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# **Standing Committee on Government Operations and Estimates**

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**EVIDENCE**

**Tuesday, May 26, 2009**

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**Chair**

**Mr. Derek Lee**

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## Standing Committee on Government Operations and Estimates

Tuesday, May 26, 2009

• (1205)

[English]

**The Chair (Mr. Derek Lee (Scarborough—Rouge River, Lib.)):** Colleagues, today we have main estimates.

With us now are Minister Vic Toews and two officials, Mr. Smith and Ms. Gillis. Both of them have appeared before us in the recent past and we are grateful for their assistance to the committee.

Minister Toews is here on main estimates, and at this particular point in time we only have one hour, unless Minister Toews can stay beyond the 1 o'clock time, when we might be able to add a few additional minutes, depending on what the meeting context is at that time.

I did want to just record something for the record. We have a new member on the committee. Ms. Judy Foote is now an official member of the committee, representing the official opposition.

We'll go right to you, Minister Toews, if you're ready to present on your estimates.

Welcome. The floor is yours.

**Hon. Vic Toews (President of the Treasury Board):** Thank you. I appreciate the opportunity to be here.

Honourable members, I'm pleased to appear before you on the main estimates of the Treasury Board Secretariat and the Canada School of Public Service. Today I have with me Alister Smith, assistant secretary of the Treasury Board Secretariat; Kelly Gillis, the assistant secretary in our corporate services sector; Jamie Tibbetts, the chief financial officer at the Canada School of Public Service; and Dan Danagher. If more technical information is required, both of the other individuals can appear and answer questions.

I appeared before this committee on March 10, when the main estimates for 2009-10 were tabled. At that time I spoke to you about the priorities for Treasury Board. Today I'd like to take this opportunity to bring you up to date on some of the key initiatives that Treasury Board is leading for the government. After I've concluded, I'd be pleased to answer questions.

One of the Treasury Board Secretariat's key priorities is ensuring that the government operates effectively and in the best interests of Canadian taxpayers. We are being tested in this area by the monumental efforts required to implement Canada's economic action plan. We've had to act quickly to implement the stimulus measures contained in the plan in order to ensure that they have a real impact for Canadian businesses and families.

At the same time, we've acted to ensure that taxpayers' money is spent responsibly and effectively. We are striking the right balance between due diligence and the rapid delivery of stimulus. In the year ahead, we will continue working with other departments to continue the efficient and effective implementation of the economic action plan.

I'm pleased to report that the crucial initial phase of the budget implementation has been a success. Within two months of tabling our economic action plan, we have received nearly all of the necessary authorities for funds to flow, including \$10 billion through the Budget Implementation Act, which was introduced and passed in record time.

The Budget Implementation Act included \$7.6 billion in spending authorities and \$2.4 billion in tax reductions for 2009-10. The supplementary estimates (A), tabled May 14, included information related to \$1.8 billion in allocations from vote 35, which is a mechanism to provide bridge funding to economic action plan initiatives that were ready to move forward in advance of the regular supply process.

In addition to vote 35 allocations, the approximate total of Budget 2009 items in the supplementary estimates (A) is \$1.6 billion. The remaining value of the economic action plan items to be approved for 2009-10 is approximately \$2.1 billion. We have all of the authorities in place for the entire stimulus package of \$22 billion, other than the \$2.1 billion I just mentioned.

These items will be funded through future allocations from vote 35, that is, up to June 30, or through supplementary estimates (B) or (C). As committed, our government is reporting on the use of vote 35. In addition to the information already reported in supplementary estimates (A), we will be reporting on all allocations from vote 35 in the June quarterly report to Parliament. Final allocations from this vote will be reported in the third quarterly report to Parliament and in the supplementary estimates (B).

The secretariat is also committed to ensuring that program spending is focused on results, provides value for taxpayers' money, and is aligned with the government's priorities and responsibilities. In other words, we are working to make government more effective. Our primary tools for achieving this are the new expenditure management system and the strategic review of each department's and agency's spending on a four-year cycle. The new expenditure management system is helping to ensure that the government gets value for money. We are ensuring that program spending is focused on results, that it provides value for taxpayers' money, and that it is aligned with the government's priorities and responsibilities.

The expenditure management system our government put in place in 2007 will continue to serve us well. An important part of this system is the strategic review process. Through this exercise, every department and agency is required to assess all of their direct program spending and performance on a four-year cycle to ensure they are achieving their intended results, are efficiently managed, and respond to the priorities of Canadians. Strategic reviews are rigorous and systematic assessments of all direct program spending and the operating costs of all their major statutory programs.

This year marks the third cycle of strategic reviews. As we've already seen, departments and agencies take these reviews seriously and bring forward their proposals to ensure that every dollar we spend is achieving real results for Canadians. It's really not much different from what Canadian families do when they regularly adjust their spending to meet their changing needs.

In addition, this year we're taking steps to ensure that our public service continues to be dynamic and remains well equipped to address challenges in a way that is both cost-effective and responsive to the needs of Canadians.

