

**FIRST INTERIM REPORT ON THE  
*2019–20 Main Estimates***

**Standing Senate Committee on National Finance**

**FORTIETH REPORT**

*Chair*

The Honourable Percy Mockler

*Deputy Chairs*

The Honourable Joseph A. Day  
The Honourable André Pratte

June 2019

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## **ORDER OF REFERENCE**

The Honourable Senator Bellemare moved, seconded by the Honourable Senator Harder, P.C.:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Main Estimates for the fiscal year ending March 31, 2020, with the exception of Library of Parliament Vote 1; and

That, for the purpose of this study, the committee have the power to sit, even though the Senate may then be sitting, with rule 12-18(1) being suspended in relation thereto.

April 11, 2019

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## EXECUTIVE SUMMARY

### *2019–20 Main Estimates*

As part of its oversight role of government spending, the Standing Senate Committee on National Finance considered the *2019–20 Main Estimates*, which were tabled in the Senate and referred to our committee for study on April 11, 2019. The main estimates request Parliament's approval for \$126 billion in voted budgetary expenditures and forecast statutory expenditures of \$174 billion, for a total of \$300 billion, which is an increase of 9% from the previous year's main estimates.

In order to examine the *2019–20 Main Estimates*, our committee held five meetings and questioned officials of seventeen federal organizations, as well as the President of the Treasury Board, that are requesting total voted budgetary appropriations of approximately \$71 billion, which is 57% of the total voted amount requested.

Our committee's observations from issues raised during our meetings include:

1. As the 2019 federal general election approaches, Elections Canada needs to ensure it has the tools in place to provide Canadians with accurate, accessible and timely information on the voting process, as well as monitor and promptly report on the actions of political parties, third-party interest groups and individuals for compliance with the requirements of the *Canada Elections Act*.
2. The Leaders' Debates Commission should ensure that the management of the 2019 federal general election debates is non-partisan, its decision-making process for the selection of party leaders is clear and transparent, and the debates are accessible to as many Canadians as possible.
3. Immigration, Refugees and Citizenship Canada needs to provide financial clarity to provinces and municipalities by specifying the level of housing costs for asylum seekers it will share.
4. The Immigration and Refugee Board of Canada should explore efficiencies and innovative approaches that will improve its capacity to process asylum claims.
5. The Canada Border Services Agency must enhance its modernization efforts to ensure efficient and secure movement of goods and people through **all** ports of entry, including underserved northern and rural border crossings.
6. As part of its efforts to build stability, governance and long-term resilience in the Middle East, Global Affairs Canada should work to support and develop local organizations and civil society groups.
7. Employment and Social Development Canada needs to ensure that its Student Work Placement Program provides long-term employment benefits for post-secondary students.

8. To ensure successful implementation of the carbon offset credit system, Environment and Climate Change Canada needs to develop its carbon tracking information system as soon as possible.
9. The Canadian Environment Assessment Agency should ensure that it has the capacity and tools in place to meet the requirements of its expanded mandate, operating with independence and transparency, should Bill C-69 be adopted.
10. Health Canada should ensure that its response to the opioid crisis results in meaningful reductions in opioid addictions and overdose deaths.
11. While it has invested additional funds in Indigenous education, Indigenous Services Canada needs to provide sufficient resources to eliminate the significant education gap between Indigenous and non-Indigenous students.
12. The three levels of government need to improve their collaboration in order to ensure a timelier distribution of infrastructure funds.
13. The Canada Mortgage and Housing Corporation should closely monitor the implementation of the First-Time Home Buyer incentive to ensure that it does not increase house prices in some markets and encourage home buyers to take on excessive risk.
14. Before continuing in the next Parliament with its estimates reform initiative, the Treasury Board of Canada Secretariat should consult with parliamentarians on how to implement this initiative in a way that best enables parliamentary oversight.
15. To provide greater clarity, the Privy Council Office should identify objectives and targets for the Youth Policy, which was released in May 2019.
16. To enable parliamentarians to monitor the progress of its capital projects and the implementation of *Strong, Secure, Engaged*, the Department of National Defence should annually outline planned and actual expenditures for each of its major capital projects.
17. Innovation, Science and Economic Development Canada should work closely with the private sector and other levels of government to ensure all Canadians have access to affordable high-speed internet.

## INTRODUCTION

The Standing Senate Committee on National Finance (our committee) has an important role to play on behalf of Parliament and Canadians in examining the federal government's spending plans, as outlined in the main and supplementary estimates. Our committee reviews and presents reports on the government's proposed spending in order to examine whether it is reasonable, takes into account value-for-money, will be effective in achieving the government's objectives and allows parliamentarians to follow the money.

The *2019–20 Main Estimates* were tabled in the Senate and referred to the Standing Senate Committee on National Finance for review on April 11, 2019. They provide information to support the federal government's request for Parliament's approval of spending to deliver programs and services during the fiscal year 2019–2020, including (not in addition to) amounts already shown in the *2019–20 Interim Estimates*.

As shown in Table 1, total voted budgetary expenditures outlined in the *2019–20 Main Estimates* are \$126 billion, which is an increase of 11% from the *2018–19 Main Estimates*, while budgetary statutory expenditures are forecasted to increase by 7%. Overall, total budgetary expenditures are increasing by 9%.

**Table 1 – Main Estimates, 2018–2019 and 2019–2020 (billions)**

	2018–2019	2019–2020	Change (%)
Budgetary			
Voted	\$112.87	\$125.61	11.3
Statutory	\$163.10	\$174.03	6.7
<b>Total</b>	<b>\$275.97</b>	<b>\$299.64</b>	<b>8.6</b>
Non-budgetary			
Voted	\$0.06	\$0.06	0.0
Statutory	\$0.54	\$2.10	288.9
<b>Total</b>	<b>\$0.60</b>	<b>\$2.15</b>	<b>258.3</b>

Source: Table prepared using data from the Treasury Board of Canada Secretariat, *2019–20 Main Estimates*, 2019.

In order to examine the *2019–20 Main Estimates*, our committee held five meetings and questioned officials of seventeen federal organizations, as well as the President of the Treasury Board, that are requesting total voted appropriations of approximately \$71 billion, which is 57% of the total voted amount requested in the main estimates.

This report highlights issues discussed during our examination of the main estimates and presents our observations on key concerns facing each organization.

Further information about our hearings can be found in the meeting transcripts and audio and video recordings, which are available on the committee's [website](#).

## 1 ELECTIONS CANADA

Elections Canada is an independent, non-partisan agency that conducts federal general elections, by-elections and referendums.<sup>1</sup> It also administers the political financing provisions of the *Canada Elections Act*, monitors compliance with electoral legislation and conducts public information campaigns.

### Committee Observations

Elections Canada is responsible for managing the upcoming 2019 federal general election, which it estimates will cost approximately \$500 million.

Elections Canada needs to ensure that Canadians have accurate, accessible and timely information on the voting process. It also needs to monitor and promptly report on the actions of political parties, third-party interest groups and individuals for compliance with the requirements of the *Canada Elections Act*.

### 1.1 Estimates Overview

In the *2019–20 Main Estimates*, Elections Canada is requesting a total voted budgetary appropriation of \$39,217,905. This is an increase of 27% over its *2018–19 Main Estimates* appropriation. Elections Canada is forecasting statutory expenditures of \$454,017,871.

Elections Canada has no voted items related to measures announced in Budget 2019.

### 1.2 Spending on the General Election

According to officials from Elections Canada, the organization estimates that it will spend approximately \$500 million on the 43<sup>rd</sup> federal general election. Of this amount, approximately \$400 million would be spent in fiscal year 2019–2020.

Bill C-76, the *Elections Modernization Act*, which received Royal Assent on December 13, 2018, made a number of amendments to the elections process. Elections Canada estimates that the Act will lead to increased costs of \$21 million for the general election, primarily by extending the opening hours for advanced polls.

### 1.3 Enforcing Compliance

The Commissioner of Canada Elections is responsible for ensuring compliance with and the enforcement of the *Canada Elections Act*. Officials told our committee that the Commissioner can conduct investigations into possible illegal political donations. They said the Commissioner would decide whether to enter into a compliance agreement or undertake prosecution based on the seriousness of the offence and whether there was sufficient evidence to support a prosecution. With the passage of the

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<sup>1</sup> The name of the organization used in the estimates is the Office of the Chief Electoral Officer.

