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—
Chair

The Honourable Diane Marleau

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•(1105)

[English]

The Chair (Hon. Diane Marleau (Sudbury, Lib.)): I call the meeting to order. I want to thank you for coming today.

I'd like to ask the committee to remember that these people are public servants. They work for all of us. They are not hired to make political decisions but to implement them and maybe to suggest a different time split. I'd like everyone to keep this in mind during the deliberations.

Now, perhaps you would like to introduce yourselves and make a few opening remarks. Who would like to start?

[Translation]

Mr. Robert Fonberg (Senior Associate Secretary, Treasury Board of Canada Secretariat): Thank you, Madam Chair.

David Maloney and myself are appearing on behalf of Treasury Board and are pleased to be here to answer your questions in the context of your study of budget cuts announced on September 25, 2006.

[English]

We are here to follow up on the appearance on October 17 of the President of the Treasury Board, the Honourable John Baird; the Secretary of the Treasury Board, Mr. Wayne Wouters; and Mr. Moloney.

In his opening remarks the president outlined the government's budget 2006 commitment to fund from existing spending \$1 billion of the approximately \$5 billion in new spending announced in the budget. The president explained that the savings would be identified by reviewing government programs against the principles outlined in the budget. He explained those principles, and he explained how those measures would be implemented and outlined the principles that'll guide spending in the future.

That's all I have by way of an opening statement, Madam Chair. We look forward to your questions.

Thank you.

The Chair: Thank you.

Mr. Hawkes.

Mr. Mike Hawkes (Chief Financial Officer, Department of Public Works and Government Services): Good morning, Madam Chair.

My name is Mike Hawkes. I'm the chief financial officer of Public Works and Government Services Canada. I'm here to discuss how the Department of Public Works and Government Services has contributed to the expenditure restraint initiative recently announced by the President of the Treasury Board.

I'll do my best to answer your questions when I have completed these brief opening remarks.

[Translation]

The President of Treasury Board has announced measures to reduce federal spending by one billion dollars. Every department and agency, including PWGSC, has been asked to contribute to this savings target. Our department's contribution totals approximately 47 million dollars. These savings will be allocated to support the government's priorities.

•(1110)

[English]

PWGSC's contributions have been earmarked from three areas: the department's revolving fund surpluses, totalling \$40 million; the real property investment fund, totalling \$5 million; and the Canadian identity grants program of \$2.4 million per year.

Let me provide some brief details on these, Madam Chair.

Surpluses in PWGSC's revolving funds result from good management practices. Through the continuation of these practices, surpluses in our revolving funds are likely to continue to accumulate, allowing us to take this reduction of \$40 million at this time.

Under the expenditure review measures announced in 2005, PWGSC committed to gross savings of over \$1 billion over a five-year period by better managing its portfolio of real property assets. To help the department achieve these savings, an investment fund of \$100 million had been anticipated, resulting in net savings to the government of \$925 million.

However, PWGSC did not seek the first \$20 million of the funds that had been set aside for fiscal year 2005-06. By adjusting our priorities, the department can achieve its billion-dollar savings by reducing the size of the investment fund to \$75 million through a reallocation of internal resources. Therefore, PWGSC is contributing an additional \$5 million from the current investment to the Government of Canada's overall savings initiative.

Through the Canadian identity grants program, the government provided grants and contributions to Canadian groups and individuals to increase the understanding and appreciation of Canadian identity and to develop social awareness.

This program was administered by the former Communications Canada organization, which was integrated into PWGSC in April 2004. Since this program has been eliminated, we are in a position to contribute its annual budget of \$2.4 million to the expenditure restraint initiative, in support of the government priorities.

[Translation]

PWGSC is leading the ongoing government-wide transformation of federal procurement and real property practices. In addition to achieving significant savings through this business transformation, our department is proud of its contribution to the Expenditure Restraint Initiative.

[English]

Madam Chair, members of the committee, I would welcome any questions you might ask.

The Chair: Madame Charette.

Ms. Janice Charette (Deputy Minister, Department of Human Resources and Social Development): *Merci, Madame la présidente.* As the Deputy Minister of Human Resources and Social Development, it's my pleasure to appear before this committee. I'm joined today by my colleague Marie-Josée Thivierge, who's the ADM of the learning branch in the department.

To put my comments into perspective, I thought it would be useful to start with our department's mandates, since Human Resources and Social Development is a relatively new department. It was created in February 2006 through the consolidation of the former departments of Human Resources and Skills Development and Social Development Canada for the objective of ensuring integrated policy development as well as improved delivery of programs and services.

[Translation]

Human Resources and Social Development Canada's mandate is to build a stronger and more competitive Canada by offering choices leading to a productive and satisfying life, while improving the quality of life of all Canadians. Thanks to our efforts, Canadians know how to access training and apprenticeship opportunities, to protect themselves and be productive in the workplace and to have effective union-management relations.

They can also count on our programs and our support at every important stage in their lives, from childhood to retirement. They receive from our partners, of which Service Canada is one, the services they need.

In fulfilling its mandate, the department counts on 24,000 employees in the National Capital Region and in all regions of the country, and of this number, 2,000 work for Service Canada.

[English]

HRSDC has planned expenditures of \$7 billion to \$9.7 billion this year, which are detailed in our reports on plans and priorities. The vast majority of these funds support the department's statutory programs. Approximately 95% of our budget goes directly to Canadians through benefits such as employment insurance, the Canada Pension Plan and old age security.

In addition to these long-standing programs, the department is responsible for implementing several new programs and initiatives,

including the launch of the new universal child care benefit, the implementation of the new apprenticeship incentive grant, and the launch of a new federal-provincial-territorial program for older workers.

In budget 2006, the government promised to review programs to ensure that those programs focus on results and value for money and are consistent with government priorities and responsibilities. Following a review process, which the President of the Treasury Board has described, the government's decisions were announced in September by the Minister of Finance and the President of the Treasury Board.

The impact on HRSDC is a reduction in spending of \$32 million in 2006-07, and by \$75.5 million in 2007 and 2008. Let me detail for a moment the changes within HRSDC.

There will be a reduction of \$13.8 million to grants and contributions under the social development partnership program over two years. The program will continue to invest over \$60 million this year and next to work with national community-based non-profit organizations on supporting the needs of persons with disabilities, children, and families, including children in official language minority communities.

The adult learning, literacy and essential skills program will be better targeted on national priorities and reduced by \$17.7 million over two years. Over the next two years, the department will still invest \$81 million in adult learning, literacy, and essential skills under this program.

The investments under the youth employment strategy programs will be better targeted. Specifically, the summer career placements program will have its funding reduced by \$55.4 million over two years. With the remaining budget of \$124.6 million, this year and next, the program will focus on students who need help the most in finding summer employment.

The workplace skills strategy will be refocused and reduced by \$17.6 million over two years, achieved through the termination of funding for the training centre infrastructure fund and the Workplace Partners Panel.

• (1115)

[Translation]

We will stop paying out a 3 million dollar grant to the Canadian Policy Research Networks as of 2007-08.

[English]

The policy research initiative that has recently been transferred to HRSDC will achieve efficiency savings of \$300,000 over the next two years. It's important to note that statutory expenditures will not in any way be affected by these decisions.

[Translation]

These savings represent some fifty jobs within the department. However, no one will lose their job against his or her will.

My colleagues and myself will be pleased to answer your questions as best we can.

Thank you for your attention.

[English]

The Chair: *Merci.*

We will now move on to the question and answer period. We'll start with Mr. Bains.

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Thank you very much, Madam Chair.

I would like to thank all of you, all the departmental officials from Public Works, Treasury Board, and Human Resources for coming out today.

You can understand why it's important for us to meet today. On September 25, the budget cuts were announced by Treasury Board Secretariat. We met with the minister on October 17, and some of you accompanied the minister from Treasury Board. As you can imagine, we weren't entirely impressed with some of the responses because of the partisan nature to the dialogue that took place. In light of that, we want to understand the policy behind the decisions he made.

Today's purpose is very different for me and, I believe, for many of my colleagues here today. It's to really focus on the process of how things unfolded. That's where I will be putting my attention, not on the ideology behind the cuts, because I think that was clearly discussed last time. It's something that has been discussed in the public domain as well.

I want to make a small comment to the deputy minister for the Department of Human Resources. I do appreciate the opening remarks, but you mentioned quite a few numbers. If we had something in writing before, it would have really been useful. On a going-forward basis, that would be greatly appreciated.

Before I get into the process, my initial question is about value for money. The government has clearly indicated that there are certain programs that are not considered to have value for money. I think they estimated that to be around \$265 million. Could you describe what in your various departments is considered not to be value for money? According to the initial remarks given by the human resources department, there was a long list of items: cutting money for literacy and youth employment and targeting that money, cutting the status of women programs, and other programs that were cut as well. I just want to understand, of those cuts, which ones are perceived to not be value for money?

Answer that question, please.

Mr. David Moloney (Senior Assistant Secretary, Expenditure Management Sector, Treasury Board of Canada Secretariat): Sure, I'll take an initial crack at that.

The news release on September 25 did identify a group of some 10 or 12 programs that have been reduced or eliminated for reasons of value for money. That total is \$265.6 million. The definition given of value for money focused on programs that in the judgment of the government were not achieving their results or that could be refocused or targeted for improved effectiveness.

In terms of identifying such programs, to the maximum extent possible, we at the Treasury Board Secretariat, along with our colleagues in the other central agencies, relied on the formal program

evaluations that departments themselves conduct each year. In particular, this was the grants and contributions program, but it was not limited to that. We actually maintain a database with some 700 program evaluations that have been conducted by departments. We assessed those results, and that was the basis of an initial round of advice to the president and minister.