That is why, effective March 2, 2009, a new Office of the Chief Human Resources Officer was created. This office combines central components of human resources management and is housed within the secretariat. With this restructuring we are simplifying the way the government manages its human resources. We are reducing overlap and duplication, and giving managers the tools to more effectively manage resources. Very importantly, we are ensuring that deputy ministers have the tools they need to fulfill their responsibilities and manage the people in their departments and agencies. We are also cutting red tape in the management of human resources by reviewing and modernizing our human resources-related policies.

I am proud of the progress we have made in working to improve the operations and culture of the federal public service. We're getting the funding to Canadian families and businesses in difficult economic times, and we're working to ensure that the government is responsive and responsible, in good times and in bad.

Mr. Chair, together with all of my officials in the secretariat, we are ensuring that Canadians are being well served. I am confident that together we will continue to deliver for Canadians in the year ahead.

Thank you very much. That concludes my formal comments.

• (1210)

**The Chair:** Thank you very much.

Before I turn to the official opposition, in your remarks you referred to the June quarterly report on the vote 35 stimulus spending. Do you have a date when you intend to offer that to the House?

**Hon. Vic Toews:** We don't have a fixed date on that yet.

**The Chair:** Do you have a target?

**Hon. Vic Toews:** Yes.

**The Chair:** Hopefully it's before June 23.

**Hon. Vic Toews:** Yes, I believe it will be before then.

**The Chair:** After that it won't make any difference, will it?

**Hon. Vic Toews:** It will still make a difference to the Canadian people.

**The Chair:** I'm sincerely asking in a business-like way whether you have a date yet.

**Hon. Vic Toews:** No. My target is before the House rises, if that's what your concern is.

**The Chair:** Even if the House rises early...?

**Hon. Vic Toews:** I don't know how early the House is going to rise.

**The Chair:** The tradition is that we get really religious and disciplined at getting our work done around here in the last day or two.

**Hon. Vic Toews:** I'm told that we expect to stay here until June 23. I'm certainly aiming before that date.

**The Chair:** Okay. I'll alert you to the other possibility. We'll want to monitor that closely.

Thank you very much.

**Hon. Vic Toews:** Thank you.

**The Chair:** We're going to have five-minute rounds. We discussed it consensually and I think that's the best way to deal with the hour before us.

Ms. Hall Findlay.

**Ms. Martha Hall Findlay (Willowdale, Lib.):** Thank you, Mr. Chair.

Thank you, Minister Toews, Ms. Gillis, and Mr. Smith. It's great to have you here with us. We appreciate you taking the time.

We remain, as you know, concerned about the speed within which money is actually getting out the door. We've had the Minister of Transport and Infrastructure in and learned about some real problems in getting infrastructure money out the door.

My questions today will focus on vote 35, of course, because it is a Treasury Board responsibility.

I will begin with just a very quick statement from page 2 of the budget plan. It says that Canada is in a recession today and that measures to support the economy must begin within the next 120 days to be most effective. I'll point out that the 120th day is actually tomorrow. We do have some concerns about where the money has actually been spent.

I note in your preamble, Mr. Minister, that you talk about having achieved the necessary authorities. Well, yes, we actually did approve this budget—flawed as we felt it was—but very much on the basis that we recognized the need to get stimulus money out the door as quickly as possible.

My first question is on what has been allocated under vote 35 as of April 30. We don't have information for beyond April 30. Of that \$1.8 billion, under vote 35, can you distinguish for me, and give me a number, the distinction between an allocation...? In looking through the allocations, it's very clear that some of that money is not actually spendable right away. So my question is, given the need for stimulus, of the \$1.8 billion that was allocated, can you tell me how much of that money has actually been spent? And that means cheques actually written and money out the door, going back to the 120 days. It's actually spent and now in the economy doing what it's supposed to be doing.

• (1215)

**Hon. Vic Toews:** I can indicate to you that all of the necessary legal allocations have been made for over \$2 billion now. Certainly, we reported on the \$1.8 billion, and it's over \$2 billion. Then it falls to the various departments to ensure that money goes out of the door. There are, in fact, various announcements that we have made that commit the Government of Canada.

I know that Minister Baird indicated that the federal government is taking the unprecedented step of flowing money, before receipts are even received for that money, where a contribution agreement has been signed. That would be 25% of the federal contribution that can be forwarded to the proponent of the program upon application by that proponent.

**Ms. Martha Hall Findlay:** Given that we only have five minutes, I will point out that when we had Minister Baird, he acknowledged that only a tiny fraction of any of the money that was allocated has actually been spent. He referred only to two specific projects in British Columbia. The rest have not actually been started.

But I'm going back to my question because I didn't get an answer, Mr. Minister—

**Hon. Vic Toews:** I'm not going to argue with Mr. Baird, but I know that he took issue with your characterization of 6%. I spoke to him about that today and he doesn't agree with that characterization.

**Ms. Martha Hall Findlay:** I was referring to the fact that he, in committee, was only able to refer to two relatively small projects in British Columbia.

