tabling of the supplementary (A)s to April 16 have any value if we don't have these reforms done?

Mr. Mostafa Askari: That's what we have been saying in our evaluation of this.

Mr. Kelly McCauley: [Inaudible—Editor] value in moving the tabling date to April 16 if we don't have the reforms to go with it that will get the spending items in the main estimates, or even in the supplementary (A)s.

Mr. Mostafa Askari: That's correct. If there is a detailed plan to

Mr. Kelly McCauley: [Inaudible—Editor] a detailed plan. All we're doing is moving the date.

Mr. Mostafa Askari: That's right.

Mr. Kelly McCauley: Should we even bother moving the date, then, at this point? Can you offer an opinion?

Mr. Mostafa Askari: Well, obviously it's your decision, Parliament's decision, on whether or not to vote for this. But as we said, in our evaluation of this, it is not going to change—

Mr. Kelly McCauley: Without the reforms, what are the consequences of moving the date to April 16? We've seen the supplementary (A)s actually go from 70% to 40%—a regression that the TBS president somehow tried to spin as progress—but we're going the wrong way on the supplementary (A)s and on getting items in there. We're not going to see the reforms. Is there anything to gain? Are there any consequences to moving to April 16?

Mr. Mostafa Askari: There is a possibility that you are actually moving backwards, because if you lose supplementary (A)s and the government does not have the capacity to include more budget measures in the main estimates—

Mr. Kelly McCauley: That seems to be where we're going.

Mr. Mostafa Askari: —then you're actually losing that opportunity from supplementary (A)s. That means moving backwards.

Mr. Kelly McCauley: Okay.

The TBS has submitted their four-point reform package for the estimates. As we've talked about, we have a need for clear documents. You've said, with all your brainpower and your resources, you're not able to dig through everything; much less us in Parliament. Do you see, with the reform package put forward by the TBS, that we will get clearer documents that we will need for spending oversight?

Mr. Mostafa Askari: Obviously, there's always room for improvement. If they can improve their—

Mr. Kelly McCauley: But in this four-point plan, do you see that?

Mr. Mostafa Askari: There are certainly areas there that are positive in terms of the idea of starting the pilot project for approval by programs rather than by votes. If that is expanded to other departments and other programs, that would be a positive step in terms of the control that Parliament could have over spending.

Those kinds of things, and changing the RPP and DRP documents to have them provide more information and better information to parliamentarians, are positive steps, but the main issue that the government was trying to resolve and address was the alignment and the fact that the main estimates did not really reflect any new measures in them. That part has not been done, in our view.... You won't see any improvement in that.

The Chair: Thank you.

Monsieur Drouin, you have five minutes, please.

[*Translation*]

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

I would like to thank the witnesses for being here today.

I have a question about the structure of votes. We are often asked whether we have to vote on the programs. In the last report, the 2012 one you mentioned, I remember that the senior assistant secretary of the Expenditure Management Sector seemed a little reluctant to suggest this. Perhaps we can understand why. Parliament would have to hold over 2,000 votes if we voted on all of them.

I want to understand how we could ensure that we don't have to hold 2,000 votes. It would obviously be far too many.

There was talk of holding 191 votes last week. We would have spent 30 hours voting. It would take a long time because we don't have an electronic voting system.

Do you have any suggestions about establishing a limit on the amount of expenditures, a cap or base amount, for instance?

● (0930)

Mr. Jean-Denis Fréchette: That is an excellent question. Thank you.

Indeed, you are asking whether it would be better to have a lot of details and to vote on those, or to have fewer details, but a main objective and to vote on that, while giving the departments the freedom to use funds by objective, as I mentioned previously.

That's precisely the debate that Mr. Matthews referred to, in 2012, and that you mentioned. It's the exact same debate that the current secretary, Mr. Pagan, mentioned before your committee. It's really up to you to choose, namely, whether you want to have all the details and the accompanying votes.

I can ask Mr. Smith to respond as well. His approach may be different from mine.

Mr. Francis Drouin: Yes.

Mr. Smith, could you give me an example of another place where there is a perfect balance between the two options? I think we could make a good match with these.

[*English*]

Mr. Alex Smith: Well, there's a need to strike a balance between parliamentary control and government flexibility. For the government, they need to be able to make changes throughout the year and not have to come to Parliament every time they want to make a change. When you have a vote for Parliament, they cannot exceed that. It is a limit on how much they can spend. If you break that spending out into further categories and more categories, they have to be more careful about how they spend their money, and they need to have very thorough accounting systems.

Right now their accounting systems are not robust enough to make sure that they do not exceed a vote if you give them, say, 10 or 12 categories of their spending within a particular organization. That is why, to some extent, the government prefers the current method, because there are overall categories of expenditure by capital, by operating, or by grants and contributions.