*Elections Modernization Act*, the Commissioner now has the power to compel testimony, which should aid future investigations.

Officials also indicated that Elections Canada conducts horizontal audits of political donations to ensure that donation limits are respected and that funds are reimbursed if the limits have been exceeded.

#### **1.4 Election Integrity**

Recent events in other countries have led to concerns over the integrity of elections. Officials said they have made investments to upgrade and protect Elections Canada's information technology infrastructure and databases. They have provided security training to all personnel and have been working closely with Canada's national security agencies.

Elections Canada also has a responsibility to make sure that Canadians are informed about the voting process. They have established a dedicated team to monitor social media and other sources to ensure that voters have accurate information and will respond to inaccurate information. They will be undertaking a public awareness campaign encouraging people to check their sources of information.

Officials said Elections Canada has proactively identified groups that may seek to participate in the election as third parties, and they have reminded these groups of the rules governing their participation.

#### **1.5 Election Participation**

Elections Canada encourages participation in the election. Officials informed our committee that they have community relations officers in each riding, who engage in outreach activities with vulnerable Canadians, seniors and homeless people, depending on the composition of the riding.

Elections Canada has strategies to reach out to young Canadians, including installing voting kiosks on 117 post-secondary campuses. They will also be producing election materials in 38 languages, including Indigenous languages.

## 2 LEADERS' DEBATES COMMISSION

The mandate of the Leaders' Debates Commission (LDC) is to organize two debates – one in each official language – of the political party leaders during federal general elections.

### Committee Observations

The Leaders' Debates Commission should ensure that the management of the 2019 federal general election debates is non-partisan, its decision-making process for the selection of party leaders is clear and transparent, and the debates are accessible to as many Canadians as possible.

### 2.1 Estimates Overview

In the *2019–20 Main Estimates*, the LDC is requesting a total voted budgetary appropriation of \$4,520,775. The LDC is forecasting statutory expenditures of \$108,924.

The LDC has no voted items related to measures announced in Budget 2019.

This year is the first full year of operations for the LDC.

### 2.2 Debates Production and Accessibility

Officials from the Leaders' Debates Commission informed our committee that the Commission has six full-time staff. The Commission will soon be releasing a request for proposals for a producer of the debates, who will be responsible for the production and format of the debates.

A central part of the Commission's mandate is to make the debates accessible to as many Canadians as possible. Officials said they intend to have the debates broadcast in multiple formats, including on the radio and the internet. They will make the debates accessible to people with disabilities by utilizing closed captions and sign language interpretation. The debates will also be available in multiple languages, including Indigenous languages, through simultaneous interpretation.

The Commission will engage in outreach activities to raise public awareness and understanding of the debates.

### 2.3 Participation in the Leaders' Debates

The Minister of Democratic Institutions established criteria for the participation of party leaders in the debates. Their political parties must meet two of the following criteria:

1. The party has an elected representative in the House of Commons who was elected as a member of the party;
2. The party intends to run candidates in at least 90% of electoral districts in the general election; and

3. The party's candidates received at least 4% of the votes cast in the most recent general election, or the Debates Commissioner considers the party's candidates have a legitimate chance to be elected in the general election.

Officials informed our committee that they have been developing several tools to assist the Commissioner make a decision under the third criterion, including consulting with specialists who aggregate poll results.

## **2.4 Reporting**

The Commission must submit a report to Parliament on the debates by March 31, 2020. Officials said they are developing a research strategy to measure the impact of the debates.

### 3 IMMIGRATION, REFUGEES AND CITIZENSHIP CANADA

Immigration, Refugees and Citizenship Canada (IRCC) screens and approves for admission immigrants, foreign students, visitors and temporary workers; resettles refugees; manages settlement and integration services for newcomers; and grants citizenship.<sup>2</sup>

#### Committee Observations

IRCC has developed an interim housing assistance program to share the housing costs incurred by provinces and municipalities due to the increase in asylum seekers.

However, IRCC needs to provide financial clarity to provinces and municipalities by specifying the level of housing costs it will share.

#### 3.1 Estimates Overview

In the *2019–20 Main Estimates*, IRCC is requesting a total voted budgetary appropriation of \$2,934,232,214, which is an increase of 33% over its *2018–19 Main Estimates* appropriation. IRCC is forecasting statutory expenditures of \$253,414,664.

IRCC has five voted items related to measures announced in Budget 2019:

- \$160,430,000 for Enhancing the Integrity of Canada’s Borders and Asylum System;
- \$18,000,000 for Improving Immigration Client Service;
- \$24,384,000 for Helping Travellers Visit Canada;
- \$11,250,000 for Protecting People from Unscrupulous Immigration Consultants; and
- \$125,120,000 for Providing Health Care to Refugees and Asylum Seekers.

#### 3.2 Irregular Migration

The IRCC processes refugee claims in partnership with other relevant departments as well as manages an interim health care program for refugee claimants. Budget 2019 proposed to invest \$1.18 billion over five years, starting in 2019–2020, and \$55 million per year ongoing across all relevant departments, to support implementation of the Border Enforcement Strategy. In the *2019–20 Main Estimates*, IRCC is requesting \$160 million for this budget measure.

In addition, Budget 2019 proposed to provide \$283 million over two years for the interim health care program. In the *2019–20 Main Estimates*, IRCC is requesting \$125 million for this budget measure. As well, the *2019–20 Main Estimates* include a grant of \$324 million to provide financial support to provinces and municipalities to address interim housing pressures resulting from increased volumes of asylum claimants entering Canada.

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<sup>2</sup> The name used in the estimates is the Department of Citizenship and Immigration.

Officials from IRCC explained that the funding for the Border Enforcement Strategy would support three pillars. First, it aims to detect and discourage misuse of the Canadian visa system by conducting more interceptions abroad, improving intelligence analysis for the issuance of visas, and engaging in outreach with the U.S. and others. Secondly, the funding would be used to discourage and manage irregular migration at the border. Thirdly, it would increase capacity within the asylum claims system to keep wait times low and facilitate the quick removal of failed asylum claimants, thereby lessening the burden on provincial resources.

With respect to proposed legislated changes that would deem ineligible those who have claimed asylum in another country, officials said this change is in line with the spirit of the refugee convention's stipulation that asylum seekers should make their claims in the first country with a durable solution. Also, Canada can only confirm prior asylum claims with trusted partners. Those who are deemed ineligible would undergo pre-removal risk assessments before they were removed. Lastly, officials said the United Nations High Commissioner for Refugees (UNHCR) considered this process to be in line with Canada's international obligations.

Regarding the burden of the costs associated with asylum seekers, officials said that once asylum seekers that have entered Canada through irregular crossings are deemed eligible to submit asylum claims, they are entitled to federal support through the interim federal assistance program for health benefits. Furthermore, an interim housing assistance program was announced to share the housing costs incurred by provinces and municipalities due to the increase in asylum seekers. Some jurisdictions have already received funds, while discussions with other jurisdictions are still ongoing.

Officials also clarified that IRCC is continuing to work with the UNHCR to meet Canada's resettlement objectives. There is no displacement of resettled refugees by those claiming asylum at the border.<sup>3</sup>

### **3.3 Unscrupulous Immigration Consultants**

In the *2019–20 Main Estimates*, IRCC is requesting \$11.25 million to protect people from unscrupulous immigration consultants by improving oversight of immigration consultants and strengthening compliance and enforcement measures.

Officials explained that the funding is for a strategy regarding immigration consultants. First, a new statutory framework for the regulation of immigration consultants would be established to provide better oversight by the government, as well as put in place additional transparency requirements and standards. Compliance and enforcement would be improved by giving IRCC the ability to impose administrative monetary penalties to those who practice without authorization or counsel misrepresentation. Funding for the CBSA to conduct criminal investigations would be increased. Lastly, funding would support public education and outreach activities that emphasize the need to verify the status of consultants to confirm that they are authorized consultants before using their services to submit applications to IRCC.

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<sup>3</sup> Resettled refugees arrive in Canada as part of the federal government's Refugee and Humanitarian Resettlement Program. This program resettles refugees identified by the UNHCR and private sponsors.