I will ask again if you can confirm how much money has actually been spent of the \$1.8 billion that was allocated. We hear this wonderful language about allocations, announcements, reannouncements. Allocations and announcements do not pay wages; they do not stimulate the economy until the money is actually out there. So

could you give me some idea of how much money, through this vote 35, is actually now in the economy being spent?

**Hon. Vic Toews:** I can tell you that if vote 35 had not been in place, none of the money and none of the legal authorizations would have been in place until December. That's the difference. Vote 35 has made a difference in pushing up the legal authorities by about nine months.

But in respect of the specific allocations to specific projects, you'll have to go to the departments that are responsible for that. Our responsibility is to ensure that there is appropriate legal authority to get those moneys to the departments to spend. At that point the various departments become responsible for them.

The only thing we have not yet allocated is less than \$1 billion in respect of...no, excuse me, it's about \$2 billion still out of the total \$22 billion stimulus package that Treasury Board has provided the necessary approvals for.

**Ms. Martha Hall Findlay:** All of which may sound fine, but again, regarding the 120 days that were referred to very specifically on page 2 of the budget, you have not been able to answer me in terms of the actual amount of money.

**Hon. Vic Toews:** That's not my responsibility, in the sense of what's—

**Ms. Martha Hall Findlay:** It's the Treasury Board approval that would have been based, I would hope, on money getting out of the door quickly on the basis of vote 35 approval.

**Hon. Vic Toews:** Let me answer the question then. The question is about what approvals Treasury Board puts into place in order for the money to flow to the departments. Of the \$22 billion, \$20 billion has been approved. It's in the hands of the department, and they are now free to enter into contribution agreements with provinces, with municipalities, and with other third parties.

**The Chair:** That's time. Thank you.

*Madame Bourgeois, cinq minutes.*

[Translation]

**Ms. Diane Bourgeois (Terrebonne—Blainville, BQ):** Thank you, Mr. Chairman.

Good afternoon, Mr. Minister.

On page 4 of your speaking notes today, you say the following: « We've had to act quickly to implement the stimulus measures contained in the Plan in order to ensure they have a real impact for Canadian businesses and families. »

How can we be certain that the stimulus measures have had a real impact on Canadian businesses and families until now?

• (1220)

[English]

**Hon. Vic Toews:** I can advise you that if the approvals had not been made, nothing would happen inside the government, where the necessary approvals have to take place first. As I've indicated, we are approximately nine months ahead of the regular schedule in the approvals that we have made. The next step is that after the legal approvals are in place, it's incumbent upon the departments to move that money out. Those are the announcements that are being made.

Now, with the additional agreement that we have to be able to send 25% of the federal contribution to the proponents after a contribution agreement has been signed, that will certainly continue the rather quick pace of moving this ahead. The authorities have to be in place. As you know, we couldn't have done any of this without vote 35.

[Translation]

**Ms. Diane Bourgeois:** At the Treasury Board Secretariat, you have an expenditure management system whose key component is its strategic review process.

In the case of vote 35, could you tell me if the strategic review process was properly implemented? Every four years, all departments and agencies must report, under the strategic review process. There is a year and a half left to go before they must table their reports. How will you ensure that the funds allocated to programs under vote 35 have really helped families?

Earlier on, you said you had made these funds available. But you will undertake this review in a year and a half, unless you do a careful strategic review over the next month. That is what I would like either you, Mr. Toews, or Mr. Smith, to tell me.

[English]

**Hon. Vic Toews:** No, that's not correct. I'll let Mr. Smith get into some of the details, but there will be a report out in June, and we were just discussing that. There will be another report in September—in respect of vote 35. That's what you're asking about.

In respect of the operating budgets of departments, the operating programs, which is essentially \$100 billion, give or take \$1 billion—Mr. Smith can get it down to the penny—that is being handled in the strategic review. Every year we take approximately 25% of the operating programs—approximately 25%, because we started one year a little late—and the departments identify 5% of what they consider to be the poorest performing departments. They then bring that forward to Treasury Board.

So roughly somewhere between \$20 billion and \$25 billion a year, bring it forward, and then there's 5% of that, with recommendations for reallocation of that money. That's just prudent practice to ensure that money is being properly spent. If government departments are indicating that this 5% is the poorest performing program, then it's incumbent upon government to look at that 5% and say, "What do we do with that money? Do we reinvest it back into that department? Do we reallocate it elsewhere?" And that's what this strategic review does. It doesn't affect the ordinary running of the department until a decision has been made in that respect.

Maybe Mr. Smith can clarify that if I haven't been clear.

**Mr. Alister Smith (Assistant Secretary, Expenditure Management Sector, Treasury Board Secretariat):** I think the president has been clear.

Every year we examine up to 25% of program spending. This is money that is in departments' existing budgets, so it tends to be what we call A-base money—money for operating and other types of ongoing spending—as opposed to, say, the budget money, which tends to be new money. In some cases, there are some elements of a budget that top up some of the existing spending, but there is a

difference between the two. So we will continue the strategic reviews anyway.

