



**REPORT ON THE
*SUPPLEMENTARY ESTIMATES (A), 2015–16***

Standing Senate Committee on National Finance

TWENTIETH REPORT

Chair
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Deputy Chair
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1 INTRODUCTION

The [*Supplementary Estimates \(A\), 2015–16*](#) were tabled on 14 May 2015, and constitute the first supplementary estimates for fiscal year 2015–2016. The [*2015–16 Estimates*](#) had previously been tabled in Parliament on 24 February 2015.

As is customary, these supplementary estimates contain spending authorities and amounts that will be included in upcoming appropriation bills, as well as two appendices. The first appendix presents the allocations requested by federal departments and agencies whose annual appropriation lapses on 31 March 2016. The second appendix presents the allocations requested by federal agencies with continuing appropriation authorities, namely, the Canada Border Services Agency, Canada Revenue Agency and Parks Canada Agency.

During its study of the *Supplementary Estimates (A), 2015-16*, the Standing Senate Committee on National Finance (the Committee) heard from representatives of seven federal departments and agencies over the course of two meetings held in May 2015.

On 26 May 2015, the following officials from the Treasury Board of Canada Secretariat and the Windsor-Detroit Bridge Authority appeared before the Committee:

Treasury Board of Canada Secretariat

Brian Pagan, Assistant Secretary, Expenditure Management Sector;

Marcia Santiago, Executive Director, Expenditure Management Sector.

Windsor-Detroit Bridge Authority

Michael Cautillo, President and Chief Executive Officer;

Linda Hurdle, Chief Financial Administrative Officer.

On 27 May 2015, the Committee heard from the following officials representing Marine Atlantic Inc., Parks Canada Agency, Natural Resources Canada, Atomic Energy of Canada Limited, and Fisheries and Oceans Canada:

Marine Atlantic Inc.

Paul Griffin, President and Chief Executive Officer.

Parks Canada Agency

Alan Latourelle, Chief Executive Officer.

Natural Resources Canada

Daniel Lebel, Director General, Atlantic and Western Canada Branch, Geological Survey of Canada, Earth Sciences Sector;

Niall O'Dea, Director General, Electricity Resources Branch, Energy Sector;

Kami Ramcharan, Assistant Deputy Minister, Corporate Management Services Sector and Chief Financial Officer.

Atomic Energy of Canada Limited

Jonathan Lundy, Chief Transition Officer;

David Smith, Vice President of Operations.

Fisheries and Oceans Canada

Marty Muldoon, Assistant Deputy Minister and Chief Financial Officer;

Kevin Stringer, Senior Assistant Deputy Minister, Ecosystems and Fisheries Management;

Michel Vermette, Deputy Commissioner, Vessel Procurement.

2 OVERVIEW OF THE *SUPPLEMENTARY ESTIMATES (A), 2015–2016*

In the estimates documents, planned expenditures are allocated between budgetary and non-budgetary spending, and divided into two categories: voted appropriations and statutory expenditures.¹

According to the Treasury Board of Canada Secretariat, 43 organizations have identified additional requirements in the *Supplementary Estimates (A), 2015–16*. As shown in Table 1, the *Supplementary Estimates (A), 2015–16*, which represents an increase of 1.3% over the *2015–16 Main Estimates*, provide information in support of \$3.1 billion in voted appropriations. In addition, information is provided about a \$19.8-million increase in statutory budgetary expenditures related to employee benefit plan contributions, which represents an increase of 0.01% in relation to the *2015–16 Main Estimates*.

¹ **Budgetary expenditures** include the cost of servicing the public debt; operating and capital expenditures; transfer payments and grants to other levels of government, organizations or individuals; and payments to Crown corporations. **Non-budgetary expenditures** (loans, investments and advances) are outlays that represent changes in the composition of the financial assets of the Government of Canada. **Voted appropriations** are those for which parliamentary authority is sought through an appropriation bill, and **statutory expenditures** are those that are authorized by Parliament through enabling legislation and for which forecasts are provided for information purposes only.

Table 1 – Main Estimates and Supplementary Estimates, 2015–2016 (\$)

	2014–2015	2015–2016		
	Estimates	Main Estimates	Supplementary Estimates (A)	Proposed Authorities to Date
Budgetary				
Voted	93,350,224,915	88,184,096,852	3,135,266,064	91,319,362,916
Statutory	148,103,181,994	153,390,199,856	19,766,670	153,409,966,526
Total	241,453,406,909	241,574,296,708	3,155,032,734	244,729,329,442
Non-Budgetary				
Voted	71,103,005	71,103,001	–	71,103,001
Statutory	- 9,804,042,407	933,446,071	–	933,446,071
Total	- 9,732,939,402	1,004,549,072	–	1,004,549,072

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [Supplementary Estimates \(A\), 2015–16](#), p. I-2.