• (1120)

Hon. Navdeep Bains: I'm sorry to interrupt, but what are the programs that add up to that \$265 million? Could you name the programs that are considered not value for money?

Mr. David Moloney: Sure. Would you like me to list them all?

Hon. Navdeep Bains: Just the major ones, please.

Mr. David Moloney: In dollar terms, the largest item is from the Canada Revenue Agency and the Canada Border Services Agency—those two agencies—with the elimination of the visitors' rebate program, which over two years is \$78.8 million. The second largest item, in HRSDC, is for \$55.4 million over two years, under improved targeting of investments for youth employment.

Hon. Navdeep Bains: The \$55.4 million is what I wanted to get to. That's the youth employment, I believe. I don't have the correct terminology. I'm just trying to make sure I have that here. If you would correct me, it's for the youth employment program?

Mr. David Moloney: Yes.

Hon. Navdeep Bains: So how was that perceived not to be good value for money? I wanted an understanding of that based on the guidelines you just articulated.

Ms. Janice Charette: Perhaps I can help. To support the decision to reduce the budget for the summer career placements, which is one of the streams within the youth employment strategy, the department is constantly analyzing Canada's labour market situation. We use a wide variety of tools, including the Labour Force Survey.

Overall labour market conditions are stronger than they have been for many years for young people, particularly in the summer. For example, in 2005 the economy generated 1.4 million new summer jobs, and in 2006 older students experienced their best August ever for summer employment. In fact, for the best three years, their employment rate was up to 72%, which was up 2.6 percentage points from the previous year. Among those who were employed, 70% were able to find full-time work.

In addition to this labour force information, we looked at evidence from the program in the past. We found that one-third of employers who received a wage subsidy through the program indicated they would have created some or all of the jobs anyway. In addition, we found that 30% of participating students could have found work without the program. So the decision was taken to retarget the program towards students who have real barriers to finding summer employment.

Hon. Navdeep Bains: Do you believe the funding helped to provide additional jobs for youth, based on the data you just mentioned? Did the youth employment program improve the situation over the years? You said there was a percentage increase in youth employment jobs secured through this program. Was that an upward trend over the years?

Ms. Janice Charette: I'm saying that overall labour market conditions for youth were improving.

Hon. Navdeep Bains: Do you think this was the driving factor? Did it play a role?

Ms. Janice Charette: There were approximately 46,687 students hired under summer career placements in 2005-06. Unless I miss my guess, that is a very small percentage of the students who found employment in that summer. A portion is related to summer career placement, but overall the marketing conditions have a much more powerful impact.

• (1125)

Hon. Navdeep Bains: Fair enough.

With respect to potential cuts that are rejected, there are usually multiple proposals brought forth from various departments. Various things are examined. Could you describe some potential cuts that were looked into—areas in which cuts were considered but not made? Perhaps a minister might have rejected one proposal or another for some reason. Could you elaborate on this process?

Mr. David Moloney: I don't believe I'm in a position to describe any individual items that may have been discussed. That's in the nature of advice to ministers, and there was a cabinet committee process that reviewed the proposals. However, with respect to the overall process, I can tell you that we looked right across the government. The president met with more than 10 ministers. Every deputy minister met with either the secretary or the senior associate secretary of the Treasury Board. We identified areas where there was a potential for gains in efficiency or effectiveness. Consultations included ministers at the level of the President of the Treasury Board, other ministers, and a committee of cabinet. In every case, the priorities of the government acted as an extra screen.

Hon. Navdeep Bains: Who else was consulted? Were MPs or other organizations directly affected by these cuts consulted?

Mr. David Moloney: The consultations I'm describing included ministers, deputy ministers, and cabinet discussions.

The Chair: Thank you.

Madame Thibault.

[Translation]

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Thank you, Madam Chair.

Ladies and Gentlemen, thank you for being here with us this morning.

I will attempt to ask very brief questions, which for me will be a rather perilous exercise. I would also appreciate receiving brief responses because, as you know, eight minutes is not very much time.

Ms. Charette, in answer to a question from my liberal colleague, you gave statistics demonstrating that all is well with employment and the economy in Canada. Based upon these numbers, do you consider that things are going well across Canada and in all regions of Quebec?

As MP for Rimouski-Neigette—Témiscouata—Les Basques, I know that the situation is far from brilliant in the critical sectors, be it agriculture, forestry or fishing. I am convinced that the situation is the same in other regions of Canada and of Quebec. Proof of this lies in the fact that our young people are leaving the regions in favour of the larger centres.

Do your statistics relate to major urban centres or do they also include those regions that are in crisis?

Ms. Janice Charette: Thank you for your question.

When I answered the other member's question, I used pan-Canadian numbers, but the department is well aware of the fact that conditions are not the same everywhere, in the field.

Our statistics indicate that some students have difficulty finding summer jobs because of the labour market situation of their region and of others in the country. The same can be said of certain groups of students, and this is why we believe that the program must better target those students who have difficulty finding a job.

Ms. Louise Thibault: Thank you.

Have you heard about the Summer career placements program? Am I right in my impression that this program will be slashed by some 50 million dollars?

Ms. Janice Charette: Yes, I talked of a reduction of 55.4 million dollars.

Ms. Louise Thibault: Over one or two years?

Ms. Janice Charette: Over two years.

Ms. Louise Thibault: Over two years. As we are well aware of the role played by deputation in this program, we should expect to see reductions in our ridings as early as this coming summer.

Ms. Janice Charette: All of the agreements in place have been respected. However, next January, we will be launching a new call for tenders process, that will be based on new criteria, so as to better target the programs.

Ms. Louise Thibault: The question I put to you now flows from the first.

Will you and your colleagues in the department be keeping in mind the importance of this program for certain regions of the country? This program is not a luxury for our students.

If we want our students to remain, to the extent possible, in our province, in places such as Rimouski, where there is a university, to have summer jobs in our companies, to launch their careers and contribute to our economy, our social and cultural life — and the same goes for all the other regions —, then the funding for this important program should not be reduced.

I will be making political representations later on, but I would like to know, for the time being, if your department has taken into account the fact that this 55 million dollar cut will bring about certain disparities.

• (1130)

Ms. Janice Charette: The minister has indicated that the program will be targeted more towards students in rural regions who have difficulty finding jobs, as well as to those regions with a higher unemployment rate...

Ms. Louise Thibault: Fine.

Ms. Janice Charette: ... or students who really have difficulty finding jobs.

Ms. Louise Thibault: Thank you.

I now turn to Human Resources and Skills Development Canada.

In the document that you provided to us, we see that the Adult Learning, Literacy and Essential Skills Program will be reduced by 17 million dollars. You say here: “Better targeted“. I would like to know more about these investments, but I imagine that you are talking here of the 55 million dollar envelope.

I am allergic to certain terms, but I must read what my eyes see: “Refocussing of the Workplace Skills Strategy“. 17 million dollars are being cut from this program.

Mr. Moloney tells us that the program officers in Treasury Board did an evaluation; you did one also. We will come back to the guidelines later.

What tools did you use and who did you consult in determining reductions of this magnitude? I am talking here of the 17.7 and 17.6 million dollar amounts, for a total of 35 million dollars. Literacy is very important for adults. We are well aware of the problems that exist in Canada. How did you go about assessing the situation with the various stakeholders and determining that we either were not getting enough for our money, or that there was a need, to borrow from government jargon, to realize efficiency gains?

I would like to know more about the way in which you carried out this study that led the department to make these cuts.

Ms. Janice Charette: I will attempt to answer your questions, but I may call upon my colleague to add a few comments at the end.

The Adult Learning, Literacy and Essential Skills Program will be cut by 5.8 million dollars in 2006-07, and by 11.9 million the following year. The funding of this program for the next two years is of more than 41 million dollars.

You asked me to outline the tools that we used.

Ms. Louise Thibault: It remains that you cut 17 million dollars from this program, Madam Charette, is that not so?

Ms. Janice Charette: There are still 80 million dollars left.

Ms. Louise Thibault: There are 81 million dollars left.

Ms. Janice Charette: My apologies, 81 million dollars.

Ms. Louise Thibault: Fine. There are 81 million dollars left, but had you not cut the 17 million dollars, the funding would be at 98 million dollars, would it not?

Ms. Janice Charette: Yes.

Ms. Louise Thibault: Very well.

What tools did you use to determine these cuts?

Ms. Janice Charette: We looked at past assessments of the three former programs — the National Literacy Program, the Technical Learning Program and the Learning Initiatives Program —, that were consolidated to create the new Adult Learning, Literacy and Essential Skills Program. Is that it?

• (1135)

Ms. Louise Thibault: That is correct.

Ms. Janice Charette: Thank you.

Our Report on Plans and Priorities mentions the three programs that were consolidated to create the new one. The assessments related to the three former programs.

These assessments revealed, for example, that the National Literacy Program should have included more concrete performance indicators, because it was difficult to determine the impact of the investment made on the rate of participation of Canadian adults. This indicator should therefore be improved so as to better measure the impact of programs and ensure that our investment bears fruit...

My apologies, but I will say this in English.

Ms. Louise Thibault: Please feel free.

[English]

Ms. Janice Charette: ...to leverage incremental investments by other levels of government and other organizations.

[Translation]

Ms. Louise Thibault: Madam Charette, allow me to interrupt.