• (1225)

[Translation]

**Ms. Diane Bourgeois:** I have one final question, Mr. Minister.

On page 16 of your statement, you say: « [...] we are ensuring deputy ministers have the tools they need to fulfil their responsibilities and for managing the people [...] ». We know that Ms. Barrados worked very hard with deputy ministers to improve the staffing process. Extraordinary amounts of money have been allocated to outside firms to meet staffing needs. You must certainly be aware of this.

How is it that you state that deputy ministers should have all the tools they need to fulfil their responsibilities for managing people, whereas we are spending millions of dollars to go and find staff outside the government, and private sector firms are getting these millions of dollars?

Are you aware of this, Mr. Smith or Mr. Toews?

[English]

**Hon. Vic Toews:** I can answer it briefly.

Sometimes there simply isn't the capacity in government to perform certain services, and the most effective way to do it is to contract with a private firm. For example, if we are looking at a large IT project like IBM, certainly we would hire IBM after a contract.... We hire a private firm, but that is on recommendation, after we go through the usual contracting process, which is an approved process.

I don't see anything inconsistent with ensuring that money is well spent by contracting out when government doesn't have the in-house capacity.

Mr. Smith, would you like to comment?

**Mr. Alister Smith:** No.

[Translation]

**Ms. Diane Bourgeois:** I am talking about the hiring of part-time public servants. I am sorry.

**The Chair:** Mr. Gourde, you have five minutes.

**Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC):** Thank you very much, Mr. Chairman.

Good afternoon Mr. Minister, as well as the witnesses and guests.

The government had to act quickly to ensure that Canadians would benefit from the stimulus measures under the Canada Economic Action Plan, approved by government and by Parliament. The budget was tabled in January, and we are barely into this fiscal year.

In what way has Treasury Board accelerated the government approval process, and do Treasury Board's accountability measures apply to these accelerated deadlines?

[English]

**Hon. Vic Toews:** Thank you, Mr. Gourde. I appreciate the question.

As I've indicated, the government approval process for getting money out the door is about nine months ahead of schedule because of the processes we've adopted. The processes we adopted all comply with Treasury Board and rules and regulations. We brought in the main estimates, we introduced interim supply on March 24, we brought in the supplementary estimates on May 14, and there will be an introduction of the full supply for main estimates sometime in June. So we have moved rapidly.

One of the mechanisms we then chose to utilize to ensure that the money got out well before supplementary estimates (A) could be approved was through vote 35. Vote 35 is simply a bridge to funding. It's not a separate fund; it's not a new fund. It simply authorizes the government to expend \$3 billion. Again, the \$3 billion that is allocated during the April 2 to June 30 time period is allocated all in accordance with the same rules that govern the allocation of any money.

I have to thank Treasury Board staff for the work they did in approving it. Because of the way the budget, the mains, and supplementary estimates (A) were all introduced in a tight timeline, by the time we got to the internal deadlines we could not have met many of the obligations we've undertaken under our economic action plan if we hadn't had vote 35. If we had missed the deadline for supplementary estimates (A), most of the approvals that would have missed that deadline would have only been given in December. Vote 35 was absolutely crucial as a bridge funding mechanism to ensure that we had the legal authority to move that money out the door.

So we asked Parliament for \$3 billion. We anticipate that it will be a little under that—probably somewhere in the range of \$2.5 billion is my own estimate—but we'll see what happens by June of this year. It's been a tremendous success, and I really need to credit the staff in the Treasury Board and in the various departments who identified all of these early projects for stimulus funding.

For example, for the knowledge infrastructure fund, which was \$500 million, there are announcements being made now to universities. In my own home province of Manitoba, Dr. Lloyd Axworthy, president and vice-chancellor of the University of Winnipeg, spoke highly of the commitment the government made to him just last week, noting that it was an unprecedented amount of money that the university had received under this program. And it works in cooperation with the province.

There have been many of those types of examples, in which we're now able to move these projects literally six to nine months ahead of the regular schedule.

Mr. Smith.

• (1230)

**Mr. Alister Smith:** There has been a very broad economic action plan at work. In addition to what the minister just described, we shouldn't forget the extraordinary financing program that has been deployed, as well as tax measures and other elements and many of the elements of the Budget Implementation Act.

Overall, all of the work to ensure that this came into play had to be done very much on an urgent basis, but also paying attention to due diligence. It was quite a requirement on the part of the public service to be able to do that.

**The Chair:** *Merci.*

Mr. Martin, you have five minutes.

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

Minister, the operations of government are a mystery to most Canadians. They're very convoluted and complex. They're a mystery to most of us at this committee half the time, frankly. We all know now that you can spend the money, and we've helped you with vote 35 to fast-track that spending, but it's a great leap of faith that this spending is actually having the desired results. No Canadian—I don't think any of us here—has even seen a real yardstick that we can measure progress by, and I think that's the frustration that you sense in some of the questioning here and in the House of Commons.