## 4 IMMIGRATION AND REFUGEE BOARD OF CANADA

The Immigration and Refugee Board of Canada (IRB) is an independent tribunal responsible for making decisions on immigration and refugee matters, including deciding on who needs refugee protection.

### Committee Observations

The recent surge in asylum seekers has significantly increased the backlog of asylum claims to be processed by the IRB.

While the IRB is adding more decision-makers, it also should explore efficiencies and innovative approaches that will improve its capacity to process asylum claims.

### 4.1 Estimates Overview

In the *2019–20 Main Estimates*, the IRB is requesting a total voted budgetary appropriation of \$205,434,137, which is an increase of 72% over its *2018–19 Main Estimates* appropriation. IRB is forecasting statutory expenditures of \$18,119,215.

The IRB has one voted item related to measures announced in *Budget 2019*: \$56,850,000 for Enhancing the Integrity of Canada's Borders and Asylum System.

### 4.2 Irregular Migration

The IRB hears and determines the legitimacy of refugee claims, as well as possible appeals. After irregular migrants have been apprehended by the Royal Canadian Mounted Police (RCMP) and interviewed by the CBSA, those who wish to make a claim are referred to the IRB after passing security and other background checks. In the *2019–20 Main Estimates*, the IRB is requesting \$56 million as part of a \$1.18 billion five-year measure announced in Budget 2019 that would in part process 50,000 asylum claims per year and facilitate the removal of failed asylum claimants in a timely manner. The investment will also expand a pilot project that aims to increase efficiencies among delivery partners in the pre-hearing process for refugee protection claims.

According to the IRB's website, as of March 2019, there are 73,962 refugee protection claims and 7,577 refugee appeals waiting to be finalized.

Officials from the IRB said that their 2018-2019 intake was 55,000 at the Refugee Protection Division, which makes the first level decision. The requested funding would be used to hire 70% more refugee protection decision-makers over the next two years. Officials believed that this funding would allow the IRB to add capacity to finalize approximately 41,000 claims in 2019-2020 and 50,000 claims in 2020-2021. Should the intake of claims remain the same or similar to the levels of 2018-2019, the IRB would be able to maintain an average wait time of about 21 months in 2019-2020.

Officials added that about 25% of cases are appealed to the Refugee Appeal Division. This division can either confirm the first level decision, substitute its own decision, or refer the matter back for redetermination. In the majority of the cases, the first level decision is confirmed. Officials explained that

currently, the wait time for the appeal process is 13 months. The funding would also be used to increase capacity at the Refugee Appeal Division, allowing it to finalize 11,000 appeals in 2019-2020, nearly double the number of the previous fiscal year, and up to 13,500 appeals in 2020-2021.

## 5 CANADA BORDER SERVICES AGENCY

The Canada Border Services Agency (CBSA) provides integrated border services and administers legislation that governs the admissibility of people and goods into and out of Canada. It is responsible for interdicting illegal goods at Canada's borders, as well as carrying out enforcement functions related to immigration and refugee matters. These include detention, removals, investigations, and intelligence and immigration control functions overseas.

### Committee Observations

Over the past five years, the CBSA has experienced a growth of 33% in transactions across all activities.

The CBSA must enhance its modernization efforts to ensure efficient and secure movement of goods and people through **all** ports of entry, including underserved northern and rural border crossings.

### 5.1 Estimates Overview

In the *2019–20 Main Estimates*, the CBSA is requesting a total voted budgetary appropriation of \$1,936,776,265, which is an increase of 18% over its *2018–19 Main Estimates* appropriation. CBSA is forecasting statutory expenditures of \$190,454,658.

The CBSA has six voted items related to measures announced in Budget 2019:

- \$5,558,788 for Addressing the Challenges of African Swine Fever;
- \$500,000 for Enhancing Accountability and Oversight of the Canada Border Services Agency;
- \$106,290,000 for Enhancing the Integrity of Canada's Borders and Asylum System;
- \$12,935,000 for Helping Travellers Visit Canada;
- \$135,000,000 for Modernizing Canada's Border Operations; and
- \$1,550,000 for Protecting People from Unscrupulous Immigration Consultants.

### 5.2 Border Management

In the *2019–20 Main Estimates*, the CBSA is requesting \$135 million as part of a five-year \$765 million measure announced in Budget 2019 to modernize Canada's border operations. Specifically, this funding would be used to support effective border management and enforcement, modernize border operations, and facilitate the safe and timely flow of transactions at the border.

Officials from the CBSA said that funding for the last three years has helped the CBSA keep up with increasing demand. The requested funding would be used for data analytics capability to target interventions more effectively.

On the question of illegal drugs entering Canada via ports and postal services, officials said every piece of international mail is inspected by a CBSA officer. Moreover, over the last several years, new measures have been put in place specifically to deal with drug precursors. The CBSA makes decisions on which containers and commercial goods to inspect based on advanced information provided by trusted commercial partners. Officials added that inspections are determined by targeting and intelligence measures and supported by data analytics.

They stated that they are aware of the ongoing risks of synthetic drugs and guns, which continue to be a significant priority of the CBSA's border enforcement work. Funding is available specifically for the detection of illegal firearms at the border, including screening technology at airports and at the border, as well as dogs specially trained to detect guns.

### **5.3 Preventing African Swine Fever**

Budget 2019 proposed to provide the CBSA with up to \$31 million over the next five years, starting in 2019–2020, with up to \$5.8 million per year ongoing, to increase the number of detector dogs deployed across the country to ensure that no contaminated products enter the country, protecting Canada's hog farmers and meat processors from the serious economic threat posed by African Swine Fever.

Officials said the CBSA's role is to try to keep African swine fever out of the country by monitoring our borders and mitigating risks. The funding would be used to increase the number of detector dogs at airports, postal facilities and ports to detect the illegal importation of pork products. They are also closely working with the airlines to raise awareness of this issue and prevent people from bringing pork products into Canada.

### **5.4 Border Crossings**

The CBSA manages Canada's border crossings. Officials noted that the CBSA has experienced over the past five years a growth of 33% in transactions across all activities. They said limited resources are managed across an entire region, with decisions on reallocations made on a regular basis. They are examining ways to deliver services differently to keep up with technology and growth.

## 6 GLOBAL AFFAIRS CANADA

Global Affairs Canada (GAC) manages diplomatic and consular relations, encourages international trade and leads international development and humanitarian assistance.<sup>4</sup> It also maintains Canadian offices abroad with diplomatic and consular status on behalf of all federal government departments.

### Committee Observations

GAC is requesting \$250 million in 2019–2020 for the government’s Middle East Strategy.

As part of its efforts to build stability, governance and long-term resilience in the Middle East, GAC should work to support and develop local organizations and civil society groups.

### 6.1 Estimates Overview

In the *2019–20 Main Estimates*, GAC is requesting a total voted budgetary appropriation of \$6,376,880,702. This is an increase of 4.3% over its *2018–19 Main Estimates* appropriation. GAC is forecasting statutory budgetary expenditures of \$342,811,521 and statutory non-budgetary expenditures of \$17,000,000.

GAC has five voted items related to measures announced in Budget 2019:

- \$11,446,936 for the administration of new free trade agreement measures and steel safeguards;
- \$1,252,387 for Protecting Canada’s National Security;
- \$716,099 for Protecting Democracy;
- \$250,000,000 for Renewing Canada’s Middle East Strategy; and
- \$6,133,109 for Enhancing Canada’s Global Arctic Leadership.

### 6.2 Canada’s Middle East Strategy

Budget 2019 allocated \$1.39 billion over two years for a whole-of government strategy for the Middle East, with a focus on building stability, governance and long-term resilience. Of this amount, \$426 million would be allocated from GAC’s existing International Assistance Envelope resources. In the *2019–20 Main Estimates*, GAC is requesting \$250 million for “Renewing Canada’s Middle East Strategy.”

Officials from GAC said the funding would solidify the gains that have been made in the Middle East, especially in stabilization. For example, in Iraq, Canada is working with police forces to ensure stability. Additionally, GAC is working with humanitarian organizations to provide support and education to displaced persons.

Officials added that GAC has used its Middle East Strategy to pilot multi-year funding for its humanitarian assistance with partners, such as the United Nations High Commissioner for Refugees

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<sup>4</sup> The name used in the estimates is the Department of Foreign Affairs, Trade and Development.