Furthermore, the *Supplementary Estimates (A), 2015–16* introduces a new vote for the [Canadian High Arctic Research Station](#), as per the [Canadian High Arctic Research Station Act](#), which received Royal Assent on 16 December 2014. This new federal research organization, which combines the resources and expertise of the Canadian Polar Commission and the current Canadian High Arctic Research Station within one organization, will be responsible for advancing Canada's knowledge of the Arctic and strengthening Canadian leadership on polar science and technology.

3 STUDY OF THE *SUPPLEMENTARY ESTIMATES (A), 2015–2016*

3.1 Treasury Board of Canada Secretariat

Officials from the Treasury Board of Canada Secretariat presented the major voted items and horizontal items in the *Supplementary Estimates (A), 2015–16*. Discussions focused on performance evaluation, budget estimates, and votes 5 and 25 for the Treasury Board of Canada.

3.1.1 Major Voted Items

Officials presented the major voted items in the *Supplementary Estimates (A), 2015–16*. These 13 items, which total approximately \$2.5 billion and account for 78% of the voted amount in the supplementary estimates, are divided into two categories: those related to the November 2014 announcement of \$5.8 billion in federal funding for infrastructure construction and restoration, and other major voted items.

Voted Items Related to the Infrastructure Announcement

- \$345.7 million for Parks Canada Agency to make improvements to its heritage properties (for example, restoration of the historic walls around Old Quebec City), its tourism and highway assets (for example, resurfacing sections of the highway between Banff and Jasper national parks in Alberta), and its waterway assets;

- \$219.8 million for National Defence to fund projects at Canadian Armed Forces bases and other defence properties (for example, a new peace support training centre in Kingston, Ontario, and repairs to airfields, hangars and armouries across Canada);
- \$189.3 million for Fisheries and Oceans Canada to fund small craft harbours, real property, small craft procurement, and vessel refits and life extensions;
- \$70.2 million for Public Works and Government Services Canada to repair and modernize various federal assets across Canada;
- \$58.3 million for Transport Canada to upgrade several federally owned airports and retrofit an ecoTECHNOLOGY vehicle facility (including a testing facility for hydrogen fuel cells, liquefied natural gas and battery electric vehicles);
- \$50.0 million for Indian Affairs and Northern Development to repair and construct on-reserve schools, including the construction of at least 12 new schools over the next 7 years;

Other Major Items

- \$402.6 million for the Windsor-Detroit Bridge Authority to support operating and capital requirements;
- \$354.9 million for Marine Atlantic Inc. to support operating and capital requirements;
- \$255.5 million for Indian Affairs and Northern Development to support out-of-court settlements;
- \$231.3 million for Natural Resources Canada for the Nuclear Legacy Liabilities Program;
- \$164.9 million for Atomic Energy of Canada Limited to support nuclear science and medical isotopes;
- \$58.1 million for Jacques-Cartier and Champlain Bridges Inc. to reinforce the deck on the Estacade in Montreal and to construct a separate bike path along the structure. This funding will support capital projects to reinforce the deck of the Champlain Bridge ice control structure in advance of upcoming construction work and ensure the continued safety of some 150,000 to 200,000 cyclists who use the structure each year;
- \$52.4 million for the National Research Council of Canada to develop and deploy research and technology solutions that will help to develop innovative businesses in Canada, as announced in Budget 2015.

3.1.2 Horizontal Items

Officials presented the three horizontal items² in the *Supplementary Estimates (A), 2015-16*. A horizontal item is an initiative in which partners from two or more organizations work toward the achievement of shared outcomes:

- \$24.5 million for Parks Canada Agency, Environment Canada, and Fisheries and Oceans Canada for the conservation, protection and recovery of species at risk and their habitats, as announced in Budget 2015;

² For the names of the department and agencies and the amounts allocated to them under each horizontal item, see Treasury Board of Canada Secretariat, [Supplementary Estimates \(A\), 2015-16](#), p. I-13.

- \$16.4 million to Indian Affairs and Northern Development, the Office of the Co-ordinator, Status of Women, Justice Canada, and Public Safety and Emergency Preparedness Canada to address family violence and violent crimes against Aboriginal women and girls, of which \$11.1 million will consist of capital contributions for First Nations to build shelters. Funds will also be used to raise awareness of the impacts of violence, implement prevention activities, address community safety needs, and support victims of violence and their families;
- \$2.8 million for the Royal Canadian Mounted Police, and Public Safety and Emergency Preparedness Canada for the renewal of the National Counterfeit Enforcement Strategy, as announced in Budget 2015. This funding will provide dedicated resources within the Royal Canadian Mounted Police and Public Safety and Emergency Preparedness Canada for the enforcement, prosecution and prevention of currency counterfeiting.