Vote 35 was fairly easy to understand when you stuck to the bricks and mortar. Buildings at universities and I think the Cartier bridge were specifically mentioned in vote 35. That gets people working immediately and it gets money flowing. There are things in vote 35 that are a mystery to me. The Chalk River CANDU reactor is getting \$222 million to maintain safe and reliable operations at Chalk River. How do you explain that finding its way into vote 35? What was the fast-tracking urgency associated with that?

**Hon. Vic Toews:** Vote 35 is a financial bridge for any budgetary matter, not necessarily purely stimulus matters. So provided it was a budgetary matter, that money could then be authorized prior to supplementary estimates (B). Some of these would have missed supplementary estimates (A), and then they would be put into vote 35, which would then give the authorization to spend \$225 million. Now that in—

• (1235)

**Mr. Pat Martin:** But that was for the purposes of this fast-tracking economic stimulus, surely. I remember the lobbying that went on when they were trying to convince us to vote for vote 35. It was all about our having to make this unusual, almost unprecedented move to get the money flowing to stimulate the economy, not to repair a nuclear reactor or for questionable politics. What I'm saying is it became sort of a catch basin for all kinds of wish lists.

**Hon. Vic Toews:** But it was never anything but that. It was in order to achieve the budgetary matters that were set out there, including some of the stimulus matters. Anything in chapter 3 of the economic action plan is eligible for vote 35, and that's what I found very frustrating when in the House people kept on saying that this was somehow equivalent to the Liberal sponsorship slush fund.

This had nothing to do with that kind of unapproved fund, for which there was no oversight by a deputy minister, and it was just a political fund. We still don't know where all that money went to, unlike the case for Treasury Board vote 35. This is all part of a budgetary plan. The reason we required vote 35 was to approve the expenditures prior to June 30. It's as simple as that, and people kept on asking where this slush fund was, where this blank cheque was. I could never understand what people were talking about, because they'd never slow down and actually listen to what was being said.

**Mr. Pat Martin:** So you will agree that the justification for this measure was economic stimulus? That was what was proposed to the House leaders, and I attended the meeting on behalf of the NDP where it was pitched.

**Hon. Vic Toews:** For example, the \$500 million on the knowledge infrastructure plan is a clear example of that. I could go through—

**Mr. Pat Martin:** How does Chalk River find its way onto that list?

**Hon. Vic Toews:** Through a budgetary initiative under chapter 3, under the economic action plan; that was the criterion by which we made that determination. So the departments come forward and say, look, we need money between April 2 and June 30. There's no way of getting that money, and we could allocate that between April 2 and June 30—I might be off on the April date because the April date was the internal date. If they had missed supplementary estimates (A), and they could well have—I don't know what the particular case was here—the next date for approval would have been some time in December, when supplemental estimates (B) would have been introduced. So \$225 million is not sent down a hole in Chalk River. There are economic spinoffs and ramifications by spending \$225 million. Whether you put a brick onto a house or whether you're reconstructing a reactor, there are economic spinoffs, and this gave us the authority to be able to do that.

Again, unlike the Liberal sponsorship fund, which had no authority and nobody knows where the money went, this in fact went specifically—

**An hon. member:** [*Inaudible—Editor*]

**Hon. Vic Toews:** Well, we have an idea, but I think we're past that right now. I'm speaking about the sponsorship fund.

This is an approval process along the budgetary path that gave bridge funding sometimes up to nine months ahead of schedule.

**The Chair:** That's time.

Ms. Foote, you have five minutes.

**Ms. Judy Foote (Random—Burin—St. George's, Lib.):** Thank you to the minister and to Ms. Gillis and Mr. Smith for appearing before us this afternoon.

Minister, I have to say I'm really taken aback by your suggestion that vote 35 was not necessarily money that was voted on for stimulus initiatives. I can clearly tell you that getting the support of the official opposition was plainly based on the fact that the country was in a recession and we needed to do everything we could to try to deal with that recession and the fact that there was so much happening in terms of downsizing and people losing their jobs. Any suggestion that it was anything other than an opportunity to try to put people back to work...it just leaves me puzzled that you would say that here this afternoon.

• (1240)

**Hon. Vic Toews:** All right, let me respond to that with a question. How do you think the impact of \$225 million with respect to a reactor at Chalk River finds its way into the community?

**Ms. Judy Foote:** Maybe it's the same way as when I look at the Canada Revenue Agency here...and you're suggesting spending over

\$8 million to implement Budget 2009 tax measures. I don't know how you can suggest that that is in some way part of a stimulus package.

You talk about the sponsorship scandal. I'm looking here at the industry department and the marquee tourism events program—\$30 million to support marquee festivals and events occurring in the summer that will attract tourists from within and outside Canada. But there's no indication of where or how that money is being spent. To me, clearly, if you want to talk about a sponsorship scandal, there's \$30 million out there somewhere and no one really knows where or how it's being spent.

**Hon. Vic Toews:** Let's talk about that then. There are three additional reports coming to the House of Commons to indicate exactly how that money is being spent. Let's take the CRA example. You ask how spending \$8 million by a government could possibly stimulate the economy. Until you understand what the money was being spent on...and that was specifically set up to administer the renovation tax credit, which of course has been one of the most popular programs across the country, encouraging home owners to go to stores to buy products to move the economy along.

