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Monday, March 30, 2015

The Honourable LEO HOUSAKOS
Speaker pro tempore

CONTENTS

(Daily index of proceedings appears at back of this issue).

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THE SENATE

Monday, March 30, 2015

The Senate met at 6 p.m., the Speaker *pro tempore* in the chair.

Prayers.

ROUTINE PROCEEDINGS

TOUGHER PENALTIES FOR CHILD PREDATORS BILL

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-26, An Act to amend the Criminal Code, the Canada Evidence Act and the Sex Offender Information Registration Act, to enact the High Risk Child Sex Offender Database Act and to make consequential amendments to other Acts.

(Bill read first time.)

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this bill be read the second time?

(On motion of Senator Martin, bill placed on the Orders of the Day for second reading two days hence.)

ORDERS OF THE DAY

APPROPRIATION BILL NO. 5, 2014-15

SECOND READING

Hon. Larry W. Smith moved second reading of Bill C-54, An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2015.

He said: Honourable senators, the bill before you today, Appropriation Act No. 5, 2014-15, provides for the release of supply for Supplementary Estimates (C), 2014-15, and now seeks Parliament's approval to spend \$1.8 billion in voted expenditures. These expenditures were provided for within the planned spending set out by the Minister of Finance.

[Translation]

Supplementary Estimates (C), 2014-15, were tabled in the Senate on February 19, 2015, and referred to the Standing Senate Committee on National Finance. These are the third and final supplementary estimates for the current fiscal year, which ends on March 31, 2015.

Supplementary Estimates (A) were approved in June 2014 and Supplementary Estimates (B) were approved in December 2014.

[English]

Supplementary Estimates (C), 2014-15, reflect an increase of \$494 million in budgetary spending, which consists of \$1.8 billion in voted appropriations and a decrease of \$1.3 billion in statutory spending. Statutory spending was previously authorized by Parliament and the detailed forecasts are provided for information purposes only. The \$1.8 billion in voted appropriations requires the approval of Parliament and includes major budgetary items such as: \$400 million for the pay list requirements; funding for allocations to the eligible departments and agencies for the payment of accumulated severance payment benefits; \$294.6 million to write off debts owed to the Crown for unrecoverable Canada student loans, employment and social development; \$196.3 million to address shortfalls under the Service Income Security Insurance Plan; \$138.1 million related to the military support for operations overseas; \$126 million for the extension of Stabilization and Reconstruction Task Force Global Peace and Security Fund; \$69.1 million for a comprehensive and sustainable approach to on-reserve emergency management and for on-reserve response and recovery activities; \$52 million for Ebola humanitarian assistance response; \$49.9 million to support the implementation of recent benefit changes approved under the public service health care plan; \$36.7 million to support the global fund to fight AIDS, tuberculosis and malaria; \$33.4 million to maintain programming which mitigates the public health, animal health and economic risks related to bovine spongiform encephalopathy, BSE; and \$32.5 million for the establishment of a new secure telecommunications and information technology infrastructure for the National Research Council of Canada.

Appropriation Act No. 5, 2014-15, seeks Parliament's approval to spend a total of \$1.8 billion in voted expenditures.

Honourable senators, should you require additional information, I would be pleased to try to provide it to you. Thank you very much.

Your Honour, my honourable chairman would like to follow up, I am sure, with comments in greater detail than mine.

• (1810)

Hon. Joseph A. Day: Honourable senators, I'd like, first of all, to congratulate the Honourable Senator Smith for his succinct presentation of what is in Bill C-54. Bill C-54, honourable senators, flows from the work that we did last week in relation to the report on Supplementary Estimates (C).

As the Honourable Senator Smith, the Deputy Chair of the committee, has indicated, this is asking for your approval to spend the \$1.8 billion the government is looking for in these estimates. That concludes, as I indicated last week, the estimates for fiscal year 2014-15, up to the end of this month, March 31. Then we begin a new fiscal year for 2015-16, and we'll be speaking

shortly on interim supply in relation to the beginning of that new fiscal year. So, we're just at the transition point in relation to supply.

That's not to be confused with the statutory approvals, which we have given. Many bills will have approval in the bill as to how much can be spent in a particular year. That's statutory expenditure. That is not in these bills. This is voted appropriation. The two areas where the executive, the government, gets its authority are either statutory or voted. We're dealing with the voted aspect to end this fiscal year at the present time.

Honourable senators, typically we would look at the schedule that is attached to the back of this particular bill. Honourable senators will see that Schedule 1 outlines — in some abbreviated form, but nonetheless detailed — the amount that goes to the various departments that are looking for some money to conclude their work for this fiscal year. They may have spent some of that already in anticipation, through operations and through other sources of revenue. They're hoping and expecting, and had approval of Treasury Board to enter this amount in the Supplementary Estimates (C), which now becomes Bill C-54.

We don't vote on the supplementary estimates, but we vote on the schedule that is part of the supplementary estimates, that is now attached to Bill C-54. I've had an opportunity to compare the supplementary estimates document that we had and that we studied and that we've had report on, and the report has been adopted. I've had a chance to compare the schedule outlining where the \$1.8 billion is going to this Bill C-54, and I find them to be identical. Honourable senators, I can assure you that what you're being asked to vote on now in Bill C-54 is the same schedule and the same information that we've had an opportunity to study in Finance. The work we did is reflected in our report.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Some Hon. Senators: On division.

(Motion agreed to and bill read second time, on division.)

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this bill be read the third time?

(On motion of Senator Smith (*Saurel*), bill placed on the Orders of the Day for third reading at the next sitting of the Senate.)

APPROPRIATION BILL NO. 1, 2015-16

SECOND READING

Hon. Larry W. Smith moved second reading of Bill C-55, An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2016.