(UNHCR). GAC is also working to have more Canadian organizations deliver the Feminist International Assistance Policy, as currently 23% of assistance is provided through Canadian organizations and 62% is provided through multilateral organizations.

### **6.3 Arctic Leadership**

Budget 2019 proposed \$34 million over five years to create a permanent secretariat in Canada for the Sustainable Development Working Group of the Arctic Council. In the *2019–20 Main Estimates*, GAC is requesting \$6.1 million for “Enhancing Canada’s Global Arctic Leadership.”

According to officials from GAC, this funding would create the secretariat and thereby solidify Canada’s leadership in circumpolar issues and strengthen the international rules-based order. The funding would also support the University of the Arctic’s efforts to provide educational research opportunities for northern and Indigenous populations.

### **6.4 Protecting Democracy**

Budget 2019 allocated \$30.2 million over five years to implement a number of measures to strengthen and safeguard Canada’s democratic institutions. In the *2019–20 Main Estimates*, GAC is requesting approximately \$700,000 for “Protecting Democracy.”

Officials said GAC would use the funding to establish a secretariat to analyze worldwide trends and exchange information and best practices with other Group of 7 countries with respect to foreign interference in domestic elections.

### **6.5 Safety and Security**

In response to questions about the safety and security of personnel in missions abroad, officials observed that GAC received “duty of care” funding to provide hazardous environment training to all of its personnel prior to their postings abroad. The *2019–20 Main Estimates* include \$19 million in GAC’s overall funding profile for the duty of care initiative. The additional funding allows GAC to adapt to the emerging and evolving threat environment.

### **6.6 Social Financing**

Budget 2018 allocated \$1.5 billion for innovative financing approaches and sovereign lending, and the government amended the *International Development (Financial Institutions) Assistance Act* to provide GAC with new tools, including loan guarantees, equity investments and lending.

Officials indicated that GAC is going through the design and regulatory processes for the new financing approaches, which would allow the department to leverage its funds and work with the private sector to achieve broader development goals.

## 7 EMPLOYMENT AND SOCIAL DEVELOPMENT CANADA

Employment and Social Development Canada (ESDC) manages income security payments to seniors and unemployed workers, financial assistance to post-secondary students, and payments to parents of young children. It also oversees federal labour regulatory responsibilities and funds labour market and social development projects.

### Committee Observations

Through its Student Work Placement Program, ESDC supports paid work experience for post-secondary students by providing employers with a 50% wage subsidy, up to \$5,000, for each student hired. ESDC plans to spend \$76 million in 2019–2020 to expand the program.

ESDC needs to ensure that its Student Work Placement Program provides long-term employment benefits for post-secondary students.

### 7.1 Estimates Overview

In the *2019–20 Main Estimates*, ESDC is requesting a total voted budgetary appropriation of \$3,764,609,956. This is an increase of 21% over its *2018–19 Main Estimates* appropriation. ESDC is forecasting budgetary statutory expenditures of \$61,004,972,545 and non-budgetary statutory expenditures of \$1,073,709,062.

ESDC has 16 voted items related to measures announced in Budget 2019:

- \$1,098,000 for Boosting the Capacity of the Federal Mediation and Conciliation Services;
- \$20,000,000 for Empowering Seniors in their Communities;
- \$3,000,000 for Enhancing Supports for Apprenticeship;
- \$31,800,000 for Ensuring Income Security Benefits are Fair and Efficient;
- \$6,360,000 for Establishing a Permanent Global Talent System;
- \$34,710,557 for Expanding the Canada Service Corps;
- \$75,529,000 for Expanding the Student Work Placement Program;
- \$1,000,000 for Improving Gender and Diversity Outcomes in Skills Programs;
- \$1,500,000 for Inclusion of Canadians with Visual Impairments and Other Print Disabilities;
- \$91,100,000 for Investing in Service Canada;
- \$400,000 for Resolving Income Security Program Disputes More Quickly and Easily;
- \$5,000,000 for Supporting Black Canadian Communities;
- \$29,500,000 for Modernizing the Youth Employment Strategy;
- \$4,000,000 for Supporting Employment for Persons with Intellectual Disabilities including Autism Spectrum Disorders;

- \$3,000,000 for Supporting Indigenous Post-Secondary Education; and
- \$25,000,000 for Participation of Social Purpose Organizations in the Social Finance Market.

## **7.2 Student Work Placement Program**

ESDC's Student Work Placement Program gives post-secondary students in science, technology, engineering, math (STEM) and business programs paid work experience related to their field of study. ESDC provides employers with a wage subsidy of up to \$5,000 for each student hired (up to \$7,000 for students from an under-represented group). Budget 2019 allocated \$631 million over five years to support up to 20,000 student work placements in fields outside of STEM. In the *2019–20 Main Estimates*, ESDC is requesting \$75.5 million to expand the program.

Officials from ESDC informed our committee that ESDC pays up to 50% of the wage cost for student work placements. The program will help create 84,000 work-integrated learning opportunities by 2023–2024. As the program is new, officials were unable to provide information on its outcomes, including how it impacts future employment. They committed to provide our committee with information on the number of placements completed to date and the organizations that have negotiated funding agreements.

## **7.3 Supporting Employment for Persons with Intellectual Disabilities**

Budget 2019 allocated \$12 million over three years to the Canadian Association for Community Living, in partnership with the Canadian Autism Spectrum Disorders Alliance. The funding would assist persons with intellectual disabilities, notably autism spectrum disorders, find employment. ESDC is requesting \$4 million in the *2019–20 Main Estimates* for this purpose.

Officials did not have information on the regional distribution of the funding and committed to provide more details to our committee.

## 8 ENVIRONMENT AND CLIMATE CHANGE CANADA

Environment and Climate Change Canada (ECCC) is responsible for preserving and enhancing the natural environment and renewable resources as well as coordinating environmental policies and programs with other federal departments.<sup>5</sup>

### Committee Observations

ECCC will be developing a carbon tracking information system for the national carbon offset credit system. However, it has not yet finalized the system's requirements.

To ensure successful implementation of the carbon offset credit system, ECCC needs to develop its information system as soon as possible.

### 8.1 Estimates Overview

In the *2019–20 Main Estimates*, ECCC is requesting a total voted budgetary appropriation of \$1,733,525,596, which is an increase of 21% over its *2018–19 Main Estimates* appropriation. ECCC is forecasting statutory expenditures of \$94,569,422.

ECCC has four voted items related to measures announced in Budget 2019:

- \$2,535,478 for Canada's Marine Safety Response;
- \$790,033 for Ensuring Better Disaster Management Preparation and Response;
- \$4,739,890 for Implementing a Federal Carbon Offset System; and
- \$18,280,000 for Strong Arctic and Northern Communities.

### 8.2 The Low Carbon Economy Fund

As part of the government's Pan-Canadian Framework on Clean Growth and Climate Change, the Low Carbon Economy Fund (LCEF) has two parts: a population-based Low Carbon Economy Leadership Fund for the provinces and territories that had joined the Framework to deliver on their commitments to reduce greenhouse gas emissions; and the Low Carbon Economy Challenge for municipalities, Indigenous groups, businesses and both not-for-profit and for-profit organizations. In the *2019-20 Main Estimates*, ECCC is requesting \$555 million in contributions for the LCEF, an increase of 18% over last year's main estimates. In addition, there is also a new grant request of \$44 million for the LCEF.

When asked about the implication of the possible withdrawal of certain jurisdictions in Canada from the Framework, officials from ECCC said that the only jurisdiction that has withdrawn from the framework is Ontario. The contribution agreement between ECCC and the Government of Ontario was terminated and co-invested projects and programs were also cancelled. ECCC is currently working to reconcile with the Government of Ontario the funds that were dispensed for those programs before the agreement was

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<sup>5</sup> The name used in the estimates is the Department of the Environment.

terminated. The remainder of those funds, less than half of the original allocation of \$420 million, will be put into new programming for the people of Ontario.

### **8.3 Implementation of the Federal Carbon Offset System**

Budget 2019 proposed funding to develop the information technology infrastructure and tracking systems that would provide compliance flexibility for participating facilities for a national carbon offset credit system. The *2019-20 Main Estimates* includes \$4.7 million for this measure.