Again, by looking at a specific amount of money and not seeing it in the proper context, of course you'd be confused. What I would suggest—

**Ms. Judy Foote:** This is a program you initiated as a government. I would have thought you had already hired staff to administer that program, because that was not part of the stimulus package.

**Hon. Vic Toews:** It was part of the stimulus program.

**Ms. Judy Foote:** Does this indicate that extra staff were hired to administer it? Can you tell me how many or where they were located?

**Hon. Vic Toews:** The department can tell you that. It was to get the staff there to administer a new program brought under the stimulus package to stimulate the economy, mainly the renovation tax credit. A good carpenter like Pat Martin would understand how stimulating that can be.

**Ms. Judy Foote:** If that's what it was for, why don't we see, within the main estimates or the supplementary estimates, additional funding to deal with the issue we're seeing now with EI? At this time a record number of Canadians are unemployed and unable to access EI in a timely manner. Nowhere in the main estimates or the supplementary estimates is there any kind of additional funding to deal with the fact that we need more people to be able to deal with these people in a responsible manner.

**Hon. Vic Toews:** All I can say at this point is that we're helping Canadians who are hardest hit by the recession. We've taken concrete action to strengthen employment insurance. Some of your comments need to be made directly to the minister, who could probably give you her experience first hand.

We're focused on getting Canadians back to work. In order to meet that challenge, Canada's economic action plan provided \$1 billion over two years through the EI program to help the provinces and territories provide employment and training programs to their industries and employment insurance-eligible residents.

**Ms. Judy Foote:** The problem is that we have people who are unemployed. You're supposed to be able to respond to their claims within 26 weeks. I have people in my riding who are waiting 70 days to get responses to their claims. How is that possible? You're telling me you hired additional staff to implement a home renovation tax credit program, but we have an EI program and not enough people to administer it.

• (1245)

**Hon. Vic Toews:** I suggest you have the minister here to answer those questions specifically. She can go through exactly how many additional staff have been hired. I was in the House when she made those statements. I heard them, and I trust that you heard her answers as well.

**Ms. Judy Foote:** The only thing—

**The Chair:** Sorry, you're out of time. Thank you, Ms. Foote.

We have three five-minute windows left. So members can plan their time, I will see Mr. Roy, Mr. Anders, and then Ms. Hall Findlay. We'll see if there's any time left after that.

Mr. Roy.

[Translation]

**Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ):** Mr. Minister, as far as vote 35 is concerned, I agree with you that things have been accelerated and the schedule moved forward. This was done precisely because everyone agreed that we were facing a major crisis.

The Treasury Board, along with all other departments... You do not seem to appreciate the concrete difference between authorized funds and committed funds. I understand that Treasury Board can accelerate things and quickly give its authorization. However, there is a difference between authorizing funds and tangibly allocating funds. That is the problem we are currently facing.

What makes you believe that the departments have tangibly allocated the funds to the projects that you have authorized? That is the basic question that parliamentarians want answered. Ms. Hall Findlay as well as others have said that the funds were authorized, but have the departments really spent a red penny? Can you confirm for me that departments have already spent funds that we authorized one, two or three weeks ago?

I agree with you that Treasury Board has accelerated things and authorized significant sums, but concretely, which department has spent any of the amounts committed? Canadians and Quebecers want answers.

[English]

**Hon. Vic Toews:** The concrete result is that without vote 35 or the other initiatives we put forward to move the funding ahead, nothing would be done until next year. So anything that is happening in this year is happening as a direct result of the initiatives that the Treasury Board put in place.

I understand what the distinction is. Vote 35 is simply a mechanism to allocate funds early. Where there is a joint cost issue between the federal government and a province, whether it's the Province of Quebec or any other province, they sign an agreement. For example, on the knowledge infrastructure program in Manitoba,

the amount was \$75 million. We have allocated \$54 million on shovel-ready projects. Now the universities can go out and hire the contractors and the architects. It's not the government that is actually putting the shovel into the ground. If the university or another organization says it needs some of that money up front, before putting a shovel in the ground, there is a mechanism by which it can have 25% of the federal government contribution. Under the old infrastructure fund, you could not get a dime out of it until you showed a receipt for work done.

[Translation]

**Mr. Jean-Yves Roy:** Mr. Minister, you have been saying that since the beginning. My question is simple. Let us speak concretely. Are you in a position to tell me whether or not departments have allocated funds? Can you tell me that there are people working today because the departments have spent some money? That is what I want to know. How many are there? Currently, can we believe that the billions of dollars that were allocated, accepted and authorized two, three weeks or a month ago by Treasury Board have resulted in people actually working today? It's dead easy; it is a basic question. I know that the money will not be spent by Treasury Board. Everyone knows that is done by the departments. That is what you are telling us, but I was already aware of that.

What guarantee do you have that the money is truly allocated, concretely and immediately?

• (1250)

[English]

**Hon. Vic Toews:** Those are the terms under which the money is given to the various organizations. That's the condition of handing that money over to them to spend.