The motivation of this committee in 2012 was that when you vote on a grants and contributions, or a capital, or an operating, it really doesn't say a lot to a parliamentarian: "I'm more interested in what you're going to achieve with the funding." If you have a vote based on the results or objectives that the government is going to achieve, it's more meaningful to parliamentarians. If you want to affect the amount that is spent, are you really interested in reducing the amount that is spent on capital? Or are you interested in the amount that's going to be spent on rail safety as opposed to highway safety, other marine safety, or other things that a department might be interested in, and seeing how the funds are organized in that way?

The challenge for the government is that if you have to come forward every time you want to move funds around between these votes to Parliament, it can make it difficult to respond to emerging issues during the year. That's why in some jurisdictions—and as they put in their discussion paper—you could have a system whereby government can move up to a certain percentage of the vote without coming back to Parliament.

There are various ways in which you can accommodate these things. The committee, if it wanted to, could do a more thorough study on this particular pillar, on the the vote structure, and see how it could work for government and for parliamentarians to find the balance you're talking about.

Mr. Francis Drouin: Okay. That's great.

The Chair: You have 30 seconds, Francis.

Mr. Francis Drouin: I was going to get into fixing internal processes, but that's not a 30-second conversation—

Voices: Oh, oh!

Mr. Francis Drouin: —so thank you very much.

The Chair: We have Mr. Clarke and then Mr. McCauley, for five minutes.

[*Translation*]

Mr. Alupa Clarke: Mr. Fréchette, I am going to come back to my last question and rephrase it.

Is there anything normative behind the harmonization of budgets, meaning the supplementary estimates tabled in March are more reflective of the budget for the current fiscal year? Is it really to improve the accountability or democratic accountability that Canadians can expect from their government? Are we looking for a better way to live together or is it really about helping us to do our work better on a technical level?

Mr. Jean-Denis Fréchette: Thank you for your question.

The objective of the Treasury Board is precisely to make life easier for parliamentarians and to help them play their proper role in holding the purse strings. It's clear. There is a spirit and a will in this sense. As Mr. Askari and I mentioned earlier, we aren't convinced that this will really make it easier for them. We believe that, at the beginning at least, so the first cycle of next year, we will be able to realize this, meaning we will verify whether parliamentarians are in a better position to hold the government accountable for its expenditures.

You asked if there was something normative behind all this. We are going to see whether the promises of this reform will be realized—it will be the ultimate test. At the moment, we do not see how changing the dates or making the budget mobile in time will change things. There is no mention that the budget must be presented in February, March, April or May. On April 16, when the main estimates will be tabled, it might be harmonized with a budget tabled two weeks in advance, as we have seen in the last few years when the budget was tabled very late.

Is this a step forward? We can hope so. Is it a step forward that see happening? Not necessarily.

• (0935)

Mr. Alupa Clarke: I have one last question.

Did research institutes, university chairs or professors tell you that studying budgets was an important process for them, as it would help them in their research?

Mr. Jean-Denis Fréchette: No, we don't necessarily have contact. When we prepare our reports, we actually forward our information, that is, that we interact, we work together. However, we have not

received any actual analysis that the criticisms we are making would be well received. In fact, the same challenges are being repeated.

Before today, I appeared before this committee in 2002 and in 2012. The same arguments are still being made, and all reforms and attempts at reform have had the same problems so far.

Mr. Alupa Clarke: Right.

I will turn things over to Mr. McCauley.

[*English*]

The Chair: Kelly, you have about a minute.

Mr. Kelly McCauley: You mentioned that one year would be the acid test to see how the government's doing with these proposed changes. What would success look like to you and what would failure look like to you after one year with these reforms?

Mr. Jean-Denis Fréchette: I should not use that word, "acid" test. It's old. Preston Manning used to use that word.

Jason, do you want to say something?

Mr. Jason Jacques: I think the cleanest acid test is actually going to the Treasury Board Secretariat's departmental plan for this year, where they indicate that the target for the coming year is that 100% of items from the budget will be tabled in the most immediate supplementary estimates. That's the official target from the government, the 100%, and we're currently at roughly 40% for the current year.

Mr. Kelly McCauley: Right. But by moving it to April 16, it bumps the next supplementary estimates to, I think, November. So it's giving them six extra months.

Mr. Jason Jacques: Well, the precise language is that's in the next estimates.

Mr. Kelly McCauley: Yes.

Mr. Jason Jacques: The next estimates, after the budget, will actually be the new date for the main estimates, so...

Mr. Kelly McCauley: That's not going to happen. What would you consider successful—60%, 80%...? They're not going to get 100%, let's be honest.

Mr. Jason Jacques: I think we have the much easier job of providing analysis to the committee and to parliamentarians.