3.1.3 Performance Measures

Committee members expressed their frustration over the lack of performance measures for certain programs, especially programs to construct buildings and homes on reserves. Officials agreed that there was still work to be done to improve performance information, but they also emphasized that the Secretariat and Treasury Board of Canada ministers work diligently to ensure that clearly defined conditions are assigned to the allocation of public funds. They added that the President and Secretary of the Treasury Board of Canada have asked Secretariat staff to expand the use of performance indicators and measures in relation to results when evaluating federal programs. Recently, staff have worked with federal departments and agencies, finance directors and program directors to identify the strengths and weaknesses of performance indicators and measures. Lastly, officials told the Committee that they have evaluated policies on the resources and results management structure with a view to making improvements. The Committee will continue to closely monitor performance measures for federal programs.

3.1.4 Treasury Board of Canada Secretariat Estimates

According to the *Supplementary Estimates (A), 2015–16*, the Treasury Board of Canada Secretariat plans to spend an additional \$17.2 million in 2015–2016. This represents a 0.2% increase in the Secretariat's budgetary expenditures in comparison to the amount presented in the *2015–16 Main Estimates*. Table 2 shows the Treasury Board of Canada Secretariat's expenditures, broken down by voted appropriations and statutory expenditures.

**Table 2 – Main Estimates and Supplementary Estimates, 2014–2015 and 2015–2016
Treasury Board of Canada Secretariat (\$)**

		2014–2015	2015–2016		
		Estimates	Main Estimates	Suppl. Estimates (A)	Proposed Authorities to Date
1	Program expenditures	305,084,727	219,601,334	17,102,060	236,703,394
5	Government contingencies	750,000,000	750,000,000	–	750,000,000
10	Government-wide initiatives	3,193,000	2,090,470	–	2,090,470
20	Public service insurance	2,506,134,407	2,250,070,604	–	2,250,070,604
25	Operating budget carry forward	1,600,000,000	1,600,000,000	–	1,600,000,000
30	Paylist requirements	1,850,000,000	1,000,000,000	–	1,000,000,000
33	Capital budget carry forward	600,000,000	600,000,000	–	600,000,000
–	Compensation adjustments	151,651,354	–	–	–
Total voted		7,766,063,488	6,421,762,408	17,102,060	6,438,864,468
<i>Total statutory</i>		<i>470,514,473</i>	<i>470,681,925</i>	<i>52,956</i>	<i>470,734,881</i>
Total budgetary expenditures		8,236,577,961	6,892,444,333	17,155,016	6,909,599,349

Sources: Table prepared using data from the Treasury Board of Canada Secretariat, [2015–16 Main Estimates](#), p. II–275, and [Supplementary Estimates \(A\), 2015–16](#), p. 2-45.

The additional funding requested by the Treasury Board of Canada Secretariat covers the following two items:

- \$16.1 million for the Back Office Transformation initiative;
- \$1.0 million to support the planning, design and implementation of the Treasury Board Secretariat Workspace Renewal Project.

3.1.4.1 Vote 5 – Government Contingencies

Officials explained that Vote 5 – Government contingencies, which totals \$750 million for 2015–2016, provides a source of supply in the event of urgent or unforeseen requirements prior to the approval of an appropriation bill. They gave as an example the case of Marine Atlantic Inc., which recently received an allocation from Vote 5 because its corporate plan had not been approved by Treasury Board of Canada ministers in time for inclusion in the *2015–16 Main Estimates*. The plan has since been approved and the associated funding now appears in the *Supplementary Estimates (A), 2015–16*.

Once the *Supplementary Estimates (A), 2015–16* have been approved, Marine Atlantic Inc. will reimburse the funding and replenish Vote 5.

The Committee was told that if the Treasury Board of Canada allocates funds to a federal department or agency from Vote 5 following the tabling of the final supplementary estimates of the fiscal year, there is no mechanism by which Parliament can replenish the vote. In this case, the Treasury Board Secretariat of Canada could not carry forward the full amount of Vote 5 to the next fiscal year, and the shortfall would be taken into account in the overall fiscal framework.

Responding to a question from a Committee member, officials stated that the \$1-billion contingency in Budget 2015 is a general provision within the federal government's fiscal framework to address any changes to the economic forecast or the spending requirements of federal departments and agencies. For example, the contingency exists to counter unexpected changes in interest rates or economic growth and could also be used by the Minister of Finance, with the approval of the Prime Minister and Treasury Board of Canada, to increase the spending authorities of a federal department or agency. In this case, the increase would be presented to Parliament for approval in the next supplementary estimates.

3.1.4.2 Vote 25 – Operating Budget Carry Forward

Vote 25 – Operating Budget Carry Forward, which was introduced in 1993–1994, allows federal departments and agencies to carry forward unused funds from one fiscal year to the next up to an amount equal to 5% of their operating budget. Officials explained that this vote was introduced to facilitate a more effective and efficient use of voted resources. Given that the *Supplementary Estimates (C), 2014–15* were approved on 31 March 2015, the last day of the fiscal year, federal departments and agencies did not have the authority to spend the funds in 2014–2015. They can use Vote 25 to carry forward the funds to fiscal year 2015–2016. Information on the use of the carry forward and the allocations from Vote 25 will be presented in the next supplementary estimates.