We agreed to the House motion that there would be quarterly reports. So all of those questions will be answered. I think your questions are premature—it is a work in progress. All of the legal authorization, with the exception of approximately \$2 billion of the \$22 billion, is already put in place. In June we will have a report that will indicate exactly how much of the money has been spent and allocated. I don't anticipate all of that money being spent in the first couple of months, given that there are certain requirements the proponents have to go through. What I can tell you is that there wouldn't have been a dime spent out of that if we didn't have things like vote 35.

**The Chair:** Mr. Anders.

**Mr. Rob Anders (Calgary West, CPC):** I thank the minister for his time and his appearance today.

Minister, you've heard that members are concerned about a speedy stimulus package. In light of that, I would like to bring to your attention what I consider some disturbing comments and invite you to explain them.

"I'm not going to take a GST hike off the table." This comment was made to City-TV News, December 18, 2008. That's the first quote, Minister.

The second quote, just a couple of weeks ago: “We voted a budget which contains a very substantial injection of stimulus into the economy. We voted for it in April. It's not coherent intellectually or economically for me to come out in May and say, ‘Put another \$30 billion in. I'm perfectly willing to come back in September and October.’”

That comment was made in a press conference on May 3, 2009.

**Hon. Vic Toews:** That's a very reasonable statement to make. It's essentially what I've been trying to say. I don't think we have to wait as far as September. It should only be till June. I'm assuming it was a Conservative who said that, because it sounds so reasonable.

**Mr. Rob Anders:** Bear with me, Mr. Minister. I'm wondering how that quote I've just put forward jibes with the questions from some of the committee members, like Ms. Hall Findlay and Ms. Foote today.

The final quote, the third quote that I'd like to put to you, Mr. Minister, is: “we will have to raise taxes”. That was at the Cambridge Chamber of Commerce, Mr. Minister. The person who made those quotes, you may be able to see, is in one of the articles that I hold up here. He is a member of the House of Commons and sits in the chamber with us. How can you explain some of those quotes: the idea of raising taxes, the idea of hiking the GST, and the idea that they support the budget and talk about having to wait and see what the stimulus is? Maybe you can give us some comments and your thoughts.

**Hon. Vic Toews:** I'm not going to get into the tax issue. I think that's a difference of opinion. I saw the picture; it was of the leader of the official opposition, and I'm not going to get into it. That's a fundamental disagreement we have about what you do in an economy in a global recession. The first thing you don't do is start raising taxes, and the second thing you don't do is start being protectionist with your economy. Those are the two fundamental things I think our government says.

I have to agree with the leader of the official opposition that it would be prudent to wait to see the stimulus measures taking effect, because once you realize that the stimulus package and the authorities that have been received by Treasury Board have moved things up by nine months, that's a tremendous thing inside government. It's never happened, to my knowledge, in the years I have been in government, either provincially or federally, and I've spent most of my career in the public service. So it's a tremendous accomplishment, and the public servants who accomplished that deserve to be praised.

What Mr. Ignatieff is essentially pointing out is that you get the authorizations in place, but then to suggest that there are going to be concrete results within a month simply doesn't take into account the realities of the Canadian federal system.

The Government of Canada doesn't do these things unilaterally, for the most part. There are issues we can move on unilaterally, and we need to push those along. At Treasury Board we encourage the line departments to do exactly that. By and large, this is a joint partnership with the provinces and the municipalities. The municipalities carry much of the burden of getting the actual shovels into the ground. That's why we've tried to make it easier. I understand Minister Baird also indicated that this is a unique proposal we've come up with in terms of giving 25% of the federal

funding in a particular project up front to the municipalities so they don't have to borrow the money. It's a tremendous burden off them, and wherever I go they comment on that and the gas tax refund.

In a riding like mine, and I can speak about ridings across the country, that gas tax refund for the municipalities was \$5 million. That's an incredible amount of money for a rural riding. They will now use that money on various things, such as fixing roads, because that's part of the stimulus package that we moved that money up three months. In the case of Manitoba, Manitoba moved the transmission of that money to the municipalities in lockstep with the federal government; they got it out three months ahead of time so those municipalities got that money.

Again, how do you measure that \$5 million stimulus in a riding like mine? I can tell you what it means to the roads, what it means to the farmers, the municipal workers, people who live along those roads. The municipalities in some cases are using that money for some of the front money they need for the infrastructure projects they have agreed to conduct.

So you don't just look at the knowledge fund and ask how many bricks are being put in place. The money we've handed directly to the municipalities through the agency of the provinces has been a tremendous benefit to those municipalities, in that case three months ahead of the regular schedule.

•(1255)

**The Chair:** Thank you.

**Mr. Rob Anders:** Mr. Chair, do I have any time left?

**The Chair:** Not at all. Mr. Toews and you have choreographed six and a half minutes of public policy. That's great.

I'm going to Ms. Hall Findlay for the time that's left. It's normally a five-minute round.

**Hon. Vic Toews:** I have to be gone at 1 p.m.

**Ms. Martha Hall Findlay:** Mr. Minister, then you and I will just have to choreograph even more effectively than you did the last time.