Voices: Oh, oh!

Mr. Jason Jacques: As we've pointed out in the past, we've suggested that parliamentarians ask the government for a plan regarding how they're actually planning on implementing and achieving this target.

Mr. Kelly McCauley: We tried that last week and we didn't get an answer from TBS.

Mr. Jason Jacques: I think were we to actually see a plan, then just based upon the regular analytical approaches that we take we'd be able to actually look at the plan, determine where the risks are, determine the likelihood of achieving the results, and determine, of course, how those risks could actually be managed.

The Chair: Thank you very much.

Madam Shanahan, you have five minutes, please.

Mrs. Brenda Shanahan: Thank you, Chair.

Thank you very much to the panel. It's always interesting to discuss this subject. I think every time we do, we clarify somewhat more just how this process works, for ourselves and of course for the people who are watching this.

I think we need to clarify right away that it's not a one-year test. This change will be for the foreseeable future, over the next two years, certainly until the next Parliament. I think that's important to understand, because it's not a short-term process. It's not, "Let's try this, and if that doesn't work, let's try something else." Many changes need to be done in this process, and I think we need to give it a chance.

Could you just clarify, Monsieur Fréchette, that it's not your understanding that it's just a one-year deal?

• (0940)

Mr. Jean-Denis Fréchette: What I said is that we know, because it's mentioned in the Standing Orders, that it is for this Parliament. Technically it will end with this 41st Parliament. What will happen after, we don't know, but it's mentioned in the Standing Orders that the change to Standing Order 81 is for the next two years, according to the fact that we will have technically a new Parliament in 2019.

What I said is that, yes, it's going to be for two years. You're correct on that. What I also said is that the first real test will be the first year, the upcoming fiscal year. That's where I used the word "acid" test. Right there, if there were a question that, let's say, 40% of the measures are included.... I'm not saying that's the target. I'm just saying that it's going to be up to members to decide whether or not it's a proper performance. It's a good point; maybe in the Treasury Board plan they should have a target. They should come with a target and say, "We aim for 50%", which would be better than just having an open end to that. There will be a baseline. The expectation will be there. It will be easier for the parliamentarians to judge whether or not the performance is okay or not.

Mrs. Brenda Shanahan: It's a point well taken. I think the government reform proposal does suggest adjusting internal processes—for example, to have the new initiatives approved by cabinet and Treasury Board, exactly the problem your panel was raising earlier about Treasury Board and cabinet working together. Clearly that's something that needs to be happening. Wouldn't this address your concerns about the timing of the estimates?

Mr. Mostafa Askari: I think what you need to see as members of Parliament.... The objective is to improve the processes, but you haven't really seen any plan. If the government sets a goal of 50% or 60% or whatever that target is, if that goal comes with a plan that shows exactly the steps that the Treasury Board is going to take in order to improve the system, whether it's their collaboration with the Department of Finance or their own internal processes in how they are going to do that, then of course you're going to look at the target and the plan and say, okay, these two together will actually lead to success. But you have not seen, in Parliament, what the plan is.

Mrs. Brenda Shanahan: I understand. I think really what we want to do is set up a plan in which we're looking at where we need to go and how we're going to get there. It's not necessarily a number or percentage that's going to tell us if we're getting there, because we know from looking at other jurisdictions that it does take time.

There's a lot of culture change that has to happen. I for one, having worked in both the financial area and the management area, know it's a step-by-step process. I think it's more important to get it right than to get somewhere artificially.

On that note, something that interests me is looking at different ways of providing appropriations. I like the idea of giving departments more leeway, something like a two-year appropriation cycle, which is something that's already being used in CRA, CBSA, and Parks Canada. Is this something that would be of benefit in other departments, in your estimation?

The Chair: You will have to leave your answer until the next round. I'm afraid we're completely out of time.

Mr. Weir, you have three minutes. That will complete the first round of questioning, and we will go back to seven-minute rounds immediately after that.

Mr. Weir.

Mr. Erin Weir: Thank you.

We left off, Mr. Askari, where you were saying that there was better alignment between Treasury Board and budgetary processes in jurisdictions like Australia and Ontario. It strikes me that in many of those jurisdictions around the world and at the provincial level in Canada the Treasury Board is part of the finance department. Is that something we should consider at the federal level?

Mr. Mostafa Askari: The machinery issue is something that we haven't really looked at. It's not really part of our mandate to look at the machinery of government. But whether it is part of Finance or separate from Finance doesn't mean they cannot work together. I think the way we have seen it is that those two processes are completely separate now, and there is no way you can align the results if the processes are completely separate.

To me, it's as simple as that. You have to find a way to integrate those processes in order to align the main estimates and the budget. With anything else, you may see some improvement, but not necessarily an improvement you are looking for.