He said: Honourable senators, the bill before you today, Appropriation Act No. 1, 2015-16, provides for the release of interim supply for the 2015-16 Main Estimates that were referred to the Senate on February 25, 2015. Together, the budgetary and non-budgetary voted spending authorities total \$88.3 billion, of which \$25.8 billion is sought through Appropriation Act No. 1, 2015-16. The balance will be sought through Appropriation Act No. 2, 2015-16, in June 2015.

[*Translation*]

The government submits estimates to Parliament in support of its request for authority to spend public funds. Estimates include information on both budgetary and non-budgetary spending authorities, and Parliament subsequently considers appropriation bills to authorize the spending.

[*English*]

The 2015-16 Main Estimates include \$241.6 billion dollars in budgetary expenditures that cover the cost of servicing the public debt; operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations. These Main Estimates support the government's request for Parliament's authority to spend \$88.2 billion under program authorities that require Parliament's annual approval of their spending limits. The remaining \$153.4 billion is for statutory items previously approved by Parliament and the detailed forecasts are provided for information purposes only.

The 2015-16 Main Estimates also include non-budgetary items, i.e., \$70 million in voted authorities and \$930 million in statutory authorities. Non-budgetary expenditures, loans, investments and advances are outlays that represent changes in the composition of the financial assets of the Government of Canada.

Honourable senators, should you require additional information, I or my chair would be pleased to try to provide it for you.

Hon. Joseph A. Day: Honourable senators, again, on behalf of honourable colleagues who serve on the Finance Committee, I would like to thank the deputy chair for his succinct rendition of what is in Bill C-55, and I adopt the information that he has given to you.

You are being asked to consider the expenditure of \$25.8 billion. What I could perhaps refer you to, honourable senators, in relation to Bill C-55 is that it is, as Honourable Senator Smith has indicated, the interim supply for the period from April 1, Wednesday of this week, onward to the end of June. At the end of June or just prior thereto, on June 23, we will be asked to approve full supply for the rest of the fiscal year. In addition to that, as a result of budget initiatives, we may well see Supplementary Estimates (A), (B) and (C).

Putting it all together, what we're looking at now is a portion of the main supply for 2015-16. What portion is outlined in the bill itself? If you have the bill in front of you, honourable senators, you will see that different departments will ask for different

amounts, a different percentage of the total. It's determined as a fraction of what they feel the particular department needs to spend between now and the end of June to keep that department's initiatives ongoing.

• (1820)

Some of them are three twelfths, and that's what you would expect in a straight line expenditure, three months, three twelfths. Others are looking for eight twelfths, some six twelfths, five twelfths, four twelfths and four twelfths. And that is because some departments are more heavily front-end loaded in terms of their expenses and they need more funds at the front end. They won't get, for example, eight twelfths for the first three months and then get another eight twelfths for the last eight months. We will make sure that doesn't happen. At the end of June they will have received the full amount of the appropriation that they have requested in the Main Estimates, assuming honourable senators see fit to pass the legislation in this bill.

There's one other point I wanted to bring to your attention that most honourable senators will recall now, which is that there are two schedules attached to this particular Bill C-55. Why two schedules? It is because certain departments and agencies are entitled by virtue of our laws to budget for two years. We approve a budget for them for two years, and those departments and agencies are listed and that appears in Schedule 2: Canada Border Services Agency, Canada Revenue Agency and Parks Canada. Their budget is for a period of two years as opposed to one year, but we will see they will spend part of those funds; they may spend only a small portion in the first year because they're into an initiative that takes a while to ramp up. They will appear each year but the amount that they can spend is budgeted over a two-year period.

That's important for honourable senators to be aware of. It's different from the normal approach that we approve on an annual basis, subject to carry-forwards which we also approve and allow, of 5 per cent out of operating and 5 per cent out of the capital budgets. That carry-forward is another type of carry-forward that prevents the rush to spend in late March, which we have seen in

the past where departments said, "Oh my goodness, if we don't keep our budget expended at this particular level, next year we're going to be cut down." And second, "If we don't spend the money, we're going to lose it and it goes back to general revenue." So we have worked into the system over a number of years a carry-forward which is designed to prevent that.

Honourable senators, that is interim supply, which is reflected in the work that we did and the sixteenth report that was filed, the first interim report on the Main Estimates, and it's the seventeenth report of our committee for this particular year. That outlines in some detail what the different departments plan to do with the funds that they are requesting.

Therefore, honourable senators, I can assure you that we have studied on an interim basis the information that appears in this particular bill. It will not be necessary to send this bill to our committee for study as we normally do after second reading. It will not be necessary to do that because our report of the work that we've done has been filed, tabled and debated in this chamber and adopted by this chamber, so the work has in fact been done and honourable senators have that information at their disposal should they wish to refer to the report.

Thank you, honourable senators.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

(Motion agreed to and bill read second time, on division.)

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this bill be read the third time?

(On motion of Senator Smith (*Saurel*), bill placed on the Orders of the Day for third reading at the next sitting of the Senate.)

(The Senate adjourned until tomorrow at 2 p.m.)

CONTENTS

Monday, March 30, 2015

	PAGE		PAGE
ROUTINE PROCEEDINGS		ORDERS OF THE DAY	
		Appropriation Bill No. 5, 2014-15 (Bill C-54)	
Tougher Penalties for Child Predators Bill (Bill C-26)		Second Reading.	
Bill to Amend—First Reading	3122	Hon. Larry W. Smith	3122
		Hon. Joseph A. Day	3122
		Appropriation Bill No. 1, 2015-16 (Bill C-55)	
		Second Reading.	
		Hon. Larry W. Smith	3123
		Hon. Joseph A. Day	3123

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