You are saying that you evaluated the programs and that they should include better performance indicators, etc. Do those people who are illiterate, or nearly illiterate, and all of the players who are assisting them, believe that, even if they could be improved upon, these programs were working well? How do those people evaluate these programs?

You talk about an operational tool, and that is all very well, but what do the people in the field think? Did the people affected do evaluations? Were they satisfied with the program? Were the people in the field advocating for major changes because the programs were not working? That could happen, and these people could, they too, reach these conclusions.

Ms. Janice Charette: We spent a lot of time with those organizations that deliver literacy programs in the field. These consultations took place last year, in the context of 19 round tables on literacy. Participants talked of the impact of the program but, if the information I have is correct, they also accepted our improving the program.

I could provide you with some numbers in this regard.

The Chair: You will be able to come back to this later, because we are now moving on to Mr. Moore.

M. James Moore (Port Moody—Westwood—Port Coquitlam, PCC): How many minutes to I have?

The Chair: Eight minutes or more, if need be.

[*English*]

Mr. James Moore: *Merci.*

My questions are for Mr. Hawkes. We can't leave you out of this fun. You've been quiet so far, so I thought I'd ask you a couple of questions, if that's all right.

My question is with regard to the term "revolving fund". A lot of people have written and had questions about this. Could you explain to this committee exactly what a revolving fund is and how it works?

Mr. Mike Hawkes: I'll give you the definition, and then I'll try to make it more pertinent to the questions. A revolving fund is a continuing, non-lapsing authority by Parliament to spend funds for a particular purpose. It allows us to make program delivery payments out of the consolidated revenue fund for working capital, cash advances, and capital. It works very much like a line of credit, which most of you are familiar with. We're allowed the authority to spend up to a certain dollar amount to pay for the expenses related to a particular program. We cover those expenses from the program departments we serve.

An example would be the real property services revolving fund, which is a significantly large revolving fund for our department. When we provide real property services, whether it's an appraisal, a fit-up of a building, or an office accommodation, we incur the cost in this revolving fund against the line of credit, and then we recover the costs from the program that's asked us to deliver the service. It then becomes part of the full cost of the program delivery.

Mr. James Moore: In this round of expenditure reviews, we found \$40 million in surplus. How did we achieve that?

Mr. Mike Hawkes: We have had good management over the years. In delivering services to our customers, we have been able to take advantage of economies of scale and constrain our overhead costs relative to our throughput costs. I think four of the revolving funds we operate had a surplus, and that's where we went to set aside the funds for this reduction.

● (1140)

Mr. James Moore: Minister Fortier, and prior to him Minister Brison, pointed out that the federal government needs to look into the size and scope of the real estate portfolio. Ultimately belonging to taxpayers, the portfolio is held through the federal government via the Department of Public Works. It is in need of recapitalization. Our government has contracted out advice on how to best achieve this. In the expenditure review, \$100 million, later reduced to \$75 million,

was set aside for business transformation on this front. What should taxpayers glean from this, in terms of our approach to recapitalization and asset management?

Mr. Mike Hawkes: As a result of renewing real property, we propose to save the government \$1 billion over five years. We intend to achieve this at a lower cost to the government by reducing the size of our investment fund. The study is in the works right now, and we expect to have the information from it before the end of the calendar year. We expect that none of the reductions we're doing now will further deteriorate the inventory of PWGSC. In fact, by using the advice of investment bankers to support us, we'll derive a better benefit for the delivery of real property for PWGSC and the Crown.

Mr. James Moore: For the benefit of taxpayers, the \$75 million that's been allocated, how is this investment fund being used?

Mr. Mike Hawkes: The fund has not yet been allocated to PWGSC. It's been set aside in the fiscal framework of the Government of Canada. It's intended to be used to improve the methods and management practices of the department. We are looking to spend a large portion of it on reinvestment in the IM and IT strategy for real property management. This will allow us to proceed with change management for our own employees and public servants generally, who use office accommodation to deliver their programs. So the funds are set aside in the fiscal framework, and our ability to access them will depend upon a submission to Treasury Board ministers, who will either accept or reject our advice to them.

Mr. James Moore: Good.

How much time do I have?

The Chair: You still have a good four minutes.

Mr. James Moore: Canadian identity grants were eliminated in 2004 by the Liberals. The program ceased in 2004, but it's still on the books and is counted as an expenditure reduction. Can you tell us about the program and about that accounting?

Mr. Mike Hawkes: The \$2.4 million was a very small grant program. As a matter of fact, it is our only grant program at this point in time. We had no intention to implement it. We had no direction to implement it. And we had no other use for the funds in the grants vote of this department. So when the request came to add different initiatives to this program, it was a very easy one for us, because we had no intention to make payments from those grants.

Mr. James Moore: We are going to have Minister Fortier before this committee today. From your perspective, can you give us a bit of background on the procurement review that's going on at the committee?

Mr. Mike Hawkes: That's really an area that's a bit out of my—

Mr. James Moore: It's administrative, but—

Mr. Mike Hawkes: That's correct. It's a government-wide initiative to renew the methods and measurement practices relating to procurement to save the government a significant amount of money, to the tune of almost \$2.5 billion over a five-year process. We have launched it, and we are now two-thirds of the way through the second year of the program. At this particular point in time, I think we're pretty close to having achieved the targets that were set for us.

This reduction of \$2.65 billion across all departments of the Crown was taken into consideration before this initiative was launched.

I believe the minister's coming to give you an update on that process and where we stand.

Mr. James Moore: To Treasury Board staff, and I suppose to Mr. Hawkes, but principally to Treasury Board—of course I don't think this question is asked or answered often enough because of the human interest and concern—what impact will these expenditure reviews have with regard to employment in the public service?

Mr. David Moloney: The analysis we've done, and the advice we provided to ministers—I believe the President of the Treasury Board made the statement on September 25—is that by our estimates there would be less than 300 individual positions affected. Madame Charette spoke about a number of them. Those are affected positions, not individuals. This amount is roughly 5% of the annual turnover.

• (1145)

Mr. James Moore: Is there a particular regional impact?

Mr. David Moloney: There is no particular regional impact, no, beyond the fact that more employees are centred in the national capital region than anywhere else.

The Chair: We'll go to Mr. Martin, for eight minutes, questions and answers.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you, Madam Chair.

First of all, let me say the NDP has been openly critical of both the amount of money that has been cut from various programs and the process. I will make no bones about the fact that we've been very critical of what we believe to be ideologically driven cutting, hacking, and slashing. We can only conclude that the newly elected government is trying to punish certain NGOs, certain centre-left organizations that don't agree with the political ideology of the new government.

An hon. member: Point of order.

The Chair: He's making a statement.

Mr. Pat Martin: That's the frustration people are feeling where I come from, and that's what people are telling me.

I come from the labour movement, where we went through this whole era of scientific management—kaizen, continuous improvement. Management was always looking for ways to find efficiencies and eliminate waste. But the logic was to find efficiencies and eliminate waste so you could put what you found back into more

product. Here it seems we've looked for the efficiencies and trimmed the fat to the point where many of the fundamental elements have been taken away all together, so that the organization has less to deal with.

I would ask you to comment on the logic in gutting organizations, as opposed to rewarding them for finding efficiencies.

In the province of Manitoba, the literacy group got cut. This is one of the favourite examples used by the minister and others. I think they had \$365,000 a year, of which only about \$10,000 a year was actually given out in literacy-related grants. But I'm here to tell you that I actually know those people, Marg Rose and others. I've been to visit them. They work very hard all year long promoting literacy in ways above and beyond the actual grant. That's one example where it's completely wrong to say that money was being wasted just because it wasn't being given out in direct grants and contributions to the community.

So I have two questions. First, do you have any specifics on that cut? Second, could you address the larger question about cutting, hacking, and slashing, and then taking whatever you hacked out and not reinvesting it back into the same program?

Mr. Robert Fonberg: Let me respond briefly. My colleague can pick up the question of the literacy program in Manitoba.

As a public servant, the rhetoric is a little hard for me to deal with. In the same budget in which the government announced its plan to reduce spending by a billion dollars, it also announced its intention to spend \$224 billion this year. It also announced that the \$1 billion would be used to fund its \$5 billion of new spending. It identified priorities around that \$5 billion, including communities, health, and defence. Basically, the government used the \$1 billion to reinvest in what it has continued to argue are its new priorities.

From our perspective, it's not more complicated than that—\$1 billion on a \$224 billion budget. The \$1 billion was reinvested to top up \$4.4 billion worth of new spending to about \$5.5 billion.

Mr. Pat Martin: This is to become an annual feature, though. This is the first go-around. We used to get this from the Liberals too. After the devastating program review in 1995, 1996, and 1997, they began the annual process of trimming about a billion dollars a year in fat, to the point where there was no fat left to be trimmed. Some cuts don't heal. When you get through the fat and into the bone and meat, you're causing grief and anguish above and beyond the fat trimming.

How can this go on? In light of this trend, how can we expect programs like the court challenges or the status of women to survive? We feel persecuted. Those of us who care about these social justice areas feel that we've been singled out and targeted for cutting. Nobody talked about cutting the \$1.4 billion that they give to the oil and gas companies in grants. They could have found a billion dollars right there. Why pick these little nickel-and-dime cuts that devastate important programs for low-income people?

I know you can't answer those political questions, and maybe I'm just venting my frustration. I didn't answer it. I'm accusing the government of being motivated more by ideology than by reason, logic, or even efficiency. We feel genuinely punished by this. It's beyond reason and logic.