• (0945)

Mr. Erin Weir: Are there any further thoughts?

Mr. Jason Jacques: I have nothing to add to that.

Mr. Erin Weir: Fair enough.

To bring up a specific example, the government was putting forward a national inquiry into missing and murdered indigenous women. That was in the budget, but there was no funding for it in the main estimates. When we asked the Privy Council Office, they said they had enough money left over from other things to pay for it up until supplementary estimates.

Does that seem like a reasonable approach?

Mr. Alex Smith: One of the interesting things about having the two processes separate is that something can get refined. Something gets announced in the budget—i.e., we're going to do this—but the departments have not been fully brought inside on their planning processes. So they say, well, it's not really going to roll out that way; we need to actually refine the numbers or the year in which we're going to spend the money. In doing the tracking document, one of the things that was different between the budget and the estimates numbers was that when the departments then refined the numbers and said, you know, maybe we're not going to spend it in that particular timeline.... A classic example is the inquiry. There was an announcement in the budget, but when it came to try to implement it through the department, it took longer than expected.

If there was a better integration of the processes, the department could have that upfront discussion before it even gets announced in the budget. Then it would improve the information in the budget as well, not just in the estimates.

The Chair: Thank you very much.

We'll go back, as far as time allows, to the seven-minute rounds.

Mr. Whalen.

Mr. Nick Whalen (St. John's East, Lib.): Thank you very much, Mr. Chair.

Thank you to all for coming today from the parliamentary budget office. It's very helpful for us as we continue to meet with Treasury Board about this process.

There's been some discussion today about targets, timelines, and a detailed plan, yet the Treasury Board has come to us many times setting a very clear strategic direction and goal of competently aligning the budgets and the estimates process, and doing so in a way that will allow parliamentarians to have better oversight. In my view, getting there in a reasonable way, any improvement will be greatly appreciated by parliamentarians.

In terms of baselining, why do you think it's important that they should establish some benchmark criteria for a number of estimates that get wound up in the mains, or an amount of spending that gets wound up in the mains, when the first step appears to me to be just to align the timing and provide an opportunity to table the estimates as closely as possible after the budget? Doesn't the change to the standing order allow them to make that first step?

Mr. Mostafa Askari: We weren't actually proposing a target. It was as a response to a question that we were asked about whether it would be 40% or 50%.

Again, going back to what I and others have said here before, just changing the date of the main estimates and putting them right after the budget...or maybe after the budget, because we don't know when the budget is going to be tabled. It's still possible that the budget comes after the main estimates, even with the change. That is not going to help them to align, because we know from past experience

Mr. Nick Whalen: [*Technical difficulty—Editor*] make it possible for them to align? Currently, with a March budget, which is typical, it's impossible to align the main estimates with the budget, but now this would make it possible. Is that not the case?

Mr. Mostafa Askari: It will make it possible but not very likely. I don't want to repeat myself, but as long as the processes for approval have not been changed and improved, it's very unlikely that they can actually align by changing the date by six weeks.

Mr. Nick Whalen: Well, I think we've heard the President of the Treasury Board come before us and say that this is his goal. The change to the standing order gives him two opportunities to do that. Is that not correct?

Mr. Mostafa Askari: It will give him an opportunity to change the internal processes, but as to whether or not they have a plan to do that, we don't know, because we haven't seen any plan.

Mr. Nick Whalen: Is there any obligation on them to provide you with a plan?

Mr. Mostafa Askari: Not to us, to you.

Mr. Nick Whalen: That's fair.

Mr. Jean-Denis Fréchette: Perhaps I can add something very quickly, Mr. Chair.

What's interesting is that in the standing order, if you remember, the original plan, as I mentioned, was May 1 from the beginning, since February 2016 when these discussions began. Eventually it was refined, and in November with the reform, the proposal, and so on, it was always May 1. Now it is pushed back two weeks, to April 16, which is interesting to see. Were there some negotiations somewhere at one point? We are not aware of that. Is it because the Treasury Board believes that no matter when the budget is tabled, they will have sufficient time by April 16 as opposed to May 1?

It is intriguing a little bit. I have to admit that it is intriguing to see that they pushed that date back a bit.

• (0950)

Mr. Nick Whalen: I'm keen to see them succeed. Obviously I would like to see a new main estimates that aligns with the budget tabled within a few days or a week of the budget. I think that would be laudable, and it would be a great improvement on what we currently have.

A missing piece in Canada versus what the Australians have is an expenditure review committee in the finance and budget preparation process. You've talked a little bit about aligning TBS and Finance's commitment to these goals and their ability to work together. What does Finance need to change in order for them to align the budget with the estimates process, rather than simply aligning the estimates with the budget process? Do we need to have an expenditure review committee, which would take a look at budgetary measures and their costs before a budget is actually tabled?