3.2 Windsor-Detroit Bridge Authority

During their appearance before the Committee, officials from the Windsor-Detroit Bridge Authority presented their organization's mandate, priorities and estimates. They also discussed border crossings, costs, the public-private partnership and tolls on the new bridge.

3.2.1 Mandate and Priorities

The Windsor-Detroit Bridge Authority is a not-for-profit Crown corporation established in October 2012 under the *International Bridges and Tunnels Act*. Staffing and operations began in August 2014, and the organization now employs 35 people.

The mandate of the Windsor-Detroit Bridge Authority is to oversee and manage the procurement process for the design, construction, financing, operation and maintenance of a new international crossing by means of a public-private partnership. The Authority will also set and collect tolls for the new bridge. The bridge will belong to the governments of Canada and the State of Michigan, and will be called the Gordie Howe International Bridge. It will cross the Detroit River between the cities of Windsor, Ontario, and Detroit, Michigan.

In response to a question from a Committee member, officials stated that the initiative has two boards of directors: that of the Windsor-Detroit Bridge Authority, which is composed of Canadian members; and that of the international authority, established under the Canada-Michigan Crossing Agreement signed in June 2012. Half of its members are Canadian and half American.

Committee members were also told that the Authority's priorities for 2015–2016 include the official launch of the procurement process for a public-private partnership, utility relocations on both sides of the border, property acquisition in Michigan, and property acquisition in Canada, which is being undertaken by Transport Canada.

3.2.2 Estimates

According to the *Supplementary Estimates (A), 2015–16*, the Windsor-Detroit Bridge Authority plans to spend an additional \$402.6 million, which represents a significant increase in comparison to the amount presented in the *2015–16 Main Estimates*. Table 3 presents these budgetary expenditures.

**Table 3 – Main Estimates and Supplementary Estimates, 2014–2015 and 2015–2016
Windsor-Detroit Bridge Authority (\$)**

		2014–2015	2015–2016		
		Estimates	Main Estimates	Suppl. Estimates (A)	Proposed Authorities to Date
1	Payments to the Windsor-Detroit Bridge Authority	8,064,384	58,469,905	402,625,007	461,094,912
Total voted		8,064,384	58,469,905	402,625,007	461,094,912

Sources: Table prepared using data from the Treasury Board of Canada Secretariat, [2015–16 Main Estimates](#), p. II–286, and [Supplementary Estimates \(A\), 2015–16](#), p. 2-48.

The additional funding of \$402.6 million requested by the Windsor-Detroit Bridge Authority is to address the organization's operating and capital requirements. Of this amount, \$369 million will be allocated to property acquisition in the State of Michigan.

3.2.3 Border Crossing and Costs

The Windsor-Detroit Gateway is the busiest international trade corridor in North America and accounts for close to 30% of the trade transported by truck between Canada and the United States. Each year, close to 2.5 million trucks and more than \$100 billion worth of goods pass through this gateway. The governments of Canada, the United States, Ontario and Michigan identified this crossing as essential to ensuring and improving the flow of people and goods between Canada and the United States.

The Committee was told that the Gordie Howe International Bridge project is expected to be completed in late 2020, and is composed of four major components:

- the bridge itself, which will be six lanes wide and three kilometres long;

- the Canadian port of entry will be the largest in Canada and will occupy close to 55 hectares and include Canadian customs, border processing, tolling and toll collection, and maintenance facilities.
- the United States port of entry will occupy 60 hectares and include United States customs and border processing facilities;
- an interchange with Interstate 75.

Officials stated that the project's total construction cost will be close to \$2 billion, half of which is for the bridge.

3.2.1 Public-private Partnership

Officials indicated that key advisors have been engaged for this project, which will be conducted as a public-private partnership. These include a financial advisor, a capital markets advisor, a legal advisor and fairness monitor, and a general engineering consultant. In addition, Public Works and Government Services Canada is supporting the organization in the procurement process.

To be able to launch the public-private partnership, the organization has engaged in several pre-procurement activities, such as planning the works to be completed at the Canadian port of entry, including construction of a four-kilometre access road, utility relocations along the access road and ground stabilization to allow for the construction of customs buildings. Officials indicated that they are working closely with numerous partners and stakeholders, including Transport Canada, Public Works and Government Services Canada, the Canada Border Services Agency, the Canadian Food Inspection Agency, the Government of Ontario, the State of Michigan, the Michigan Department of Transportation, the United States Federal Highway Administration, the United States Customs and Border Protection Agency, the United States General Services Administration, and the cities of Windsor and Detroit.

3.2.2 Tolls

In response to a question from a Committee member, officials explained that the cost of the entire construction project for this new bridge will be repaid through tolls, which will be collected on the Canadian side. Once the bridge construction costs have been repaid and the maintenance and operating costs have been covered, surplus revenues will be shared between Canada and the State of Michigan.