• (1150)

The Chair: Mr. Martin, could you continue asking direct questions to the public servants? I know how you feel, but if we could get—

Mr. Pat Martin: As a Winnipeg MP, I suppose I would be interested to know if you have any specifics about the logic that drove the cuts to the Manitoba literacy program.

Ms. Janice Charette: Thank you for the question.

The existing agreements that have been established under the adult learning, literacy and essential skills program will be honoured. If there is an existing agreement with an organization, it will be honoured.

The decision announced by the government was that adult learning literacy programs in the future will be retargeted so that they're focused on national priorities and achieving concrete results for Canadians.

So existing agreements will be respected, and—

Mr. Pat Martin: How can the priority have changed, though? Literacy is literacy is literacy. How is it that this adult literacy program doesn't meet the objectives of adult literacy programs?

Ms. Janice Charette: Mr. Martin, what I'm trying to say is that an existing agreement will be respected. We are now in the process of processing—

Mr. Pat Martin: So you're not going to cut any money from Manitoba?

Ms. Janice Charette: —calls for proposals. The calls closed on or before September 15 under this program, and we'll be proceeding on the basis of instructions from the minister to tighten the evaluation criteria for the proposals, to make sure those proposals are generating concrete results and measurable outcomes for adult learning and literacy.

Mr. Pat Martin: Do you have any specific information about the Manitoba office and its budget?

Ms. Janice Charette: I have to say—

Mr. Pat Martin: I know it's hard to deal to with a specific like that.

Ms. Janice Charette: —unfortunately, no.

Mr. Pat Martin: That's fine.

Ms. Janice Charette: We have 130 projects active right now.

Mr. Pat Martin: I understand. It's not up there.

Ms. Janice Charette: I'd be happy to get back to you, Mr. Martin.

Mr. Pat Martin: I appreciate that.

What about the ongoing annual nature of this? Have you been served notice that you're expected to find \$1 billion a year somewhere within the government's spending?

Mr. Robert Fonberg: In fact, on September 25, when the President of the Treasury Board and the Minister of Finance announced this, they actually announced that this was the conclusion to this process, but that going forward they would ensure a tighter approach to expenditure management.

I believe the language they used—I don't have it in front of me—was that they would ensure that departments only receive spending required for effective programming that achieved results. The budget also announced that the government would be reviewing its overall approach to expenditure management and would be making a report this fall.

Mr. Pat Martin: Who gets to decide whether you're achieving results? Is there any outside analysis of this, or is it a judgment call of the government?

Mr. Robert Fonberg: The government ultimately is responsible to Parliament, and ministers will stand up when they need to in order to report intended results and achieved results.

Mr. Pat Martin: One thing Mr. Baird says is that the government is not going to pay for Liberal lawyers to sue the government all the time. That's one of his—

The Chair: Thank you very much.

We'll go to Mr. Alghabra.

Mr. Omar Alghabra (Mississauga—Erindale, Lib.): Thank you, Madam Chair.

Good morning, everybody. Thank you for coming here today.

I want to say first that I think I speak on behalf of my colleagues here when I say we're all in favour of identifying areas for increasing efficiencies in government expenditure. This exercise is done on an annual basis by the government, regardless of who's in power, and public servants offer a lot of assistance in identifying those areas. That's what taxpayers expect. That's what Canadians expect. So it's important that we keep our eyes focused on identifying those areas.

The concern that we have—or that I have, at least—is that some of those areas that were cut as part of this announcement appeared to many of us to be working. For example, in my riding, I have close to three dozen students, youths, who have received summer placements through the youth career program. It has become really difficult for us, especially for me, to explain to my constituents why that program is not going to continue anymore.

So let me get to my question. First, I'm interested in knowing if any of those cuts had been identified previously as part of this annual review that the government and public service go through.

•(1155)

Mr. Robert Fonberg: They obviously had not been acted upon. Whether there had been discussion in the past as to whether or not programs were achieving their results and ought to stay in place is a different question. I wouldn't have a record of those conversations, but anything that was eliminated or cut in this exercise obviously had not been cut before.

Mr. Omar Alhabra: Yes, but my question is whether there were any recommendations. Were they identified last year? Let's be even more accurate: were they identified for cuts last year?

Mr. Robert Fonberg: I genuinely would have no record or sense of that.

Do you, Mr. Moloney?

Mr. David Moloney: We were drawing on the evaluation evidence at hand, and to a considerable degree, these were not evaluations conducted during the course of this year. A good evaluation study takes six, twelve, or eighteen months. Some of this information was out there; we were systematically pulling it together with a focus, in that case, on efficiency, yes, but also effectiveness.

How much we spend to achieve a result is what we think of as efficiency. But is the result actually being achieved as desired? A good evaluation goes further and asks if that result in fact is still relevant. There was the example of a city with a very low unemployment rate; is it relevant today? That becomes a policy judgment. Finally, there is whether this result is a priority of the government that is accountable for the tax dollars.

That information is available, in varying degrees. We pulled it together.

Mr. Omar Alhabra: Mr. Moloney, I hope you give me permission to say that you still have not answered the question. The question is, were these programs identified before? Do you recall? You don't have to say yes or no, you may not recall. But do you recall if they were identified last year?

Mr. David Moloney: I was not at the Treasury Board Secretariat when the 2005 exercise was conducted.

Mr. Omar Alhabra: Okay.

Madame Charette, do you recall if the adult literacy program was identified last year as a target for cuts?

Ms. Janice Charette: I was recently appointed the deputy minister of Human Resources and Social Development. I don't have knowledge of what happened before my appointment in July.

Mr. Omar Alhabra: All right.

Through the review, these programs were identified as possible targets for cuts. What process did your departments go through in consulting with the targeted groups? Were there any consultations with them before the decision was made? I know the decision was made at a political level. Was any consultation done with the groups that were targeted?

Mr. Robert Fonberg: I think you would have to ask each of the ministers and deputies who were involved two questions: one would be the extent of their knowledge about their stakeholders and possible impacts and their ability to be able to speak to those issues; and two, in those situations where they weren't comfortable, whether

they had any kind of consultation with stakeholders. So there is a judgment call, and there is as complete an understanding as possible of stakeholders and stakeholder impacts.

But there was no formal consultative process, as is typically the case in these kinds of exercises.

•(1200)

Mr. Omar Alhabra: Does the same apply for the human resources department, that there was no formal consultation process?

Ms. Janice Charette: To pick up on what Mr. Fonberg said, he structured it as two questions: what's the extent of knowledge on the part of ministers, deputies, and officials who are involved in the exercise about how the programs operate; and what the stakeholder impacts would be.

One of the things HRSDC does on an ongoing basis is consult with our stakeholders. I spoke earlier about 19 round tables that took place on literacy in the summer of 2005. There is an ongoing stream of information.

But there was no explicit discussion with stakeholders. I believe you asked me about literacy, in particular?

Mr. Omar Alhabra: Yes.

Ms. Janice Charette: There was no explicit consultation with literacy stakeholders on reductions in this program.

Mr. Omar Alhabra: With respect to the impact of those cuts, I'm interested in the youth program specifically, out of selfish reasons, because it directly affects my riding. What can I tell my constituents when they ask me why this program is no longer valid? What should I tell them?

Ms. Janice Charette: The decision of the government was to better target the summer career placement part of the youth employment strategy and to refocus the program on students who need the most help in finding a summer job. I believe the Minister of Human Resources and Social Development has gone further to say that we will be refocusing to target the resources of this program on students in rural and remote areas, for instance, where jobs may be more difficult to find; in high unemployment regions; and for students who may face particular challenges, such as new Canadians.

We've been asked by the minister to design the new calls for proposals, which will go out in January. That will provide more explicit criteria that companies and organizations in the municipal-university-hospital sector can look at in terms of whether they want to apply for funding in the next fiscal year.

Mr. Omar Alhabra: So I can basically tell them that they're not a priority for this government right now and that they're going to target their funds somewhere else.

By the way, just to make a comment, more than 50% of my constituents are new Canadians, and I'm hoping I can give them a better answer. If I go back and tell them what you just told me, they're really going to wonder what kind of answer that is. Are we not important? Are we not using this program effectively? Are we not benefiting from the program?

I know it may be unfair to direct this question to you because you're not the one who made that decision, but I was hoping to get an answer that I can really tell them I believe in, that makes sense. I'm sorry, but this answer did not give me any comfortable feeling that lets me go back and tell them.

Ms. Janice Charette: Perhaps I might add one thing, Madam Chair.

Unfortunately, I don't know the specific labour market conditions in your particular constituency, nor do I know the composition of it in order to be able to speak expertly on that. What I would say is that we've been asked to put together the criteria for the new call for proposals that will go out in January 2007. It will follow the lines that I set out, and organizations across the country will be invited to apply for funding under this program, according to those kinds of criteria.

The Chair: Thank you.

We'll go to Mr. Kramp.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Madam Chair.

Welcome to all of you. Thank you very much for coming here today and for giving us the opportunity to shed a little light on this subject.

Some people classify these as cuts, and I suppose there is some fact to that statement. But I think we also have to realize what they are at the same time. They're savings. These are not just arbitrary cuts and then the savings disappear into a black hole. What happens to that money, with the savings? If we achieve a billion dollars in savings, what happens to it? Is it just gone, lost?

Mr. Fonberg.

Mr. Robert Fonberg: I think the budget statement was very clear. That billion dollars became part of the \$5.5 billion that the government reinvested in the priorities that it identified in the budget.

Mr. Daryl Kramp: Thank you very kindly.