Mr. Alex Smith: That's a great example. That would be an example of the two processes being integrated and working together. If the Department of Finance works closely with the Treasury Board Secretariat before the budget is prepared—an expenditure review committee would be a way of doing that—then the two processes are aligned. Then an integration can happen. Then you can align the budget and the main estimates.

If they were to do that type of process—it could be something similar or something slightly different—they wouldn't actually need to change the Standing Orders. If you had that integration within the government, you could make the alignment and then present both documents at the same time. They would be fully integrated.

Mr. Nick Whalen: On the last little bit there, we could do that; is there any negative to having that happen between March 1 and April 16, which is the extra window the government is asking for, versus requiring them to do it before March 1, given historically what the budget timing is?

Mr. Alex Smith: Part of the implication of the process is that you will now have an interim estimate. Currently you have the main estimates and you vote on interim supply at the start of the year and it's roughly three-twelfths of that. Instead, because main estimates are going to be presented after the fiscal year starts, you're going to have to start with something else. That would be based on the expiring year's main estimates rather than the current year's. So there is a disadvantage in the sense that the funds being provided for the first three months of the year are not based on the spending for this current fiscal year.

Mr. Nick Whalen: Well, that might be a recommendation, to ask that interim supply be based on estimates for the current year rather than the previous year. That might be a good recommendation to make to Treasury Board.

Mr. Alex Smith: You can't do that, because you're not going to present the main estimates until after the fiscal year has started.

Mr. Nick Whalen: Assuming that the documents that are tabled with interim supply are as you described them, there is no reason why we, as parliamentarians, couldn't require Treasury Board to prepare interim supply estimates based on projected future. They would have to do those calculations anyway, and then there would be no loss of information. You're assuming that information is lost here, but I don't think there is a requirement for any information that currently exists not to be presented to parliamentarians.

Mr. Jason Jacques: That's a good point. Again, with respect to incorporating the additional information, I think everyone would agree with you. That said, there is the reality check that under the current internal guidelines produced by the Treasury Board Secretariat, these interim estimates are actually locked down in December of the previous year. So if they are locked down in December of the previous year, then that, in effect, leaves you in a situation where there's simply not enough time—

Mr. Nick Whalen: I think the projections you make in December about next year's spending would be just as good as the projections you make in February.

The Chair: Unfortunately, Mr. Whalen, we'll have to wrap it up.

Mr. McCauley, you have seven minutes. Go ahead, please.

Mr. Kelly McCauley: Thanks again, gentlemen.

Without the improvement in our internal processes, we're not likely going to see—though it would be nice if we could—better alignment with the estimates, with the budget, by changing the date. Are there any negative consequences with going to April 16? Unless we have a big improvement in internal processes, we're not going to see any positive consequences out of this. What are the negative consequences?

● (0955)

Mr. Alex Smith: There is, ironically enough, a positive to the current system. When preparing the tracking document, for which we took budget 2016 and tried to see where it appeared in the estimates, the irony of the current system is that the supplementary estimates provide a lot of detail. There are different lines and it is identified which budget something came from.

While there were some difficulties, it was possible, more or less, to make a table in which you could align the budget priorities with the estimates. Because of the way the main estimates are prepared, departments roll up all of their spending into programs, and they have a highlight section in which they may or may not provide financial information. So if the budget items were included in the main estimates, that is not transparent to Parliament. The irony is that you would lose a little bit of transparency in being able to see how those budget items are being approved by Parliament.

Mr. Kelly McCauley: Okay.

We've talked a lot about needing a plan for improving the processes. A couple of weeks ago we had the President of the Treasury Board here. We asked what the plan was, and we got.... We didn't get an answer, basically, other than, oh, we're improving, and then he pointed toward his four pillars discussion paper as his concrete plan to improve the processes.

You've read the four-pillar plan that he has. Do you think this is the concrete plan to improve the processes with the estimates, to get the spending done, to get the programs started, etc?

Mr. Mostafa Askari: The four pillars don't actually deal with the internal processes at all. Those are completely different. Certainly that's not part of that plan. There may be another plan somewhere else.

Mr. Kelly McCauley: I agree. So we do need a real, true, concrete plan for how we're going to improve the processes. Right now it seems as though we're putting the cart ahead of the horse by changing the estimates date. But again, we do have these process problems. You identified that in the supplementary estimates (A) some of the programs are coming out six or seven months after the fact, and changing the date is not going to help one bit.

What improvements would you like to see in our processes? The big start obviously is Treasury Board and Finance actually working together.

Mr. Mostafa Askari: As I think I mentioned earlier, and as others have said, there has to be better integration of the two processes at Finance and Treasury Board to align budget items with the main estimates. That's really the bottom line.