As for the anticipated date for repayment of the total costs of the bridge, the Committee learned that this would depend on several factors, including the total cost for the project, the toll rates and the volume and type of traffic using the bridge. Officials specified that the crossing agreement signed by Canada and the State of Michigan anticipates a period of more than 50 years for repayment of the project costs. They added that the toll rates will be established by the Windsor-Detroit Bridge Authority, and that they will be competitive.

3.3 Marine Atlantic Inc.

Officials from Marine Atlantic Inc. spoke about their organization's mandate and budgetary forecasts, as well as its vessels and rates.

3.3.1 Mandate

Created in 1986, Marine Atlantic Inc. is a parent Crown corporation that replaced Canadian National Marine as the provider of the year-round, daily ferry service between North Sydney, Nova Scotia, and Port aux Basques, Newfoundland and Labrador. This is the only constitutionally mandated ferry service in Canada. The Marine Atlantic Inc. officials explained that when Newfoundland entered Confederation in 1949, the ferry service between Nova Scotia and the island of Newfoundland was granted special status under the *Newfoundland Act*. The ferry is also part of the Trans-Canada Highway. The Minister of Transport is responsible for Marine Atlantic Inc.

Marine Atlantic Inc. also provides a seasonal ferry service between North Sydney, Nova Scotia, and Argentia, Newfoundland and Labrador. The Crown corporation transports almost all of the non-air passengers in and out of Newfoundland and Labrador, and 90% of the perishable and time-sensitive goods transported to that province. The Committee learned that Marine Atlantic Inc. also transports nearly all the dangerous goods sent to that province, including dynamite, medical gas and chemicals for the offshore oil and gas industry. Officials also pointed out that Marine Atlantic Inc.'s capacity utilization is about 70%.

In response to a question from a Committee member, officials explained that their strategic objectives are: security first and foremost, and the relentless pursuit of customer experience and customer service.

3.3.2 Estimates

According to the *Supplementary Estimates (A), 2015–16*, Marine Atlantic Inc. plans to spend an additional \$354.9 million in 2015–2016. This represents a significant increase in expenditures over the *2015–2016 Main Estimates and the 2014–15 Main Estimates*. Table 4 shows Marine Atlantic's expenditures.

**Table 4 – Main Estimates and Supplementary Estimates,
Marine Atlantic Inc., 2014–2015 and 2015–2016 (\$)**

		2014–2015	2015–2016		
		Estimates	Main Estimates	Supplementary Estimates (A)	Proposed Authorities to Date
1	Payments to Marine Atlantic Inc.	127,484,000	19,384,000	354,947,000	374,331,000
Total voted		127,484,000	19,384,000	354,947,000	374,331,000

Sources: Table prepared using data obtained from the Treasury Board of Canada Secretariat, [2015–16 Estimates](#), p. II–162 and [Supplementary Estimates \(A\), 2015–16](#), p. 2-23.

The additional funds requested by Marine Atlantic Inc., which total \$354.9 million, would be used for the organization's operating and capital requirements. Officials indicated that of the \$374.3 million that would be allocated to their organization in 2015–2016, \$132 million would be dedicated to operating requirements, and \$242 million to capital requirements.

In response to a question from the Committee, officials explained that their organization will generate revenues of approximately \$105 million in 2015–2016.

Marine Atlantic Inc. has 1,350 employees, or about 1,025 full-time equivalents. Officials explained that Marine Atlantic Inc. hires additional employees during the summer.

3.3.3 Vessels

Officials explained to the Committee that their organization's fleet is composed of four ships: the *Atlantic Vision*, the *Leif Ericson*, the *Blue Puttees* and the *Highlanders*. The *Blue Puttees* and the *Highlanders* are identical 200-metre-long ice-class vessels that can transport approximately 1,000 passengers and crew and 450 cars or 100 transport trucks. Marine Atlantic Inc. will be purchasing those two vessels for some \$200 million in the course of the current fiscal year. While these two vessels have been under charter by Marine Atlantic Inc. since 2011, it will be more profitable for the organization to purchase them.

In response to a question from a Committee member, officials confirmed that the *Blue Puttees* and the *Highlanders* were built in 2006–2007 and have a life expectancy of 20 to 25 years. They therefore still have a useful life of about 15 years.

The Committee learned that between 2005 and 2014, traffic for Marine Atlantic Inc.'s ferry service increased by 3.9%, while the number of trips decreased by 17.2% due to the acquisition of the higher capacity vessels. Because of these larger vessels, the number of auto equivalent units per trip increased by 25.3% and fuel consumption decreased by 18.3%.

3.3.4 Rates

Officials explained that ferry rates are established as a function of the organization's operating costs, i.e., fuel costs and cost recovery targets, as well as the funding received from the federal government. They went on to say that the base rates were raised by 2.6% on 1 April 2015, while the fuel surcharge was recently lowered from 21% to 15% because of the decrease in oil prices.