I was listening very carefully when Mr. Moloney actually expanded on the definition of value for money. I appreciated that very much. I can recall when the President of the Treasury Board announced these different savings. He actually categorized four areas in which we would achieve savings. One was value for money, and another was unused funds, the third was efficiency, and the fourth was non-core programs.

I'm wondering if you could elaborate and expand upon those definitions as well, so that this committee can understand more thoroughly how the cuts are broad-based and how they can become more effective.

• (1205)

Mr. David Moloney: Certainly.

The news release itemized the specific detailed savings into four areas, as the member has just set out. In the order that they show in the table, the first of those is efficiency. A total of \$256 million over two years was identified in terms of efficiencies, which were defined as follows: savings from streamlining or consolidation of activities or from operational or program efficiencies, as well as programs or services that can be provided or are being provided elsewhere. That was the first category...well, the second, in addition to value for money.

The category of what we call non-core programs, where the savings totalled \$99.6 million over two years, was identified as programs or activities that do not meet the priorities of the federal government or Canadians.

The final category was referred to as unused funds, with a total of \$379.6 million over two years. That was funding for programs that will not proceed, funds in excess of those required to achieve results, or funds not needed due to lower than anticipated take-up for those programs.

Mr. Daryl Kramp: Thank you.

In essence, then, of this billion dollars, basically almost 40% of it was simply dollars that were not being utilized effectively within the various programs. Is that correct?

Mr. David Moloney: You're not required, in fact.

Mr. Daryl Kramp: I'm going to relate a bit of personal experience. I've been in the commercial world for 30-some-odd years. One thing that I and many of the other million-plus small businesspeople across this country recognize is that in order to survive, prosper, grow, and provide benefits, both for community and staff, you have to control expenses. If you don't control expenses, you don't survive, regardless of your income.

Our government took a look at that in 2004-05. Under the previous government, spending increased by 14.5%. Well, 14.5% on a continuous basis is not sustainable. If we have an economy that's growing by 2% to 3%, give or take a little, and your expenses are going into double digits, that is not sustainable. At some point the services would have to suffer, unless there is solid management in place to deal with this. Is the business of government any different from the business practices of the small or large commercial sectors in this country?

Mr. David Moloney: Of course, the Minister of Finance is accountable for the overall level of spending. Our job is to ensure that the government is in a position to achieve its goals at the lowest possible cost, and that it has the information required to consider whether its goals remain relevant within the stated order of priorities. The government decides which results to pursue and at what cost. Our focus is on making the business of government efficient and effective.

Mr. Daryl Kramp: If this government takes a position that it has to control expenses to ensure that we have a viable long-term economy and deliver services to people, does it not sound prudent and reasonable that they would try to be efficient? Wouldn't they try to have value for money? Wouldn't they try to find a way to ensure that the spending is delivering definable results? Is that not real? Does that not sound normal? Does that not sound like good business practice?

• (1210)

Mr. David Moloney: I don't want to comment on good business practice. We think that good government is spending the taxpayer's dollar well.

Mr. Daryl Kramp: Mr. Martin made a statement to the effect that he felt there should not be program review. I thought, my goodness, we shouldn't have program review? I can't imagine how we would not have program review. Thank goodness we have an expenditure review. Can you tell us more about that process? Is it yearly? Is it something that's mandated? Is it a wish list, or is it an internal activity that takes place on a routine basis?

Mr. Robert Fonberg: Under the government's expenditure management system, the government makes its decisions about where to allocate its resources. This ultimately shows up in the form of supply in the House. It is now under review. In the budget, the government laid out the principles that guide us. I'll quote, if I may: "The new expenditure management system will respect the following principles: government programs should focus on results and value for money; government programs must be consistent with federal responsibilities; programs that no longer serve the purpose for which they were created should be eliminated."

The President of the Treasury Board was asked, through the vehicle of the budget, to do a review of that system. It is a system that would essentially allow for ongoing program review. In these principles, there is no explicit intent to cut or grow spending. Rather, as Mr. Moloney said, the intent is to make sure that all spending is done in a manner consistent with the principles.

Mr. Daryl Kramp: Actually, it sounds almost overly simplistic, but it sounds like a strategy and/or a theory that could be applied to home, family, business, church, or community spending, and to all the different levels of government. It is just sound, everyday accountable principles of an accountable government.

I just want to bring this into perspective. I heard a figure today about the total spending of government. Did I hear \$224 billion? Is that correct?

Mr. Robert Fonberg: That's correct.

Mr. Daryl Kramp: What was the total of the savings brought forward by this government initiative?

Mr. Robert Fonberg: It was \$1 billion.

Mr. Daryl Kramp: That would be less than one half of 1%, whereas previously, of course, we were spending in excess of 14%.

I think I rest my case.

The Chair: Thank you, Mr. Kramp.

Mr. Bains.

Hon. Navdeep Bains: Madam Chair, I just want to pick up on the comments made by my Conservative colleague Mr. Kramp. We believe that program evaluation is very important to examine where efficiencies can be found, but you have to look at where the cuts were made. These are the cuts that Canadians see. I am going to give some highlights. Tell me what you see in this theme.

You see \$5 million cut from the status of women; \$10 million cut from volunteerism initiatives; \$10 million from the elimination of the youth international internship program; \$11 million from the elimination of the first nations and Inuit tobacco control strategy; \$17.7 million from the literacy skills program; \$55 million from the youth employment initiative; and \$6 million from the court challenges program. These are just some of the cuts, where the bulk of the cuts were made.

There is a deep-rooted frustration. It is not the fact that cuts were made and efficiencies were found. That should always be an ongoing obsession with government—efficiencies should be found. But they seem to be targeted at certain groups, and that's where the frustration comes in. That's where the difficulty lies in explaining to our constituents why these particular groups were cut.

We understand these cuts were targeted at women, aboriginals, youth, and minorities, but what other items were on the list? I know the entire government was part of this exercise in examining cuts, but at the end of the day the list got smaller and smaller, and there were various components to it eventually, when the cuts were decided. What other areas were examined for potential cuts?

Was it continued cuts with the youth, women, or aboriginals, or were other areas examined? I think that's where the concern lies.

• (1215)

Mr. Robert Fonberg: Let me start, and then I'll turn it back over to Mr. Moloney.

I think, in fairness, if you have questions about specific cuts and a view of the specific cuts and where they may have had their origins, it's worth having the individual ministers in to actually talk about the specific cuts. I think the individual ministers would actually want to talk about their specific cuts.

I think Mr. Moloney started earlier by talking about how this was an exercise that looked very broadly across all of government, the full range of programming—obviously not statutory programming or the public debt charge program, but all direct program spending. For all intents and purposes, that was the universe of what was on the table when this began.

Hon. Navdeep Bains: I know that was the universe, but look where we ended up. I understand the universe is very open, and I appreciate that. This is not a reflection on you in any way. I'm not pointing fingers at you. You guys are giving great answers in terms of doing your best. I don't want to put you on the spot. But you can sense the frustration.

The universe was all the departments across government, but at the end of the day women were targeted, youth were targeted, and the court challenges program. Those were the areas that were targeted, and there seems to be a theme there.

I'm going to rephrase the question. Can you indicate if there were other areas that were looked at for cuts as well, aside from the cuts we see here before us?

Mr. Robert Fonberg: Let me just start by saying that if you have a view, or if the committee shares the view that there was targeting, that's a view the committee has, that individual deputies or members actually have.

We looked again across the full range of business-related activities, the full range of international activities. This is a very wide perspective. I don't think we could comment on any issue of targeting. We can explain the process of how we got from there to here, including consultations that went on between the secretariat and deputies, the president, ministers, and the cabinet process. But in terms of the winning of the list, at the end of the day those were political decisions.

Hon. Navdeep Bains: No, I understand that. That's why I said I don't want to politicize this. I'm not here to discuss policy; I just want to focus on the process.

You alluded to this earlier as well, that typically there are consultations that take place when cuts are made, that stakeholders are usually—you said “typically” is the word you used.... Maybe we can check this out. Typically consultations are made—I don't want to put words in your mouth—when cuts are made.

My view is that these particular organizations or groups were targeted and were not consulted, based on our understanding, because it was a cabinet exercise. Based on what Mr. Moloney said, even MPs were not consulted. Is that correct, first of all?

Okay, so MPs were not consulted; the stakeholders were not consulted; it was strictly a cabinet exercise. It was a top-down approach. People at the bottom were not consulted. Is that a fair assessment?

Mr. Robert Fonberg: People at the bottom of...?

Hon. Navdeep Bains: The people who are actually affected by the programs. Were people who administer the programs, people who have an intimate knowledge of the programs, people who can explain and justify the impact of the programs, consulted?

Mr. Robert Fonberg: I think each individual deputy would have made a judgment as to who they needed to consult in their departments, so I can't answer that question.

Hon. Navdeep Bains: Okay, but the assumption is that people on the ground were not consulted.

Mr. Robert Fonberg: I genuinely just can't answer the question. You'd have to ask each deputy how they managed the process in their department.

The Chair: Thank you, Mr. Bains.

We're now at the five-minute question and answer session.

Monsieur Nadeau.

[*Translation*]

Mr. Richard Nadeau (Gatineau, BQ): Thank you, Madam Chair.

Ladies and Gentlemen, welcome.

We know that it is government that decides where cuts will be made. You must follow their instructions and implement those policies.

For the record, I would like a clarification. We talk about a billion dollars. Mr. Kramp said that this accounts for only 1 percent and is rather insignificant. However, if you are part of an organization that is being cut, the impact is enormous. He should show a little bit more compassion than that. However, I will not dwell on that.