Officials from ECCC said that the work on the carbon credit tracking system will commence in the budget year 2019-2020 once they receive the funding. They do not yet know the total cost of the system, as they have not finalized the full requirements. Officials added that using previously allocated funds, they are currently in the process of procuring the service.

### **8.4 Canada Nature Fund**

In the *2019-20 Main Estimates*, ECCC is requesting new funding of \$101 million in contributions for the Canada Nature Fund and \$29 million in contributions for “Conserving Nature.”

Officials said that there has been strong interest in partnership on the Canada Nature Fund. The Canadian government invested \$12 million in 38 projects through the quick start program in 2018-2019, which aims to establish new protected and conserved areas. The funding was matched by corporations and foundations, provinces and territories, and Indigenous communities. They expect a strong demand for matching with the \$175 million challenge fund. Officials stated that land purchases are also supported by the government. The four-year \$100 million Natural Heritage Conservation Program will yield a 2:1 leverage of partnership dollars to federal dollars, in cooperation with Ducks Unlimited Canada and a series of land trusts across Canada for private land acquisition.

## 9 CANADIAN ENVIRONMENTAL ASSESSMENT AGENCY

The Canadian Environmental Assessment Agency (CEAA) delivers environmental assessments in support of federal government decisions about designated major projects.

### Committee Observations

Under the proposed Bill C-69, CEAA would become the Impact Assessment Agency of Canada with a broader mandate

CEAA needs to ensure that it has the capacity and tools in place to meet the requirements of its new mandate, operating with independence and transparency, should Bill C-69 be adopted.

### 9.1 Estimates Overview

In the *2019–20 Main Estimates*, CEAA is requesting a total voted budgetary appropriation of \$68,036,304, which is an increase of 125% over its *2018–19 Main Estimates* appropriation. CEAA is forecasting statutory expenditures of \$6,138,709.

CEAA has no voted items related to measures announced in Budget 2019.

### 9.2 The Establishment of the Impact Assessment Agency of Canada

In February 2018, the government introduced Bill C-69 that would, among other matters, transform CEAA into the Impact Assessment Agency of Canada (IAAC), which would be the single federal body leading all impact assessments and coordinating Crown consultations for all federally designated projects.

The government has announced that it will invest up to \$1.01 billion over five years to support the change.

Officials from CEAA said that the cost of establishing the IAAC was reviewed by subject-matter experts at the Treasury Board of Canada Secretariat. The funding would be used to support the broadened scope of assessment, greater transparency as well as the enhanced participation of Indigenous peoples and the broader public. They expect that the number of employees at CEAA will grow to 450 full-time equivalents if the new legislation is adopted.

Officials stated that they are working with willing provinces and territories on developing cooperation agreements that would enhance the principle of “one project, one assessment.” So far, they have received positive indications from nine jurisdictions for a desire to move forward on cooperation agreements. The agreements would outline the roles and responsibilities for each jurisdiction and include substitution arrangements for assessments.

In terms of Indigenous engagement, officials remarked that the new legislation allows CEAA to work collaboratively with Indigenous communities to assess the impacts on Indigenous rights, traditional land

use and Indigenous knowledge. Specifically, \$10.9 million was requested for partnering with Indigenous groups, \$6.1 million of which is for grants and contributions for communities to participate in data-gathering, Indigenous knowledge studies and follow-up monitoring programs. Some funding is also made available to support Indigenous groups' participation in the assessment process.

## 10 HEALTH CANADA

Health Canada enforces laws and regulations related to consumer products, tobacco, pest control products, drugs, biologics, medical devices and natural health products. It also supports innovation in the health care system, works to uphold the *Canada Health Act*, and provides information to help Canadians maintain and improve their health.

### Committee Observations

The federal government has committed over \$350 million toward a comprehensive public health emergency response to the opioid crisis, including \$7.3 million to Health Canada in 2019–2020.

Health Canada needs to ensure that its response to the opioid crisis results in meaningful reductions in opioid addictions and overdose deaths.

### 10.1 Estimates Overview

In the *2019–20 Main Estimates*, Health Canada is requesting a total voted budgetary appropriation of \$2,364,422,331. This is an increase of 17% over its *2018–19 Main Estimates* appropriation. Health Canada is forecasting statutory expenditures of \$157,145,465.

Health Canada has eight voted items related to measures announced in Budget 2019:

- \$24,597,144 for Bringing Innovation to Regulations;
- \$7,300,000 for Enhancing the Federal Response to the Opioid Crisis in Canada;
- \$5,000,000 for Introducing the Canadian Drug Agency;
- \$1,000,000 for Ovarian Cancer Canada;
- \$1,178,000 for Protecting Against Bovine Spongiform Encephalopathy;
- \$700,000 for Supporting a Safe and Non-Discriminatory Approach to Plasma Donation;
- \$11,200,000 for the Terry Fox Research Institute; and
- \$500,000 for Creating a Pan-Canadian Database for Organ Donation and Transplantation.

### 10.2 Opioid Crisis

According to Budget 2019, the federal government has committed over \$350 million toward a comprehensive public health emergency response to the opioid crisis. The budget also allocated \$30.5 million over five years for targeted measures to address gaps in harm reduction and treatment for opioid addiction. In the *2019–20 Main Estimates*, Health Canada is requesting \$7.3 million to respond to the opioid crisis.

Officials from Health Canada informed our committee that the funds would be provided to a third-party organization that would identify gaps in the availability of naloxone, an overdose reversal drug, and then purchase and distribute the drug to critical service areas.

The funds would also support the “safe supply” initiative, which provides pharmaceutical drugs under the oversight of a physician as a substitute to contaminated street drugs.

Officials noted that Health Canada has worked with provincial and territorial governments to develop a national set of opioid prescription guidelines, and the Minister of Health recently established the Canadian Pain Task Force to examine best practices for pain management.

### **10.3 Regulatory Innovation**

Budget 2019 allocated \$219.1 million over five years to reform and modernize federal regulations, including creating a user-friendly regulatory system, using novel or experimental approaches, facilitating greater cooperation and reducing duplication. In the *2019–20 Main Estimates*, Health Canada is requesting \$24.6 million to bring innovation to regulations.

Officials provided a breakdown of the funding request:

- \$8.8 million to redesign and restructure the current food regulatory framework and the *Food and Drugs Act*, as well as develop regulations for food fortification and supplemented food and implement life-cycle licencing;
- \$1.3 million to create a flexible regulatory process for advanced technology therapeutic products, such as 3D printed implants and artificial intelligence powered diagnostics software;
- \$5.5 million to modernize the regulation of clinical trials with the goal of increasing the number of clinical trials; and
- \$7 million to transfer to the Department of Justice for its work in supporting regulatory reforms.

Officials said Health Canada has been allocated \$103 million over five years for this initiative.

### **10.4 Minority Language Communities**

Health Canada’s Official Languages Health Program is designed to help reduce language and cultural barriers to health care for English and French linguistic minority communities in Canada.

Officials said the *2019–20 Main Estimates* include an increase of \$3.6 million for this program, which would support francophone institutions outside of Quebec, as well as health networking activities for anglophone communities in Quebec. The core funding recipients are the Société Santé en français, the Community Health and Social Services Network and the Consortium national de formation en santé.

## 11 INDIGENOUS SERVICES CANADA

Indigenous Services Canada (ISC) works with First Nations, Inuit and Métis to provide them access to various services, including primary health care, education, water and wastewater systems, housing, community infrastructure, social programs, and emergency management.

### Committee Observations

ISC is increasing its investments in Indigenous education and is working to develop tripartite education agreements.

Nonetheless, ISC needs to provide sufficient resources to eliminate the significant education gap between Indigenous and non-Indigenous students.

### 11.1 Estimates Overview

In the *2019–20 Main Estimates*, ISC is requesting a total voted budgetary appropriation of \$12,150,790,419, which is an increase of 31% over its *2018–19 Main Estimates appropriation*. ISC is forecasting statutory expenditures of \$122,694,788.