3.4 Parks Canada Agency

During their testimony, officials from Parks Canada Agency discussed their organization's mandate and budgetary forecasts, as well as the federal infrastructure investment.

3.4.1 Mandate

The Committee learned that Parks Canada Agency is the oldest national parks agency in the world and that it is responsible for 44 national parks, 168 historic sites—nine of which are historic canals such as the Rideau Canal—four national marine conservation areas and the Rouge National Urban Park, which is located in Toronto. This Agency administers the largest national park system in the world, with a land mass of 320,000 square kilometres.

Officials explained that the Agency's three objectives are:

- to significantly increase the number of visitors to national parks;
- to bring parks and sites to major urban centres;
- to demonstrate international conservation leadership.

According to officials, 22 million person-visits are recorded annually in the heritage areas under their organization's responsibility. On an annual basis, this contributes \$3.3 billion to the country's gross domestic product and generates revenues of some \$120 million for Parks Canada Agency.

3.4.2 Estimates

According to the *Supplementary Estimates (A), 2015–16*, Parks Canada Agency plans to spend an additional \$354.1 million in 2015–2016. This represents a 48.0% increase in expenditures over the *2015–16 Main Estimates*. Table 5 shows Parks Canada Agency's expenditures, broken down by voted appropriations and statutory expenditures.

**Table 5 – Main Estimates and Supplementary Estimates,
Parks Canada Agency, 2014–2015 and 2015–2016 (\$)**

		2014–2015	2015–2016		
		Estimates to Date	Main Estimates	Supplementary Estimates (A)	Proposed Authorities to Date
1	Program Expenditures	510,133,010	571,135,767	349,432,181	920,567,948
5	Payments to New Parks and Historic Sites Account	3,500,000	500,000	–	500,000
Total voted		513,633,010	571,635,767	349,432,181	921,067,948
<i>Total statutory</i>		<i>157,754,486</i>	<i>165,637,236</i>	<i>4,680,663</i>	<i>170,317,899</i>
Total budgetary		671,387,496	737,273,003	354,112,844	1,091,385,847

Sources: Table prepared using data obtained from the Treasury Board of Canada Secretariat, [2015–16 Estimates](#), p. II–219 and [Supplementary Estimates \(A\), 2015–16](#), p. 2–34.

The additional funding requested by Parks Canada Agency comprises the following two elements:

- \$345.7 million for improvements to the Agency's heritage, tourism, highway and waterway assets;
- \$3.7 million for the horizontal initiative for the conservation, protection and recovery of species at risk and their habitats, as announced in Budget 2015.

According to officials, Parks Canada Agency is a world leader in park management and ecological restoration. Its conservation and restoration program supports the *Species at Risk Act* and promotes the ecological integrity of national parks and the recovery of species at risk. The concrete measures taken by the Agency involve conserving Canadian lands and waters, restoring Canadian ecosystems and bringing Canadians closer to nature.

In response to a question from a Committee member, officials indicated that under the Habitat Stewardship Program associated with the *Species at Risk Act*, a number of initiatives have been put in place to protect the southern mountain caribou in the mountain parks. They added that Fundy National Park, located in New Brunswick, has implemented initiatives to restore the endangered Atlantic salmon population.

The Parks Canada Agency has 4,719 employees in 2015–2016, of which 40% are seasonal. During the summer season, the Agency hires some 1,200 students.

3.4.3 Federal Infrastructure Investment

The Committee learned that the federal government will be investing \$2.6 billion over the next five years in the Agency's infrastructure. This is the most significant federal investment in the Agency's 104-year history. This money will enable it to restore the majority of its assets that are at or near the end of their lifecycle and bring them up to a level that meets many Canadians' expectations.

3.5 Natural Resources Canada

During their testimony, officials from Natural Resources Canada spoke about their department's budgetary forecasts, as well as nuclear waste.

3.5.1 Estimates

According to the *Supplementary Estimates (A), 2015–2016*, Natural Resources Canada plans to spend an additional \$277.8 million in 2015–2016. This represents a 12.5% increase in expenditures over the *2015–2016 Main Estimates*. Table 6 shows Natural Resources Canada's expenditures, broken down by voted appropriations and statutory expenditures.

Table 6 – Main Estimates and Supplementary Estimates, 2014–2015 and 2015–2016, Natural Resources Canada (\$)

		2014–2015	2015–2016		
		Estimates	Main Estimates	Supplementary Estimates (A)	Proposed Authorities to Date
1	Operating expenditures	870,926,261	654,814,321	237,888,974	892,703,295
5	Capital expenditures	15,177,082	14,700,394	39,586,996	54,287,390
10	Grants and contributions	450,039,000	306,608,750	–	306,608,750
Total voted		1,336,142,343	976,123,465	277,475,970	1,253,599,435
<i>Total Statutory</i>		<i>1,428,475,582</i>	<i>1,238,353,246</i>	<i>312,352</i>	<i>1,238,665,598</i>
Total budgetary		2,764,617,925	2,214,476,711	277,788,322	2,492,265,033

Sources: Table prepared using data obtained from Treasury Board of Canada Secretariat, [2015–16 Estimates](#), p. II-187 and [Supplementary Estimates \(A\), 2015–16](#), p. 2-29.