Was the idea of eliminating tax havens part of the measures you were asked to explore? Has it been discussed? You may answer by yes or no.

● (1220)

Mr. David Moloney: The budget for 2006 established a spending reduction target of one billion dollars.

Mr. Richard Nadeau: Yes, but I would like to know if there has been any discussion on eliminating tax havens in order to decrease the requirement for budget cuts?

Mr. David Moloney: No.

Mr. Richard Nadeau: Fine.

Has there been any discussion about the tax credits given to oil companies? These amount to 250 million dollars a year. Have you been asked to look into this, into cutting the tax credits given to oil companies in order to have more funds available and having to cut less elsewhere?

Mr. David Moloney: No.

Mr. Richard Nadeau: Fine, thank you.

The objective of making these cuts is to allow the government to save money. The concept of saving money is fine: he who pays his debts becomes richer.

As far as Public Works and Government Services Canada is concerned, did you consider the fact that 39 leases are expiring in Ottawa in 2006? It would be possible to save money by renting buildings in Gatineau where rents are cheaper.

Did you consider the potential of this in order to save money?

Mr. Mike Hawkes: We did not consider it in this exercise.

Mr. Richard Nadeau: It could have been, but it was not considered.

Madam Chair, I would like to table a document. It is in French only and I suppose it will need to be translated. Mr. Moore already has a copy. It talks about possible savings. Public Works and Government Services Canada could implement a principle which was adopted in 1983 and was reaffirmed under the governments of Trudeau, Turner, Mulroney, Campbell, Chrétien, Martin and now Harper. Under this principle, 25 percent of federal jobs in the National Capital Region would be located on the Quebec side and 75 percent on the Ottawa side. This would mean that more jobs would be located on the Outaouais side since the number presently is only 18.9 percent.

Did you consider moving employees to the other side of the river where rental costs are less, in order to achieve savings?

[English]

Mr. Mike Hawkes: This wasn't an issue that was raised during this particular reduction, but we are examining the issue of that split on a regular basis.

[Translation]

Mr. Richard Nadeau: You examine it on a regular basis. We know that this plan was introduced in 1983. Implementation of this government directive would result in savings.

Furthermore, this would allow, for example, to abstain from cutting groups with which I talk in my riding. I am thinking, Madam Chair, of a group such as Le Tremplin des lecteurs, a literacy group. They were getting \$14,000 a year, were performing miracles and fell victim to the cuts.

All of this goes to say that it would be possible to find efficiencies without destroying the social fabric. Nobody would be a loser. On the contrary, our taxpayers and our government would benefit from the savings that could be had, for example, on the rental of office space.

M. James Moore: I have a point of order.

The Chair: Just a minute, please. Mr. Moore has a point of order.

Mr. James Moore: Yes.

I do not want to take away from the time of Mr. Nadeau, but he knows fully well that Mr. Fortier will appear before the Committee next week. He will be able to ask him those questions about the 25—75 percent split of public service jobs.

Our witnesses are here to talk about our budget choices and how to implement this program. Mr. Nadeau should comply with the Standing Orders.

The Chair: Mr. Moore, this is not a point of order.

Mr. James Moore: He should comply with the Standing Orders.

Ms. Louise Thibault: This is a matter of opinion.

Mr. Richard Nadeau: Madam, I hope this interruption will not take away from my time.

The Chair: It was an opinion, a matter for debate: I will give you another minute.

Mr. Richard Nadeau: Thank you very much.

I would like to make one thing clear. It is possible to cut spending without wrecking the social fabric. I believe you, our senior officials, should analyze those aspects. These solutions should be put forward.

Let us talk about the cuts to museums. I would like to know what justifications you were given. Were there any? Were you told to just go ahead and slash these expenses, without any consideration? Museums who get few visitors, especially in the regions, require more assistance than major museum institutions throughout the country. I would like to know your analysis of this aspect.

● (1225)

Mr. David Moloney: If I may, I think it would be better to put this question to the minister.

The Chair: Thank you, Sir.

Mr. Richard Nadeau: Thank you, Madam Chair.

The Chair: I would like to ask a question myself.

[English]

We're the government operations and estimates committee, and we've looked at the supplementary estimates and we see that you're cutting about \$250 million at this point; that's about one-quarter of this \$1 billion.

I also know that on a regular basis there are programs that end. If they end at the end of this fiscal year, then those cuts will not show anywhere next year if they're not brought back. Do you have any kind of list of programs that will be allowed to die, which we will not see next year in next year's estimates or in supplementary estimates and therefore will not be able to question?

Mr. David Moloney: There are three parts there that I could speak to.

Number one, as the chair mentioned, is that the supplementary estimates have included for parliamentarians' information those aspects of the restraint measures that mean that spending of \$220-some million that was previously requested of Parliament will not proceed. Some of the measures that have been identified here were against planned spending for which in fact Parliament had not been asked for authority but for which it had been planned to set money aside. That's thing number one.

Thing number two is, I don't have it with me, but it would be possible to provide a list of programs that have funding that would end as of March 31, which, as the chair will know, we refer to as "sunsetting programs". There is no separate list, to my knowledge, of programs for which there had been a decision taken to not continue. Had there been, that would be part of this exercise, if there had been a policy decision to not continue at this point.

The Chair: Is it possible for you to give us that list of sunsetting programs, those programs that are sunsetting at the end of this fiscal year?

Mr. David Moloney: I believe we can provide that list relatively quickly.

The Chair: Thank you.

We'll go to Mr. Albrecht.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Thank you, Madam Chair, and thank you to each of the officials for your time here today.

I too, like Mr. Kramp, operated a small business for a number of years and also served on a number of community volunteer organizations, and I know how important it is that we occasionally evaluate and make some hard decisions about stopping some programming we have started. It's always nice to start new programs, and we're happy to do that, but it's more difficult to stop them when it comes time to.

I think, with respect to the \$1 billion savings we found, that Canadian taxpayers should actually be quite pleased that our government is taking a serious approach to cost containment at this level.

We're living in a dream world, Mr. Martin, if we think we can keep spending with no adjustments and no realistic evaluation of programs. That dream world very quickly turns into a nightmare, as we found in Ontario under Mr. Rae.

I'd also like to correct an impression Mr. Martin gave us that perhaps this was an ideologically driven cut. Our staff here today clearly outlined that there are formal evaluations that each department does on an annual basis for the purpose of finding potential effectiveness gains, as they are doing today.

And I would like to point out that there are at least two new programs that Human Resources and Skills Development has initiated. One of them deals with increasing the pool of skilled workers, and the other has to do with utilizing the wisdom and the years of older workers.

I wonder whether we can highlight the fact that, yes, we did make a \$1 billion cut, but that we're also reinvesting a lot of the funds we're saving, as we have pointed out a number of times today. This was a commitment in our budget that some of the \$5 billion increase would be found within savings, and it would be nice to highlight for Canadians the initiatives that are being taken on the skilled trades front and the older workers front, if you could speak to them.

• (1230)

Ms. Janice Charette: I mentioned in my opening remarks that the department is responsible for implementing the new apprenticeship incentive grant. That will provide a \$1,000 grant to first- and second-year apprentices, and the total expenditure expected there on an annual basis is in the range of \$25 million.

I believe the second program that I mentioned the department is implementing is the targeted initiative for older workers, which will be a federal-provincial-territorial program in which the federal government has indicated it's prepared to invest up to \$70 million, to be cost-shared with provinces and territories. That will be invested in older workers who lose their position as a result of layoffs, particularly in vulnerable communities. The objective is to be able to invest in employment programs, services, and retraining for those individuals to enable them to continue to work, in new employment opportunities.

Mr. Harold Albrecht: I would like to comment that I think this list goes against the perception that there's a lack of compassion. We

are certainly working hard to address the needs of Canadians on many different fronts.

The other area that I think we've overlooked today is that recently our government announced the \$13 billion paydown on debt. There will be an annual savings of \$650 million, every year from here on going forward, that we can invest in effective new programming.

That was more of a comment than a question.

Ms. Janice Charette: Madam Chair, let me correct what I said to Mr. Albrecht. When I spoke about the apprenticeship incentive grant, I said it was going to be a \$25 million annual expenditure. In fact, in the year of introduction it's \$25 million, and then it's expected to be over \$100 million a year after that. I apologize for that.

Mr. Harold Albrecht: So it's an expanding program?

Ms. Janice Charette: Yes, it's ramping up.

The Chair: Is that it?

We will go to Mr. Alghabra.

Mr. Omar Alghabra: Thank you, Madam Chair.

I want to build on a point Mr. Kramp alluded to.

Ms. Charette, how big is the Human Resources budget?

Ms. Janice Charette: The planned spending, which is indicated in the report on plans and priorities for 2006-07, is \$79.7 billion.

Mr. Omar Alghabra: And how much were the cuts to the youth program?

Ms. Janice Charette: The youth employment strategy reduction in 2006-07 is \$10,400,000.

Mr. Omar Alghabra: Percentage-wise, how much is that out of the budget?

Ms. Janice Charette: You'll have to give me a minute with a calculator. I have to apologize. I can't do that in my head.

Mr. Omar Alghabra: I think it's less than 0.3%. I just did it in my head.

Ms. Janice Charette: I can do the math, if you'd like.

Mr. Omar Alghabra: I came from the private sector. Every year at the end of the year, if we were not at our target of profitability or cost, we would go through a cut exercise. This was a private corporation, not government. Private corporations have the option of laying off people or cutting some expenditures that they think they can find efficiencies in, like less travelling and more video conferencing or finding other opportunities that are identifiable for cost-cutting. That's what the private sector typically selects.