ISC has 11 voted items related to measures announced in Budget 2019:

- \$4,279,699 for Better Information for Better Services;
- \$404,100,000 for Continuing Implementation of Jordan’s Principle;
- \$24,000,000 for Core Governance Support for First Nations;
- \$5,520,000 for Ensuring Better Disaster Management Preparation and Response;
- \$66,700,000 for On Track to Eliminate Boil Water Advisories On-Reserve;
- \$40,316,600 for Improving Assisted Living and Long-Term Care;
- \$32,705,600 for Improving Emergency Response On-Reserve;
- \$3,700,000 for Safe and Accessible Spaces for Urban Indigenous Peoples;
- \$78,546,789 for Supporting Indigenous Post-Secondary Education;
- \$30,000,000 for Supporting Inuit Children; and
- \$5,000,000 for Supporting the National Inuit Suicide Prevention Strategy.

### 11.2 Ending Long-Term Drinking Water Advisories

Budget 2019 proposed to invest an additional \$739 million over five years, beginning in 2019–2020, with \$184.9 million per year ongoing, to support ongoing efforts to eliminate and prevent long-term drinking water advisories. This funding would be used for urgent repairs to vulnerable water systems and providing water operator training and support programs. According to ISC’s statistics, from November 2015 to March 2019, the number of long-term drinking water advisories on public systems on reserves has decreased from 105 to 57. The government is aiming to lift all long-term drinking water advisories on

public systems on reserves by March 2021. In the *2019-20 Main Estimates*, ISC is requesting \$66.7 million for this budget measure.

Officials from ISC said that according to their latest assessment, they will fulfill the government's vision of removing all the long-term drinking water advisories by 2021. Officials added that since water quality varies across Canada, different solutions are required for local problems. To ensure that the government's target is met, Budget 2019 included an additional investment to strengthen high-risk, vulnerable systems and systems susceptible to the impact of climate change.

### **11.3 Indigenous Education**

Budget 2019 proposed a number of investments, starting in 2019–2020, to improve Indigenous students' access to post-secondary education. These supports include \$327.5 million over five years to renew and expand funding for the Post-Secondary Student Support Program for First Nations communities; \$125.5 million over ten years to support an Inuit-led post-secondary education strategy; and \$362 million over ten years for a Métis Nation-led post-secondary education strategy, including financial assistance for Métis Nation students. In addition, Budget 2019 also proposed \$9 million over three years for additional bursaries and scholarships for First Nations, Inuit and Métis students through Indspire, an Indigenous-led registered charitable organization that helps Indigenous students attend post-secondary institutions and find jobs. In the *2019-20 Main Estimates*, ISC is requesting \$78.5 million for this budget measure.

Officials said that in addition to providing funding for Indigenous students pursuing post-secondary education, ISC also offers “wraparound support services” to help them navigate life in an unfamiliar environment, both inside and outside schools.

Regarding the comparability of funding for education, officials stated that, following Budget 2016 investments, they have developed a new Indigenous education policy framework in collaboration with the Assembly of First Nations. Based on this framework, they have, as of April 1, 2019, introduced an interim funding formula to ensure that students who attend First Nations schools on-reserve are supported by the same level of funding as they would be if they were off-reserve. However, officials noted that some First Nations have unique needs and circumstances, such that provincial comparability might not align with their priorities.

Officials pointed out that they recently signed the B.C. Tripartite Education Agreement which includes a robust set of performance indicators. These performance indicators are a way to ensure accountability and advance self-determination. ISC is now in discussions with other provinces to replicate this model across the country. They added that there is a small amount of funding available for self-governing First Nations.

## 12 INFRASTRUCTURE CANADA

Infrastructure Canada (IC) works with provinces, territories, municipalities, and other partners to invest in core public infrastructure.

### Committee Observations

In past years, IC has lapsed significant portions of its planned infrastructure spending, in part due to delays in the selection of project priorities.

The three levels of government need to improve their collaboration in order to ensure a timelier distribution of infrastructure funds.

### 12.1 Estimates Overview

In the *2019–20 Main Estimates*, IC is requesting a total voted budgetary appropriation of \$6,388,776,019. This is an increase of 61% over its *2018–19 Main Estimates* appropriation. IC is forecasting statutory expenditures of \$4,347,888,934.

IC has no voted items related to measures announced in Budget 2019.

### 12.2 Lapsing Funds

In the *2019–20 Main Estimates*, IC is requesting \$5.2 billion for infrastructure grants and contributions, which is an increase of 67% over its *2018–19 Main Estimates* appropriation. However, in 2017–2018, IC lapsed \$2.8 billion, or 64%, of the funding available for grants and contributions.

Officials from IC assured our committee that in 2018–2019, IC spent 97% of its available contribution funding. IC accomplished this result through increased oversight and collaboration with provinces, as well as the introduction of “progress billing.” According to officials, progress billing improves the timeliness of funds by linking payments to provinces to project progress information. Currently, Alberta, Saskatchewan and Nova Scotia have agreed to progress billing, with \$5.2 million paid out to date under this approach.

Officials said they have signed contribution agreements that account for a large portion of the funds attributed to infrastructure in 2019–2020, and they are not planning significant lapses in this fiscal year.

### 12.3 Disaster Mitigation and Adaptation

IC manages the Disaster Mitigation and Adaptation Fund, which is a \$2 billion national, merit-based program that supports large-scale infrastructure projects to help communities better manage the risks of disasters triggered by natural hazards, such as floods, fires and droughts.

Officials said IC’S *2019–20 Main Estimates* request includes \$100 million for the fund. To date, 26 projects have been approved with a focus on prevention. The program does not depend on agreements with provinces, as projects are selected based on merit.

## 13 CANADA MORTGAGE AND HOUSING CORPORATION

The Canada Mortgage and Housing Corporation (CMHC) is Canada's national housing agency. CMHC's mandate is to facilitate access to housing and contribute to financial stability in order to help Canadians meet their housing needs.

### Committee Observations

CMHC will manage the government's recently announced First-time Home Buyer Incentive, which will share up to 10% of the cost of buying a home.

CMHC should closely monitor the implementation of the incentive to ensure that it does not increase house prices in some markets and encourage home buyers to take on excessive risk.

### 13.1 Estimates Overview

In the *2019–20 Main Estimates*, CMHC is requesting a total voted budgetary appropriation of \$2,657,130,938, which is an increase of 9% over its *2018–19 Main Estimates* appropriation. CMHC is forecasting statutory non-budgetary expenditures of \$954,899,667.

CMHC has two voted items related to measures announced in Budget 2019:

- \$18,124,501 for Expanding the Rental Construction Financing Initiative; and
- \$14,705,104 for Introducing the First-Time Home Buyer Incentive.

### 13.2 The First-Time Home Buyer Incentive

Budget 2019 introduced the First-Time Home Buyer Incentive program, which is a shared equity mortgage that would give eligible first-time home buyers the ability to lower their borrowing costs by sharing the cost of buying a home with CMHC. The program would provide funding of 5% or 10% of the home purchase price. No ongoing monthly payments are required. The buyer would repay the amount, for example at re-sale. The program would be available to first-time home buyers with household incomes under \$120,000 per year. At the same time, participants' insured mortgages and the amount provided under the program cannot be greater than four times the participants' annual household incomes. In the *2019-20 Main Estimates*, CMHC is requesting \$14.7 million for this initiative.

Officials from CMHC said that while the final terms and conditions of the program are yet to be determined by the Minister of Finance, the investment made by CMHC as a percentage of home value is not a loan, as there is no scheduled repayment for the homeowner. Instead, the amount is repaid by the homeowner either when the home is sold, or when the homeowner decides to repay the mortgage. As a result, if the value of the house increases or decreases, CMHC would also share the gain or loss. Officials emphasized that the objective of this program is to substitute indebtedness with shared equity.

Officials acknowledged that the program has inherent risk since there are potential losses if home prices decline. However, we were informed that potential losses would be borne by the government instead of CMHC since it is operating as an agent on behalf of the government.

Officials stated that they estimated that the program would have limited impact on housing prices due to its limited size relative to the size of the mortgage market and the housing market in general.

### **13.3 Rental Construction Financing Initiative**

The Rental Construction Financing Initiative was announced in 2017 with \$3.75 billion in funding for loans. Budget 2019 expanded the initiative by \$10 billion over 9 years. According to CMHC, the initiative will support the construction of a total of 42,500 rental units.

When asked why only 500 units had been built to date, officials replied that they still are on target, as there is a lag between the start of a program, the receipt of applications and the building of new units.