My first question is actually very brief.

We do not see anything in the allocations up to April 30 that provide any additional funding to HRSDC for the administration of the expected increase in EI administration. Can you confirm that this is the case, that there is nothing for that purpose in what we've seen for these allocations?

**Hon. Vic Toews:** Is that in vote 35?

**Ms. Martha Hall Findlay:** Yes.

**Hon. Vic Toews:** Mr. Smith can probably explain it better than I can, but they do receive money in order to administer the EI account. HRSDC receives a particular amount of money from EI to administer that account, as I understand it.

Mr. Smith.

**Mr. Alister Smith:** Within TB vote 35 as well there is a significant investment in strategic training funds, which is also—

**Ms. Martha Hall Findlay:** I'm sorry, Mr. Smith and Mr. Minister. We know we're short of time. The question was specifically—and you heard my colleague mention—that there's a very large amount allocated for the administration of new tax programs, and there is nothing here to—

• (1300)

**Hon. Vic Toews:** They're new tax *credit* programs. It makes a difference to the Conservatives.

**Ms. Martha Hall Findlay:** And to a business person like me, Mr. Minister. Thank you for the correction.

There is nothing here to address the increased administration costs for EI.

**Hon. Vic Toews:** As I understand it, and as I recall—I deal with many of these on a weekly and daily basis—the cost of the administration by HRSDC is identified and then that is taken by a transfer, not out of vote 35 but out of the EI fund. What our government has done as opposed to what your government did previously is that instead of sending all that money into general revenue, we have limited the amount of the EI premiums. We have specifically taken the amount of money necessary to administer the EI fund and then transferred that to HRSDC. The minister could give you the detail of the exact amount. I don't have that here.

**Ms. Martha Hall Findlay:** So for the record, we don't have any indication in either the main or supplementary estimates to suggest that there has been any increase in funding for the administration of EI, whereas there's \$8.5 million for administration of some of these other programs.

**Hon. Vic Toews:** That's not the way it would be done. You would look at it by going to the EI fund and seeing how much is done in terms of administration, to see what the amount of money is for administering the EI fund by HRSDC. It wouldn't come through vote 35 or the stimulus package.

**Ms. Martha Hall Findlay:** I have one quick question again.

Of the \$100 million allocated for Public Works and Government Services infrastructure projects, can you tell me if there's any single one that has actually broken ground?

**Hon. Vic Toews:** Yes, we can.

**Ms. Martha Hall Findlay:** Are there any amounts associated with that?

**Mr. Alister Smith:** I think there are a lot of projects under way under the federal infrastructure program, and indeed also the bridges. So there is quite a lot of progress on that.

**Ms. Martha Hall Findlay:** But this was to be new. It's anything new. I don't want the cannibalization of past projects. Is there an amount of that \$100 million that you can actually say has been spent?

**Hon. Vic Toews:** Yes, and it will be in the June report. I made a number of those announcements in Manitoba. One of them was for Riding Mountain National Park. It was a sewer and water project. There are those kinds of things.

**Ms. Martha Hall Findlay:** My question was actually on money spent, not announcements.

**Hon. Vic Toews:** The money is being spent.

**Ms. Martha Hall Findlay:** We're still looking for the numbers, but thank you.

**The Chair:** Thank you, colleagues.

Thank you, Minister and staff.

We now stand adjourned until Thursday.

I'm sorry, we'll go back on record as Mr. Gourde wants to state something.

Go ahead, Mr. Gourde.

[Translation]

**Mr. Jacques Gourde:** I would like to address an issue that the committee is studying. Yesterday, the Minister of Public Works and Government Services tabled a proposal intended to change the user fees for the Esquimalt dry dock. On May 14, some senators, opposition critics and members from Vancouver Island were invited to participate in a briefing. Ms. Denise Savoie, Mr. Keith Martin and Ms. Bourgeois participated in this meeting, and at that time, they fully supported the proposal.

Mr. Lunney, Mr. Duncan, Ms. Hall Findlay and Minister Lunn wrote to the minister's office to express their wholehearted support for the proposal. As a result, I am pleased to say that we have received the support of all parties on this proposal. If committee members are interested in learning more about this issue, we would be pleased to send them copies of documents that were distributed during the briefing.

Mr. Chairman, I would like the committee to vote in favour of the proposal to change the user fees as soon as possible, before the end of this parliamentary session. If committee members have questions or want to ask questions of officials from Public Works and Government Services Canada, I would urge them to do so as soon as possible. If committee members do not need to meet with departmental officials, I move that we vote on the issue on Thursday, and if there are any questions from members of the committee, the minister's office would be pleased to answer them as quickly as possible before Thursday's meeting.

Thank you, Mr. Chairman.

[English]

**The Chair:** Thank you, Mr. Gourde.

Could I ask that you make that statement available to members? We can't do any further business here today, but we'll recognize you as we start up on Thursday.

I'm going to gavel down as an adjournment, and we'll deal with this on Thursday.

Thank you.





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