This is less than 0.3% of the budget. At least, whatever number it is, it's less than 0.5%. In my riding, though, it affects close to 36 youths, and not only for the summer term but in fact for their professional careers, because I think the summer employment that they benefit from will have an impact on their future, on their careers.

If this \$10 million is cut in the name of a focus on targeting, is it going to be redeployed toward youth employment, but in a different format?

• (1235)

Ms. Janice Charette: I believe the question at the end was what the impact of the \$10 million decision will be. The answer is that the funding available for the summer career placement program will be reduced in 2006-07 by \$10.4 million, and in 2007-08 by \$45 million.

To use 2007-08 as an example, the remaining funding will be \$45 million, and that funding will be retargeted, as I tried to explain earlier, but perhaps not adequately. It will be aimed at students who face particular barriers in finding jobs, such as those in rural, remote, and high unemployment regions; and at individuals who may face particular barriers, such as new Canadians. Individuals will have the opportunity to apply against those criteria, through a call for proposals that will be launched in January.

Mr. Omar Alhabra: It will be difficult for us to really evaluate the replacement or the new focus if we still don't even know what the new focus is going to be. I know you're setting the criteria for us, what you expect the focus to be, but we're still not sure how it's going to be rolled out or how it's going to be implemented. Is that a correct assessment?

Ms. Janice Charette: I attempted to explain the criteria that the minister has articulated. We have not actually finalized the call for proposals. We'll be giving our advice to the minister on that, and she has indicated that she'll be tendering it publicly by January 2007.

Mr. Omar Alhabra: Which department financed the court challenges program? Is that financed by Treasury Board?

Mr. Robert Fonberg: No, I believe it's a Heritage program.

Mr. David Moloney: Canadian Heritage.

Mr. Omar Alhabra: Thank you, Madam Chair.

The Chair: Can I add a little question about the youth employment program that you're going to tender in January?

Will you continue to have allocations per riding, will you go more per region, or will you just go across Canada and then decide afterwards? In the past, as you know, there were amounts per riding for the summer placement program, MPs were asked to sign off, etc. Will that continue?

Ms. Janice Charette: We have not finalized the criteria for the call for proposals. We are putting together our advice for the minister, and that will be coming out in January. Frankly, I can't say more than what the minister has already said about what her intentions are.

The Chair: In your advice to the minister, I'd like you to consider the fact that in many regions of the country, it's very difficult for us to keep young people. We particularly like this program because it gives us a chance to have them stay in the community and oftentimes make contacts that help them to perhaps, when they finish, come back and stay in the community. I hope you keep that as a criterion, because sometimes it can be very difficult for us if our children, our young people, don't get work in the community and then leave for Toronto and Ottawa and never come back.

Ms. Janice Charette: Obviously, I've taken note of your comments, Madam Chair, and we'll also make sure those are passed along to the minister.

And because I'm not a mathematician, luckily my comptroller is here with her magic calculator. It is 0.01%.

Mr. Omar Alhabra: That makes the point even stronger. Again, I'm going to have a hard time explaining that to the 30-some people in my riding.

Thank you.

The Chair: Mr. Warkentin.

Mr. Chris Warkentin (Peace River, CPC): Thank you, Mrs. Chair.

Thank you very much for coming in, all of you who are involved in presenting here today.

I noted that on October 17, when Minister Baird was before us, the question was put to him with regards to the government's practice of allocating funds into certain programs and then never spending that money.

I sit on the heritage committee as well, and there was a discussion or a question about specific funding for the MAP, the museums funding. What we found within the program was that in the past there's been allocation, but there were amounts that weren't spent. So it wasn't necessarily cut, but there was an allocation and the money was not spent.

I imagine this might be a problem that is widespread throughout other government departments. Did you find that in this review process, allocations of dollars that weren't being spent? What was done with that discovery?

• (1240)

Mr. David Moloney: In fact, there are around 20 or so specific measures that are identified and set out in the news release, areas where we had found that funds were not being used. They had either been set aside for something that did not proceed or the program's objectives were being met without those funds being taken up.

Anywhere we found such moneys—and we did, as the news release points out, find \$379.6 million over two years—we proposed those to the president, who proposed them to cabinet, as being savings that should be returned to the fiscal framework for reallocation.

Mr. Chris Warkentin: So \$380 million was just sitting there unspent. Obviously, it seems like a reasonable thing to bring that back in to be considered for reallocation.

In your opinion, as managers of these funds, do you feel that this is a wise practice for government to be engaged in?

Mr. David Moloney: These were funds that had been provided for in budgets in the past to achieve a particular objective that cabinet had approved. The experience is showing that these funds were not needed or there had been a change of plan and those programs were not going forward, but we were basically still asking Parliament to approve the funds.

So in terms of accurately asking Parliament for moneys that would be spent for purposes, we certainly should be correcting that.

Mr. Chris Warkentin: As far as transparency goes, I do appreciate your involvement in that, because as parliamentarians we're able to do a better job if we know that we're not approving spending that's never going to happen anyways. So we do appreciate that.

I noticed when Minister Baird was here earlier he also talked about the fact that some jobs would be affected but that there wouldn't be, hopefully, any job losses within the civil service. Can anybody discuss that further, as to how that process will happen if there's any movement within departments or within certain programs?

Mr. David Moloney: The number that I believe the president mentioned to the committee at that previous meeting was that there are normally somewhere over 6,000 individuals who would leave the public service in a normal year. Last year it was over 7,000. So we're talking here about a number of 300 or less. That's quite modest in terms of that normal turnover, so one would expect there to be opportunities for the individuals in positions that might be affected to in fact move into those other areas.

In addition, the government is proposing additional programs to be put in place, the over \$4 billion net increase in spending, some of which would be proposed to fund direct programs from the government. So we would expect some net employment increase as well as that overall turnover.

It is true that there are programs in place should individuals not be able to be redeployed to another position. Individuals have assistance available to them. They have rights. The employer has obligations to those people.

Mr. Chris Warkentin: Could you contrast this with the situation that the Liberals found themselves in the mid-1990s? I know there were significant reductions in spending, and a lot of civil servants lost their jobs during that time. Do you know approximately what the numbers were during the 1990s when the cuts were so severe?

Mr. David Moloney: If memory serves, between program reviews one and two in 1995 and 1996, the amount totaled 55,000 positions—that's off the top of my head.

Mr. Chris Warkentin: So 55,000 jobs were lost.

Mr. David Moloney: Between the two.

Mr. Chris Warkentin: Thank you.

Mr. Martin talked earlier, saying he felt personally victimized by some of these cuts. I met with one of the literacy groups in my constituency, and this was before the cuts even happened. This is a group of volunteers who work very hard to raise money and teach the most vulnerable people in our society to read and write. They came to my office and said that what worried them the most and what they felt most attacked by, in the federal programs for literacy, was that if they wanted to put on a symposium, they could find funding. If they wanted to put out a study, they could find funding; if they wanted to put up a big banner or poster, they could find funding through the federal government. But in terms of trying to teach another person one-on-one to actually read, they couldn't access federal funding.

I was astounded by that. I was shocked that with all the money we spend, none of it was getting to—at least our local organization wasn't able to—teach somebody to read. I thought that's what literacy programs should be oriented towards.

Is it the intent of the ministry now to move towards reallocating funding? Or has it been discussed within the ministry, as to putting more money towards teaching people to read?

• (1245)

Ms. Janice Charette: I think if you look in the report on plans and priorities, it sets out what the objectives of this particular program are: adult learning, literacy, and essential skills programs. It's really about funding activities that support learning, rather than actually direct learning in accordance with what the federal government's role is in this area.

I think Minister Finley has said on a few occasions now that what she has asked is that the funding under this program be better targeted on national priorities and around achieving concrete results and measurable outcomes. I think that's certainly the direction we've been given in terms of processing the calls for proposals.

Mr. Chris Warkentin: I appreciate that. I know that our local literacy groups will be very excited that this is the direction the ministry is moving.

Thank you.

The Chair: Thank you very much.

I must say that I object a bit to your thoughts, because I've seen some of the groups in my riding, and they coordinate the volunteers. With very little money, they do a great deal of teaching. They don't pay for teachers, but they bring in all the volunteers who then go out to teach people. It's a very big challenge.

Mr. Chris Warkentin: I think you and I would be in agreement that those types of organizations could use more funding, rather than some of the other—

The Chair: They are the ones being cut, I'm sorry to say. So I'm going to watch very carefully, because there's a very big demand for literacy programs in northern Ontario, and especially among francophone groups. Many people did not have French high schools when they graduated from grade 8, and many of them are not particularly literate. It's a great help to all of them. I would like to see those programs continue.

We can argue about that at another time.

Madame Thibault.

[Translation]

Ms. Louise Thibault: Thank you very much, Madam Chair.

Madam Charette, when my colleague asked his questions earlier, he was thinking in terms of revenue. He wanted to know if you have looked at increasing revenues, for example by eliminating tax havens. The answer was no since it was a cost-cutting exercise. Madam Charette, did senior officials in your department consider the savings that could be made by respecting the fields of jurisdiction of Quebec, for example by transferring directly to Quebec funding in the areas of education and training? You would no longer need the bureaucratic apparatus to administer these funds.

This would make for a leaner federal government. You are obviously going to say this is a hypothetical question, so I will not even ask it. However, I wanted to make the point.