How they achieve that is something that's internal. They have to decide how they are going to achieve that. That is the plan we are talking about, the steps that they need to take to better integrate those two processes.

Mr. Kelly McCauley: With regard to moving the estimates back to April 16, one of the complaints we have is that it takes away a fair amount of our oversight ability. Is that a valid concern for parliamentarians?

Mr. Mostafa Askari: As I said, you lose the possibility of authorizing spending that is required for the budget measures, because they won't come; if they can't include those in the main estimates, you won't see them until November. That's about seven, eight, or nine months after the budget.

Mr. Kelly McCauley: Okay.

How much time do I have, sir?

The Chair: You have about three minutes.

Mr. Kelly McCauley: Thank you.

In those three minutes, I will open the floor to all four of you if you have any other comments on the date change and the other processes going on right now.

Mr. Jean-Denis Fréchette: Perhaps I could quote from the evidence of this committee in 2012. This quote comes from Bill Matthews:

The estimates from the previous year are certainly used by my colleagues in the Department of Finance in formulating their next budget. That budget will then influence the main estimates for the following year. It is very much a circular relationship. You will never have complete alignment between the two.

I think what we're talking about is whether there is a way to strengthen the links between the two documents. You will never see a complete alignment. He goes on about this.

For me, this is not impossible to have stronger links between one and the other, the budget and the estimates. As we mentioned, this culture and this commitment from one department collaborating with another department is central to this plan that we have been talking about.

That would be my only comment.

•(1000)

Mr. Kelly McCauley: But the plan right now is to change the estimates tabling to April 16, and then being deemed reported June 10, I think. Without all the process changes needed, is this going to help spending oversight? Or is it going to help parliamentarians in any way, concretely, again without the needed process improvements?

Mr. Jean-Denis Fréchette: Again, as to whether the documents will really help, we mentioned—

Mr. Kelly McCauley: We don't have the documents. We don't have the processes.

Mr. Jean-Denis Fréchette: That's right. We don't know. Until we see these better aligned documents, it will be very difficult. That's why it's a matter of whether the two departments will collaborate and have a document that will be helpful for parliamentarians.

Mr. Kelly McCauley: We hope they will. As Ms. Shanahan mentioned, it's to all our benefit—Canadians, taxpayers, and

parliamentarians—that the government succeeds. We hope they will present a clear plan on how they're going to improve their processes and properly align everything.

Mr. Jean-Denis Fréchette: So do we here.

Mr. Kelly McCauley: Yes.

Thank you, sir.

The Chair: Mr. Weir, you have seven minutes.

Mr. Erin Weir: Thank you.

I'd like to pick up on this point about interim supply at the beginning of the fiscal year. By going to April 16, there are at least a couple of weeks at the start of the fiscal year where interim supply will have to be based on old information. I'm wondering if that problem is really worthwhile in order to just delay the main estimates by a couple of weeks or if it would be better to present the main estimates before the start of the fiscal year.

Mr. Alex Smith: The current practice and quite frankly the OECD best budgeting principles dictate presenting the budget prior to the fiscal year. Parliament should vote prior to the fiscal year, because afterwards spending is already taking place. Plans are already in place. It's really difficult to make any changes or commentary on things that are already taking place.

The current process does give an amount of money for government to operate by Parliament for the first three months. They will be doing that, just in a slightly different way. As they note, some other jurisdictions have a similar process. They need to have some funding to start the year.

The real issue for Parliament is the ability to analyze budget and estimates information. The interim estimates and interim supply are not given a lot of attention by Parliament currently anyway. Having interim estimates versus interim supply won't affect Parliament a great deal.

Mr. Erin Weir: But will interim supply perhaps require more attention under this proposal?

Mr. Alex Smith: One of the quirks of the way the standing order has been written is that the interim estimates will be referred to standing committees, so standing committees will be able to review those interim estimates. It's not quite clear what kind of questions this committee or others might have, because basically you're asking questions about information that's for the expiring fiscal year, not for the coming fiscal year.

Not all spending is smooth throughout the fiscal year, and sometimes you have to spend more at the beginning of the fiscal year. You might see a larger amount for some departments and some organizations, so you could ask questions such as why they are spending more than three-twelfths in these interim estimates.

Mr. Erin Weir: Fair enough.

You mentioned the advantages of presenting the budget well before the start of the fiscal year, and of course, as we've already discussed, that was one of our committee's recommendations back in 2012. So far we've been talking about this in terms of the federal budget process, but might that also have an advantage for provincial budgets that really rely on the information they receive from the federal level?

Mr. Alex Smith: One of the advantages of aligning the budget and the main estimates, from a government perspective, is that you can implement things earlier in the fiscal year.