### **13.4 National Housing Co-Investment Fund**

CMHC will support the construction of mixed-income, mixed-tenure affordable housing through the National Housing Co-Investment Fund, which will provide \$5.19 billion in loans and \$2.26 billion in capital contributions. Officials said the fund would assist vulnerable populations, including seniors, and will be delivered in coordination with provinces, territories and municipalities.

## 14 TREASURY BOARD OF CANADA SECRETARIAT

The Treasury Board of Canada Secretariat (TBS) supports the Treasury Board in its role as the government's management board: overseeing the operations of the federal government as a whole, providing oversight of the financial management of departments and agencies, and acting as the employer of the core public service.

### Committee Observations

As part of a two-year pilot project to align the budget and the main estimates, the *2019–20 Main Estimates* includes separate departmental votes for each spending measure announced in Budget 2019.

Before continuing with the estimates reform initiative in the next Parliament, the TBS should consult with parliamentarians on how to include budget measures in the main estimates in a way that best enables parliamentary oversight.

Our committee is also concerned by the delay in resolving problems with the Phoenix pay system and the continuing adverse affects on employees.

### 14.1 Estimates Overview

In the *2019–20 Main Estimates*, the TBS is requesting a total voted budgetary appropriation of \$7,029,181,004. This is a decrease of 47% over its *2018–19 Main Estimates* appropriation. The decrease is primarily due to the inclusion of a \$7.0-billion budget implementation vote in the *2018–19 Main Estimates*. The TBS is forecasting statutory expenditures of \$30,113,568.

The TBS has three voted items related to measures announced in Budget 2019:

- \$300,000 for Advancing Gender Equality;
- \$25,069,086 for Ensuring Proper Payments for Public Servants; and
- \$11,000,000 for Federal Public Service Dental Plan Amendments.

### 14.2 Budget Implementation

As part of a two-year pilot project to align the budget and the main estimates, the TBS included in the *2018–19 Main Estimates* a \$7.0-billion budget implementation vote within its authorities. The TBS then allocated the funds to organizations in line with a table of Budget 2018 measures. The TBS reported that \$4.8 billion, or 69%, of the vote was allocated to departments, \$1.9 billion was withheld due to expenditures being made under other authorities and the reprofiling of funds, and \$282 million was unallocated.

In the *2019–20 Main Estimates*, Budget 2019 spending measures totalling \$6.0 billion have been included as separate votes for each organization, as appropriate. For each budget measure, the Treasury Board will have the authority to supplement organizational votes.

The President of the Treasury Board, the Honourable Joyce Murray, explained to our committee that the government changed its presentation of budget spending in the main estimates in response to feedback from parliamentarians, who wanted budget measures referred to the relevant standing committees.

She explained that funds withheld or unallocated in 2018–2019 lapsed at the end of the year. In some cases, organizations could request the authority to carry forward funds to the next fiscal year. However, organizations were not able to use the funds for purposes other than those outlined in the budget measures.

The Minister noted that the next Parliament will have to decide whether to continue the alignment initiative.

### **14.3 Phoenix Pay System**

In response to numerous problems with the Phoenix pay system, Budget 2018 allocated \$16 million to the TBS to develop a way forward for a new pay system. As part of Budget 2019, the TBS is requesting \$25 million for “Ensuring Proper Payments for Public Servants.”

The Minister informed our committee that the funds would be used to continue efforts to develop a new system. The TBS has undertaken consultations with employees and users of the system, and it has worked with suppliers who undertook pilot projects for elements of a new system. The TBS is now looking to identify a primary candidate for a two-year experiment. There may be multiple pilot projects running at once, some with human-resources-to-pay as a solution and others with just a pay solution.

### **14.4 Gender-Based Analysis Plus**

Budget 2019 allocated \$1.5 million over five years to the TBS to work with departments to ensure robust administrative data collection and supporting practices with respect to gender-based analysis plus (GBA+) information for all budget initiatives. In the *2019–20 Main Estimates*, the TBS is requesting \$300,000 for “Advancing Gender Equality.”

The Minister indicated that a challenge to implementing GBA+ is the lack of data. The TBS is working closely with the Department for Women and Gender Equality to develop a plan, and the TBS will be creating standards and policies that can be applied by all departments. Though, there is no timeline for the work at this point.

## 15 PRIVY COUNCIL OFFICE

The Privy Council Office (PCO) provides non-partisan advice to the Prime Minister and ministers whose functions lie within the Prime Minister's portfolio, supports Cabinet decision-making processes, and acts as the principal link between the Prime Minister and the public service.

### Committee Observations

The PCO supports the Prime Minister in his role as Minister of Youth. The government released its Youth Policy in May 2019.

To provide greater clarity, the PCO should identify objectives and targets for the Youth Policy.

### 15.1 Estimates Overview

In the *2019–20 Main Estimates*, the PCO is requesting a total voted budgetary appropriation of \$161,140,646. This is an increase of 7.2% over its *2018–19 Main Estimates* appropriation. The PCO is forecasting statutory expenditures of \$18,252,822.

The PCO has no voted items related to measures announced in Budget 2019.

### 15.2 Youth Policy

The PCO supports the Prime Minister, including his role as Minister of Youth, and created a secretariat to work on youth issues. In 2016, the government created the Youth Council to provide non-partisan advice to the Prime Minister.

Officials from the PCO said they launched consultations in February 2018 on a Youth Policy and received feedback from 10,000 young Canadians. At the Youth Summit held on May 2 and May 3, 2019, the government released the policy, which includes six priorities areas: leadership and impact; health and wellness; innovation, skills and learning; employment; truth and reconciliation; and environment and climate change. The policy also includes a section on Indigenous youth.

One of the government's initiatives in this area is the Canada Service Corps. Budget 2019 announced \$315 million over five years, with \$84 million ongoing, to fund the corps. The funding would support 15,000 annual volunteer service placements and 1,000 grants for self-directed service projects.

### 15.3 Mandate Letter Tracker

In 2015, the government released mandate letters given by the Prime Minister to each minister. The PCO maintains a Mandate Letter Tracker to monitor the implementation of commitments made in the letters.

According to its *Departmental Plan 2019–20*, the PCO's target for the percentage of mandate letter commitments achieved by October 2019 is 70% or more, with 30% or less of mandate letter

commitments underway. The Mandate Letter Tracker indicates that, as of March 22, 2019, 161, or 37%, of the 432 commitments being tracked were completed/met.

Officials said the PCO does not make a determination on the status of commitments, as departments are responsible for the commitments within their mandates.

## 16 DEPARTMENT OF NATIONAL DEFENCE

The Department of National Defence (DND) defends Canada's sovereignty, participates in defence partnerships and assists in times of natural disaster or other emergencies.

### Committee Observations

The Government of Canada's 2017 defence policy *Strong, Secure, Engaged* outlined capital spending of \$108 billion on an accrual basis (\$164 billion on a cash basis) over 20 years for over 300 projects.

To enable parliamentarians to monitor the progress of these projects and the implementation of the defence policy, DND should annually outline planned and actual expenditures for each of its major capital projects.

### 16.1 Estimates Overview

In the *2019–20 Main Estimates*, DND is requesting a total voted budgetary appropriation of \$20,470,704,500. This is an increase of 6.8% over its *2018–19 Main Estimates* appropriation. DND is forecasting statutory expenditures of \$1,422,457,019.

DND has five voted items related to measures announced in Budget 2019:

- \$435,458,107 for the long-term disability and life insurance plan for Canadian Forces members;
- \$2,067,264 for Protecting Canada's National Security;
- \$199,400,000 for Renewing Canada's Middle East Strategy;
- \$18,990,000 for Supporting Veterans as They Transition to Post-Service Life; and
- \$34,073,332 for Reinforcing Canada's Support for Ukraine.

### 16.2 Capital Spending

In the *2019–20 Main Estimates*, DND is requesting \$3.8 billion for capital spending, which is an increase of 0.2% of the amount requested in the *2018–2019 Main Estimates*.

Officials from DND specified that the seven largest capital projects account for \$1.75 billion of the planned capital spending, or approximately two-thirds of the request. More specifically, they indicated that the funding for the Arctic and Offshore Patrol Ship is a little over \$300 million, a similar amount is being requested for the fixed-wing search and rescue project and the medium-support vehicle system. The funding for the surface combatants is about \$250 million.