The additional funding requested by Natural Resources Canada comprises the following three elements:

- \$231.3 million for the Nuclear Legacy Liabilities Program, a federal government program aimed at cleaning up Atomic Energy of Canada Limited research sites;
- \$43.9 million to support the rehabilitation, repair and modernization of the department's research and laboratory sites across Canada;
- \$2.3 million for the renewal of the targeted geoscience initiative, as announced in Budget 2015. This federal initiative, which will promote and support exploration and investment in Canada's mining sector, is a collaborative program to provide industry with new geoscience knowledge and innovative techniques to better detect deeply buried mineral deposits.

3.5.2 Nuclear Waste

The Committee was interested in nuclear waste and questioned the witnesses on this subject. Officials indicated that since the creation of the Nuclear Legacy Liabilities Program in 2006–2007, the federal government has spent \$1.159 billion to clean up research sites located at Chalk River in Ontario and Whiteshell in Manitoba, as well as a nuclear facility located near Deep River in Ontario. This money was also used to demolish an Atomic Energy of Canada Limited site in Nova Scotia.

3.6 Atomic Energy of Canada Limited

During their testimony, officials from Atomic Energy of Canada Limited discussed their organization's new mandate and its budgetary forecasts, as well as medical isotopes.

3.6.1 New Mandate

The Committee learned that Atomic Energy of Canada Limited is on track for implementation in 2015–2016 of the model whereby the government will own Canadian Nuclear Laboratories and the private sector will run it. This government-owned contractor-operated model is similar to that used in other countries, including the United States and the United Kingdom. According to officials, a competitive government procurement process is currently underway to select the private sector contractor.

Officials updated the Committee with regard to recent developments at Canadian Nuclear Laboratories (namely, the facilities located at Chalk River in Ontario, Whiteshell in Manitoba and other smaller locations) which was restructured last year. The new mandate of Atomic Energy of Canada Limited will be to provide oversight of the private sector contractor as it implements the long-term contract to deliver the three missions of Canadian Nuclear Laboratories, which are:

- federal nuclear legacy waste management and decommissioning;
- science and technology that support the federal government in its nuclear responsibilities;
- technological and technical support to the Canadian nuclear industry.

The Committee learned that Atomic Energy of Canada Limited will retain ownership of Canadian Nuclear Laboratories facilities, assets, property and intellectual property, as well as responsibility for nuclear liabilities, as operations are being transferred to the private contractor. The federal agency will also be responsible for overseeing the private contractor's performance.

The contractor will hold the nuclear site licences and be responsible to the Canadian Nuclear Safety Commission for the high standards of nuclear safety expected in this industry. It will also be expected to drive innovation and efficiencies in nuclear laboratories, leveraging Canada's historic nuclear sciences investments.

In response to a question from a Committee member, officials mentioned that under the contract signed with the private contractor, there will be a self-funded fund for managing nuclear waste.

3.6.2 Estimates

According to the *Supplementary Estimates (A), 2015–16*, Atomic Energy of Canada Limited plans to spend an additional \$164.9 million in 2015–2016. This represents an increase of 138.4% in the budgetary expenditures of Atomic Energy of Canada Limited over the *2015–16 Main Estimates*. Table 7 shows the expenditures, broken down by voted appropriations and statutory expenditures.

**Table 7 – Main Estimates and Supplementary Estimates,
Atomic Energy of Canada Limited, 2014–2015 and 2015–2016 (\$)**

		2014-2015	2015-2016		
		Estimates	Main Estimates	Supplementary Estimates (A)	Proposed Authorities to Date
1	Payments to Atomic Energy of Canada Limited for operating and capital expenditures	332,428,000	102,143,000	164,900,000	267,043,000
Total voted		332,428,000	102,143,000	164,900,000	267,043,000
<i>Total statutory</i>		–	<i>17,000,000</i>	–	<i>17,000,000</i>
Total budgetary		332,428,000	119,143,000	164,900,000	284,043,000

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2015–16 Main Estimates](#), p. II–8, and [Supplementary Estimates \(A\), 2015–16](#), p. 2-2.

The additional funds requested by Atomic Energy of Canada Limited, which amount to \$164.9 million, are intended to finance nuclear science at the Chalk River laboratory, as well as production of medical isotopes.

3.6.3 Medical Isotopes

In response to a question from a Committee member, officials confirmed that Atomic Energy of Canada Limited's decreased market share in the production of medical isotope molybdenum-99, which is used to diagnose a variety of diseases, is due to the fact that the shortage of this isotope in 2008 led to a diversification of the supply chain and provided for the entry of new suppliers from around the world. They added that they were convinced that Canada will have enough medical isotopes to meet its future needs, despite the fact that the National Research Universal reactor will stop producing isotopes in 2018. Finally, officials told the Committee that a new source of supply for medical isotopes will be available through investments the federal government has been making since 2010.