One of the things they talked about in their discussion document is that some things take from 15 to 19 months before Parliament approves them after announcement in the budget. If you are able to present things and implement them earlier in the fiscal year, it's easier. If you have to wait until December to get parliamentary approval to spend money, you have three months left to spend the money.

With respect to provinces, most of the transfers are under statutory authority and don't go through the estimates, so that particular thing might be less affected, but non-governmental organizations and first nations communities get money well into the fiscal year. They're told they have to spend it within a couple of months' notice. It's not really a good way to design a system.

• (1005)

Mr. Erin Weir: I guess my thought with provincial governments wasn't so much that they'd benefit from better alignment between the estimates and the budget, but just that they'd benefit from seeing the budget sooner. Is that something we should be considering in determining when the budget is presented?

Mr. Alex Smith: Well, they see the information in the finance department's budget, so they make their planning based on that. They are not waiting on Parliament to approve it. They see it when the finance department presents their budget.

Mr. Erin Weir: Okay.

In terms of the question about reducing the amount of time for parliamentarians to scrutinize the estimates, I think one of your answers, Mr. Askari, was that, to the extent that spending might be delayed until estimates prevent it in November, there really wouldn't be a missed opportunity to review it because there wouldn't be any proposal to review. But let's imagine that the government succeeded in including 100% of budget measures in the main estimates. I think the question is, would that period of time between the middle of April and then early June be enough for parliamentarians to review it all?

Mr. Mostafa Askari: You would have about eight weeks, I believe, to review and approve, if that was the case. I think that's just slightly more than what you have right now.... No, it's not. I'm sorry; I was wrong there.

The problem is that right now you have more time, but the main estimates don't include anything from the budget, so there isn't really much to discuss. You have to wait for the supplementary estimates to come out to really do your scrutiny and the due diligence. The supplementary estimates (A) come in May, so you have about six weeks for that; whereas, under the current system, if everything is

included in the mains, then you will have about eight weeks to discuss and approve.

Mr. Erin Weir: Yes, it just sounds like, if the government's proposal works as advertised, we'll have less time to review quite a bit more spending.

Mr. Mostafa Askari: Exactly.

Mr. Erin Weir: I think we've all been assuming that probably the government won't succeed in including everything in the main estimates, but if it did, that would be quite a lot for parliamentarians to go through.

Mr. Mostafa Askari: One of the issues that I think was raised in 2012 was the idea that fixing the budget date before the main estimates and at the end of February would give parliamentarians more time to evaluate the different estimates and different measures. That is obviously not part of the plan right now, so you're still not going to get more time.

The time that parliamentarians have to review the main estimates has always been an issue. One solution in 2012 was to move the budget date back, and then you would have most of the measures included in the main estimates from the end of February to early June, and you will have time to look at the main estimates, but that's obviously not part of the plan.

The Chair: Thank you very much.

Madam Shanahan, you have seven minutes.

Mrs. Brenda Shanahan: Mr. Chair, I'd like to give my time to my colleague Mr. Whalen.

The Chair: Certainly.

Mr. Whalen.

Mr. Nick Whalen: Thank you, Ms. Shanahan, and thanks, Mr. Chair.

I might disagree with the last statement that obviously it's not part of the plan, because the President of the Treasury Board has been before us. He did initially ask for until May, and then over the course of a couple of fiscal cycles to have the opportunity to bring the preparation of the documents back up to where they currently stand so that they would be able to achieve more of the recommendations outlined in the 2012 report.

In the fact that this current change to the standing order doesn't mandate that, the current state of the proposed change to the Standing Orders is perfectly consistent with having the budget tabled before March 1 and the main estimates tabled along with the budget once the machinery of government has had two full fiscal cycles to deal with the change.

Would you not agree that the changes are consistent with the recommendations of ultimately having budgets and estimates tabled both before the start of the fiscal year and in an aligned fashion?

Mr. Mostafa Askari: That would be ideal if that happens, obviously, but as I said, the four pillars and the proposal on the table right now is not for that; we're changing the main estimates date and not fixing the budget date. My comment wasn't based on that—

Mr. Nick Whalen: But you would agree that the change, for having two years of this date and then going back to the dates as they were, is consistent with ultimately achieving the recommendations set out in the 2012 report of having the budget and the estimates tabled at the same time before the start of the next fiscal year.

• (1010)

Mr. Mostafa Askari: I can't really say it's consistent unless we see the results at the end of the day—

Mr. Nick Whalen: Sure.

Mr. Mostafa Askari: —to see whether they are actually able to achieve that.