Officials explained that the capital spending request is significantly less than set out in *Strong, Secure, Engaged* due to delayed projects and the amount set aside in the policy for intellectual property for the surface combatant project is greater than needed.

They said commercial information limited what they could report on costs, but they would consider the request for 2019–2020 financial information of the 17 major and transformational capital projects.

### **16.3 Fighter Jet Replacement**

Through its Future Fighter Capability Project, DND is preparing to launch an open competition to replace Canada's CF-18 fighter jets.

Officials indicated they have been consulting with potential suppliers on the competition, specifically with the United States to determine how the F-35 would provide industrial and technological benefits to Canada. They noted that Canadian companies received contracts through Canada's participation in the F-35 partnership agreement, which would also allow Canada to acquire the jet at a lower cost than if it was purchased through foreign military sales. Officials also noted that the interoperability of fighter jets with our allies is essential.

## 17 INNOVATION, SCIENCE AND ECONOMIC DEVELOPMENT CANADA

Innovation, Science and Economic Development Canada (ISED) seeks to improve conditions for investment, enhance Canada's innovation performance, increase Canada's share of global trade and build a fair, efficient and competitive marketplace.<sup>6</sup>

### Committee Observations

ISED is investing additional resources to provide high-speed internet to rural, remote and northern communities. However, it is not clear that there are sufficient resources to achieve its goal of helping every Canadian gain access to high-speed internet at minimum speeds of 50/10 Mbps by 2030.

ISED should work closely with the private sector and other levels of government to ensure all Canadians have access to affordable high-speed internet.

### 17.1 Estimates Overview

In the *2019–20 Main Estimates*, ISED is requesting a total voted budgetary appropriation of \$2,702,620,999, which is approximately the same as its *2018–19 Main Estimates* appropriation. ISED is forecasting statutory expenditures of \$204,971,282.

ISED has ten voted items related to measures announced in Budget 2019:

- \$25,905,000 for Access to High-Speed Internet for all Canadians;
- \$30,000,000 for Giving Young Canadians Digital Skills;
- \$7,357,000 for Preparing for a New Generation of Wireless Technology;
- \$964,000 for Protecting Canada's Critical Infrastructure from Cyber Threats;
- \$1,043,354 for Protecting Canada's National Security;
- \$10,000,000 for Supporting Innovation in the Oil and Gas Sector Through Collaboration;
- \$3,048,333 for Supporting Renewed Legal Relationships with Indigenous Peoples;
- \$7,300,000 for Supporting the Next Generation of Entrepreneurs;
- \$5,666,667 for Supporting the work of the Business/Higher Education Roundtable; and
- \$1,836,536 for Launching a Federal Strategy on Jobs and Tourism (FedNor).

### 17.2 Access to High-Speed Internet for all Canadians

Budget 2019 proposed to invest up to \$1.7 billion over 13 years in a Universal Broadband Fund, which would support universal high-speed internet in rural, remote and northern communities to "help every Canadian gain access to high-speed internet at minimum speeds of 50/10 Mbps." The *2019-20 Main*

<sup>6</sup> The name of the department used in the estimates is the Department of Industry.

*Estimates* include a \$26 million voted appropriation entitled “Access to High-Speed Internet for all Canadians.”

Officials from ISED stated this funding is for the continuation of the Connect to Innovate program that was established in 2016-2017. The original program overperformed its original target by deploying 20,000 kilometres of fibre network and connecting 1,100 institutions and 975 communities, including 190 Indigenous communities. The new funding request is for the second iteration of the program which aims to connect 125 additional communities, including 20 Indigenous communities.

Officials added that while the original program was aiming for a speed of five megabytes download and one megabyte upload, they are now aiming for 50 megabytes download and 10 megabytes upload. In addition, they are also aiming for 100% connectivity by 2030. Officials acknowledged that it would require an investment of \$8 billion to \$10 billion to achieve this goal. They added it would entail partnerships between the federal government and provincial and territorial governments, as well as the private sector.

Officials stated that there are different degrees of engagement with the private sector, depending on whether there is a business case for the private sector. Officials added that in some smaller communities in which the private sector is uninterested, some grassroots or municipal organizations are proposing to administer the delivery of the service with the government’s investment.

## **APPENDIX – WITNESSES WHO APPEARED BEFORE THE COMMITTEE**

### **Canada Border Services Agency**

Jacques Cloutier, Vice-President, Intelligence and Enforcement Branch  
Jonathan Moor, Chief Financial Officer and Vice-President, Financial and Corporate Management Branch  
(01-05-2019)

### **Canada Mortgage and Housing Corporation**

Evan Siddall, President and Chief Executive Officer  
Lisa Williams, Chief Financial Officer  
(07-05-2019)

### **Canadian Environmental Assessment Agency**

Alan Kerr, Vice President, Corporate Services and Chief Financial Officer  
Christine Loth-Bown, Vice President, Policy Development Sector  
(07-05-2019)

### **Department of National Defence and the Canadian Armed Forces Canada**

Julie Charron, Acting Assistant Deputy Minister (Finance) and Deputy Chief Financial Officer  
Patrick Finn, Assistant Deputy Minister (Materiel)  
(08-05-2019)

### **Elections Canada**

Stéphane Perrault, Chief Electoral Officer  
Hughes St-Pierre, Deputy Chief Electoral Officer, Internal Services  
(30-04-2019)

### **Employment and Social Development Canada**

Alexis Conrad, Assistant Deputy Minister, Learning Branch  
Mark Perlman, Chief Financial Officer  
Jason Won, Deputy Chief Financial Officer  
(01-05-2019)

### **Environment and Climate Change Canada**

Matt Jones, Assistant Deputy Minister, Pan-Canadian Framework Implementation Office  
John Moffet, Assistant Deputy Minister, Environmental Protection Branch  
Carol Najm, Assistant Deputy Minister, Corporate Services and Finance Branch  
Niall O'Dea, Associate Deputy Minister, Canadian Wildlife Services  
(07-05-2019)

### **Global Affairs Canada**

Shirley Carruthers, Director General, Financial Resource Planning and Management Bureau  
Arun Thangaraj, Assistant Deputy Minister and Chief Financial Officer  
(01-05-2019)

**Health Canada**

Eric Costen, Associate Assistant Deputy Minister, Controlled Substances and Cannabis Branch  
Edward De Sousa, Director General, Resource Management Directorate  
Randy Larkin, Assistant Deputy Minister and Chief Financial Officer  
(07-05-2019)

**Immigration and Refugee Board of Canada**

Jason Choueiri, Executive Director  
Greg Kipling, Director General, Policy, Planning and Corporate Affairs Branch  
(01-05-2019)

**Immigration, Refugees and Citizenship Canada**

Natasha Kim, Associate Assistant Deputy Minister, Strategic and Program Policy  
Daniel Mills, Assistant Deputy Minister and Chief Financial Officer, Corporate Management  
(01-05-2019)

**Indigenous Services Canada**

Paul Pelletier, Director General, Education Branch  
Paul Thoppil, Chief Finances, Results and Delivery Officer  
(07-05-2019)

**Infrastructure Canada**

Nathalie Bertrand, Assistant Deputy Minister and Chief Financial Officer, Corporate Services  
Nathalie Lechasseur, Director General, Programs Integration, Program Operations  
(07-05-2019)

**Innovation, Science and Economic Development Canada**

Lisa Setlakwe, Senior Assistant Deputy Minister, Strategy and Innovation Policy Sector  
Philippe Thompson, Assistant Deputy Minister, Corporate Management Sector  
(08-05-2019)

**Leaders' Debates Commission**

Michel Cormier, Executive Director  
Bradley Eddison, Director, Policy and Management Services  
(30-04-2019)

**Murray, The Honourable Joyce, P.C., M.P., President of the Treasury Board and Minister of Digital Government**

(08-05-2019)

**Privy Council Office**

Michael Hammond, Executive Director, Finance, Planning and Administration Directorate  
Matthew Shea, Assistant Deputy Minister, Corporate Services and Chief Financial Officer  
(08-05-2019)



**Treasury Board of Canada Secretariat**

Karen Cahill, Assistant Secretary and Chief Financial Officer

Glenn Purves, Assistant Secretary, Expenditure Management Sector

Marcia Santiago, Executive Director, Expenditure Strategies and Estimates

(08-05-2019)