3.7 Fisheries and Oceans Canada

During their testimony before the Committee, officials from Fisheries and Oceans Canada discussed their department's budgetary forecasts and transfers. They also talked about species at risk.

3.7.1 Estimates

According to the *Supplementary Estimates (A), 2015–2016*, Fisheries and Oceans Canada plans to spend an additional \$204.8 million in 2015–2016. This represents a 10.8% increase in expenditures over the *2015–2016 Main Estimates*. Table 8 shows Fisheries and Oceans Canada's expenditures, broken down by voted appropriations and statutory expenditures.

Table 8 – Main Estimates and Supplementary Estimates, 2014–2015 and 2015–2016, Fisheries and Oceans Canada (\$)

		2014–2015	2015–2016		
		Estimates	Main Estimates	Supplementary Estimates (A)	Proposed Authorities to Date
1	Operating Expenditures	1,144,394,384	1,181,570,672	46,471,301	1,228,041,973
5	Capital expenditures	448,509,573	495,982,360	152,552,709	648,535,069
10	Grants and contributions	91,509,966	88,932,871	4,303,802	93,236,673
Total voted		1,684,413,923	1,766,485,903	203,327,812	1,969,813,715
<i>Total statutory</i>		<i>122,389,544</i>	<i>122,754,445</i>	<i>1,501,938</i>	<i>124,256,383</i>
Total budgetary		1,806,803,467	1,889,240,348	204,829,750	2,094,070,098

Sources: Table prepared using data obtained from Treasury Board of Canada Secretariat, [2015–16 Estimates](#), p. II-122 and [Supplementary Estimates \(A\), 2015–16](#), p. 2-14.

The additional funding requested by Fisheries and Oceans Canada comprises the following four items:

- \$189.3 million in funding for small craft harbours, real property, small craft procurement and vessel refits and life extensions;
- \$7.6 million for the horizontal initiative for the conservation, protection and recovery of species at risk and their habitats, as announced in Budget 2015;
- \$6.5 million for reinvestment of revenues from the sale or transfer of real property in the department's real property program;
- a symbolic amount of one dollar³ to authorize the listing and adjustment of grants.

With regard to the requested \$189.3 million, officials indicated that there are more than 1,000 small craft harbours in the country. This funding will enable the department to accelerate its work in construction and remediation of wharves and breakwaters, as well as dredging out, so that these harbours will be safer for Canadian fishermen and recreational users. The investments in real property affect a wide range of small projects like departmental buildings needing repair, fishway infrastructure and science

³ Supplementary estimates often contain symbolic items of one dollar that seek an alteration in the existing allocation of funds as authorized in the main estimates. Given that these are budgetary items, they must have a dollar value. However, they are not intended to seek new or additional money, but rather to spend money already authorized for a different purpose within a single department or federal agency. These symbolic credits may be used to transfer funds from one program to another, to write off debts, to adjust loan guarantees, to authorize grants, to amend enabling legislation or to amend previous appropriation acts. For additional information, see: Parliament of Canada, [House of Commons Procedure and Practice](#), Second edition, 2009.

facilities. Finally, this funding will provide for continued use of the existing Canadian Coast Guard fleet until the fleet is renewed.

3.7.2 Transfers

The Committee took an interest in the transfers between votes requested by Fisheries and Oceans Canada. Officials responded that the requested transfers are intended to increase the funds in Vote 10 – Grants and contributions. They went on to say that the programs funded by this vote are not based on a set plan of expenditures, but rather on the demand during the year. The department transfers available funds from Vote 1 – Operating expenditures and Vote 5 – Capital expenditures to Vote 10. This is always done with the prior approval of Parliament because the department does not have authorization to carry forward funds in Vote 10 from one year to another given that it receives continuing appropriation authorities. The Committee learned that the department requests this type of transfer in all supplementary estimates.

3.7.3 Species at Risk

In response to a question from a Committee member, officials indicated that Environment Canada is the lead department for terrestrial species, Fisheries and Oceans Canada for aquatic species and Parks Canada Agency for aquatic species in Canadian national parks covered by the horizontal initiative for the conservation, protection and recovery of species at risk and their habitats. They added that this initiative is the renewal of the same initiative that phased out last year and that had received identical funding.

According to officials, there are more than 100 aquatic species on the species-at-risk list. Before a species is added to that list, officials conduct a recovery-potential assessment and hold consultations with various stakeholders, including fishermen, environmental groups and Aboriginal groups, to determine the socio-economic impact of listing the species and the best way to manage the situation.

Once a species is added to the list, officials implement recovery strategies, in consultation with stakeholders, develop action plans and identify and protect critical habitat for that species.