Mr. Nick Whalen: I think everyone here has been consistent in the view, including you, obviously, that everyone wants us to be better off as parliamentarians and as the Canadian public in being able to review the financial information once this is all said and done. However, the proof of the pudding is going to be in the eating as to whether Mr. Brison, Treasury Board, and Finance achieve the goals they've set for themselves. Obviously, not all the intricacies of the goals have been laid out before us, but the four-pillar plan, the 2012 recommendations, and Mr. Brison's extensive consultations before this committee have laid out a path that I believe will achieve the goals.

There are pitfalls. You've already outlined some of them. I've been concerned about staffing. I asked Treasury Board whether they felt that they were appropriately staffed to implement this change, and they said yes. What are your feelings about whether they should staff up additional resources to implement the changes being proposed?

Mr. Jean-Denis Fréchette: I cannot really comment on the staffing at Treasury Board.

I want to come back to your question and to the previous question about timing and this committee, but also the staffing of this committee. If you do see, as you say, that the path of this reform will drive this committee to have a greater role to play and have all the information right at the beginning of the fiscal year, as recommended in the past by this committee and other committees, you're going to need not only more time but more resources to scrutinize all this and do a proper job.

As for Treasury Board, it's up to them to decide whether they have enough people to achieve that, to change the culture and have this better alignment for the documents.

Mr. Nick Whalen: Much of the concern we're hearing both from the opposition members, which is not unfounded, as well as from the witnesses today centres around not doing enough change, that the changes being proposed aren't enough. From my perspective, I would rather see an incremental change being done well, with a clear goal in mind to ultimately achieve those goals.

What sorts of things should we also be doing at this first stage of the process? Besides getting the machinery of government aligned in terms of timing, are there other particular things that you believe should be part of this first phase and that don't appear to be based on the comments that the President of the Treasury Board has been making?

Mr. Alex Smith: One thing you could look at is the documentation itself. Part of doing the tracking document was to

look at the way things are presented in the budget versus the way things are presented in the estimates.

Let's just say they aligned and everything from the budget was in the main estimates. How would you know? The way the information is presented, it's very difficult for you. You would just have to take it on faith from the Treasury Board Secretariat that it was achieved. They could present information that was clear and more readily traceable by parliamentarians. You could start to look at the way information is presented to Parliament.

Mr. Nick Whalen: I agree. Ultimately, I would like to see more project-based appropriations. I think that's a good goal, but in terms of achieving the overall direction, what I see is that it would complicate the process more if they tried to do that plus align the estimates to the budget at the same time. Wouldn't we want to see a couple of years of smooth functioning of this initial change before we then start to overlay changing to project-based appropriations on top of that?

Mr. Mostafa Askari: I think it's not only the issue of appropriations by project. What was mentioned here is the way that different measures are explained in the main estimates and the budget. Sometimes they're completely different—different titles, different explanations—so it's very hard to line them up to see what was the budget measure. In the budget, there is a table with different measures, and you don't see exactly the same items in the main estimates, so it's very hard to connect them.

That's what Alex was mentioning. If they improve those things, that will help you to understand the main estimates better and to align them with the budget items. Also, for us, it might be easier to analyze them.

Mr. Nick Whalen: Hopefully, they will do that.

How much more time do I have?

The Chair: You have about 40 seconds.

Mr. Nick Whalen: Okay. I might be able to squeeze in one final question here, because it's just an open-ended one.

In terms of other aspects of trying to get more harmonization with or more inclusion of the finance department into this process of aligning the finances with the estimates, besides changing the titles and besides having an estimates review or expenditure review committee, are there any other things that you believe Finance should be engaged in with these changes?

• (1015)

Mr. Mostafa Askari: Again, I think the integration of the processes that we mentioned earlier requires Finance's collaboration in terms of being open with the Treasury Board in regard to what budget measures are being considered, how they are developing those, and where they are going with that. At the end of the day, nobody really knows which budget measures are going to be in the budget until the budget is tabled, except the finance minister and the Prime Minister. Those kinds of things obviously will help the Treasury Board.

Mr. Nick Whalen: Mr. Chair, I believe it would be nice for us to invite some Finance officials here to discuss how they intend to engage in this co-operation and alignment. I think that would be helpful for the committee.

The Chair: Your chair is always at the behest of the committee. Should you choose to invite Finance officials here, I'm sure this committee would welcome the opportunity to question them.

Gentlemen, thank you very much for your attendance here. You've probably seen the flashing lights, which means that we have a vote being called now. I'm going to adjourn at this point, but I do want to once again thank you very much for your testimony here. It's been very instructive and very helpful.

If there's one take-away above any others that I can suggest, it's that all committee members should heed your very sage advice that until such time as there is better integration and communication and a true commitment between Treasury Board and Finance, we may be having this discussion again and again over the years. Hopefully, those two entities can come together in an integrated fashion and benefit all parliamentarians with the results.

Thank you so much.

Colleagues, we are adjourned.

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