I know there are program officers at Treasury Board — I do not know if they still have this title — who undertake reviews with officials in the various departments. They do follow-ups and red flags are raised.

Who does this work for the Treasury Board Secretariat?

Mr. David Moloney: One of our sectors is responsible for analyzing a number of departments, including central agencies.

Ms. Louise Thibault: Fine.

Mr. David Moloney: This sector is in charge of reviewing the spending of the department itself.

Ms. Louise Thibault: I have looked at some of your cuts. The way they are described seems rather intriguing. Here, it says: “Canada School of Public Service, reduction in non essential training of federal public servants”.

Does it mean that you provided non essential training in the past and that you will stop doing so? We should get more information on this aspect.

I only have five minutes. I am interested in one thing in particular. Let us look at the Treasury Board Secretariat. Between 2000 and 2005, the budget of Treasury Board has increased by some 26 percent.

What have you done since in order to reduce that spending? I believe one should preach by example, and this applies also to the Department of Finance. One should try to be the champion and try to show the rest of the public service what efficiencies can be gained internally.

The Canadian government and the public service exist in order to redistribute wealth. The shareholders are the Canadians, including Quebecers. Before proceeding with cuts that will impact on the citizens, one should at least consider what could be done internally — in your own department — in order to reduce these 26 million dollars of increased spending over the last five years.

• (1250)

Mr. David Moloney: A number of items have been identified within Treasury Board Secretariat itself, including funding for regional responsibilities....

Ms. Louise Thibault: Excuse me, Mr. Moloney, but you did not get my point. I know those figures, I have seen them and I could recite them myself. I did my homework, I am well prepared, as are all my colleagues.

My question was this: what efforts are you really making in order to reduce in a major way... I should ask you if this is your objective. So I am asking you this. Do you have as an objective to return, for example, to your funding level of the year 2000 or of a previous year?

Mr. David Moloney: We have as an objective to better manage expenses which includes, obviously, those of each department.

Ms. Louise Thibault: I will stop there.

Do I have another minute left, Madam Chair.

The Chair: Yes.

Ms. Louise Thibault: I have one last question, sir, to which my colleague, Mr. Warkentin referred earlier. I put it to Mr. Baird because, in my view, this is a total aberration. This is one of the reasons I asked it. I am talking about the elimination of so-called unused funds. Correct me if I am wrong, but the greatest aberration is with Health Canada. The documents show that 28 million dollars are being targeted, but the department cannot tell us where. It just says that 28 million dollars would be saved.

Unused funds in the area of social programming amount to 5 million dollars in Quebec, and the rest of Canada will lose all its social economy funding. It will be completely eliminated. We are going to lose 5 million dollars out of a total of 26 million dollars. We might be able to survive those wounds. However, there was a program in British Columbia for fighting against the ponderosa pine beetle. Unused funding for food inspection amounts to 10 million dollars; unused funding for the textile sector is 24 million dollars; unused funding for Fisheries and Oceans Canada in New Brunswick, for the salmon enhancement program, amounts to 20 million dollars.

How come these departments, i.e. the officials who manage these programs, have left unused all these dollars in such crucial areas? I am not being partisan, I am talking about all of Canada. How could these departments do such a thing and how come your analysts are happy with it?

Mr. David Moloney: In those cases, programs were approved by Cabinet. Departments received authority to spend these amounts in order to reach stated objectives. It is quite possible, because it happens quite often, that departments reached their objectives at a lesser cost than anticipated and did not require all the allocated funds. Normally, departments are not allowed to spend these dollars in other ways, for objectives other than those approved by Cabinet.

Ms. Louise Thibault: Mr. Moloney, I understand that very well. I can tell you that people in my riding and elsewhere in Quebec who work in the social economy sector cannot understand that we were unable to help the various social economy organizations to spend that money. I maintain my point of view and say this is an aberration. However, I will continue with my research.

Thank you, Madam Chair.

• (1255)

The Chair: Thank you, Madam.

We now go to Mr. Martin.

[English]

Mr. Pat Martin: Thank you, Madam Chair.

As I have only five minutes, I'll ask very brief questions and ask if there could be brief answers.

First of all, was there any formal gender analysis done to the package of cuts by Treasury Board or by the individual departments that were asked to find efficiencies, as they're called?

Mr. David Moloney: Not formally.

Mr. Pat Martin: Mr. Fonberg, is there any requisite analysis that you have to do or that you did undertake on the total body of the cuts to see if they disproportionately impact women?

Mr. Robert Fonberg: No, there was no analysis done on the entire package.

Mr. Pat Martin: Thank you. I won't dwell on that.

Madam Charette, you mentioned that apprenticeships will get \$1,000 each. For the record, that \$1,000 goes to the employer, not the apprentice. Is that correct?

Ms. Janice Charette: No, sir. It's \$1,000 for first- and second-year apprentices. There is an additional tax credit for employers.

Mr. Pat Martin: Oh, I'm sorry. It's a tax credit. I just wanted a clarification.

With the little time we have, my main question is to you, Mr. Moloney. Under Brison, procurement was a big area in which they were looking to find deficiencies. The real property division and, I think, the IT sector were the trifecta he put in place there. Under the procurement at the time, it was recognized that the U.S. is studying this idea that they won't allow tax fugitives—in other words, companies that are in tax havens—to bid on government contracts. They want the secondary benefit of only dealing with companies that pay their taxes in that country when it comes to getting government contracts. Has there been any analysis of that? Is there any movement along those lines with your procurement policies up for review?

Mr. David Moloney: I can't comment one way or the other. Perhaps my colleague from Public Works can.

Mr. Mike Hawkes: I can't either.

Mr. Pat Martin: I thought you were Public Works. Sorry about that.

So there has been no effort made to try to favour Canadian firms in your procurement. Even though those companies would be paying their taxes here and the employees of those firms would pay taxes here, there has been no effort made to try to boycott tax fugitives who shelter their companies.

Mr. Mike Hawkes: One way or the other, I'm not an expert in that field at all.

Mr. Pat Martin: It seems to me that it would be a great savings not only to promote Canadian industries, but to dissuade companies from sheltering themselves in tax havens. They wouldn't be allowed to bid on federal government contracts. As a major consumer of goods and services, I think the federal government should look at that really seriously.

Similar to the question about gender analysis, was there any regional analysis to be sure this package of cutbacks didn't impact one region more severely than any other region?

Mr. David Moloney: We did look at where there were potential regional impacts that would not be spread evenly across the country, both in terms of employment and in terms of any funds that went out to specific individuals or organizations. Our assessment of the package was that it was relatively evenly spread out in terms of impacts across the country, with the exception of the direct

employment impacts, which were more in the national capital region, as I said.

Mr. Pat Martin: Coming from the poorest riding in Canada, the worst low-income riding in Canada, I think it disproportionately affects my riding, because a lot of those NGO social service agencies that were cut back were targeting areas just like mine. I don't mean "regional analysis" as geography, so much as Atlantic-Pacific, but how it affected socio-economic divisions.

Mr. David Moloney: It was not as fine as, for example, the municipal level.

The Chair: Thank you very much.

We have very little time left. I'm going to let Mr. Kramp ask one question, and then I'll go with one very short question from Mr. Alghabra. We'll then end the meeting.

Mr. Daryl Kramp: I think a key word in anything that we do in life is "follow-up". It is easy to make a commitment but it's very important to follow up. This is the only way to ensure that the commitment is kept or accounted for.

When the President of the Treasury Board was here, we were identifying savings. He noted that there would be a progress report coming out in the fall, or later on next spring. Could you give us an update on the status of this progress report? Where are we with this situation? Has there been any evaluation of the program to date? Where do you see this going? When would the report be available? We need it to be able to pass effective judgment on the decisions the government has made.

● (1300)

Mr. David Moloney: One aspect of the progress report would be represented by the supplementary estimates, which the president tabled this week. It showed to Parliament \$224 million of specific areas that had been asked for but will not proceed.

The other aspect of that, if I understand the question, would be in respect of the broader review of the expenditure management system and how the government intends to move forward. The president referred to the commitment in the budget that he would be bringing forward a response this fall. This is still our plan.

The Chair: Mr. Alghabra.

Mr. Omar Alghabra: I want to highlight the frustration that many Canadians are expressing in light of the \$13.2 billion surplus. It's not that they object to cuts. Occasionally cuts make sense. Perhaps a significant portion of the \$1 billion cut is appropriate. But a lot of the cuts, close to \$300 million, are unsettling for Canadians. Adults who need help with literacy, aboriginals, women, minorities, youth—all these groups have been directly affected by the cuts, which will have a negative impact on their lifestyle and their future.

You explained the process of examining evidence and information before deciding what to cut. I know the decisions are in the hands of the political ministers. Did the recommendations to make that \$300 million in cuts come from public servants? Did they come from you? Or did you just provide the information and the direction necessary for decisions made by the ministers?

This is a straightforward question, and I would appreciate a straightforward answer.

Mr. Robert Fonberg: The straightforward answer is that we as officials provide advice to our ministers. Our ministers make decisions.

At the last meeting, the president tried to explain the full scan of government programming that went on prior to the bilateral discussions among ministers and among deputies. We took all possible steps to make sure we understood the risks and ultimately the decision-making process undertaken by cabinet.

So did we make recommendations on \$300 million worth of proposed changes? We put in front of ministers what we thought was appropriate advice. The ministers ultimately took the decisions. That is the best answer I can give you.

The Chair: Thank you for coming before us. We really appreciate it. I hope we didn't give you too hard a time. *Merci beaucoup.*

This meeting is adjourned.

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