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Chair

Mr. Pat Martin

Standing Committee on Government Operations and Estimates

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• (1530)

[English]

The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)): I call to order the 18th meeting of the Standing Committee on Government Operations and Estimates.

Today we have the honour of the presence of the Honourable Tony Clement, President of the Treasury Board, who will speak to the supplementary estimates (B).

Minister, you are always welcome here. Thank you for coming.

On a point of order, Mr. Casey.

Mr. Sean Casey (Charlottetown, Lib.): Could I ask that the minister be sworn in?

The Chair: No, I won't entertain that practice. Any witness to our committee is deemed to be under oath.

Mr. Sean Casey: It isn't without precedent, sir. Committees are the masters of their own procedure.

The Chair: If you don't like the ruling of the chair you can challenge the ruling of the chair. That's as far as it's going to go.

Minister, you have the floor.

Hon. Tony Clement (President of the Treasury Board and Minister for the Federal Economic Development Initiative for Northern Ontario): Thank you, Mr. Chair.

I am pleased to be here to discuss the supplementary estimates (B) 2011-12 for the government and for the Treasury Board Secretariat as well.

[Translation]

With me today from the Treasury Board of Canada are Michelle d'Auray, Secretary of the Treasury Board of Canada, and Bill Matthews, Assistant Secretary, Expenditure Management. That is all for the moment.

We are here to respond to your questions on these estimates.

[English]

Before doing that I would like to go over the basics of the supply process, if I may. The supplementary estimates support the request for Parliament's approval for expenditures that were already planned for in the budget but for which the necessary approval had not been obtained in time to be included in the main estimates.

Typically, the government tables supplementary estimates three times a year, in May or June, in October or November, and toward

the end of the fiscal year in February or March. An equally important part of the supply process is the departmental performance reports and the reports on plans and priorities. Last Thursday, I tabled the DPRs, or departmental performance reports, for 2010-11. These reports are the primary means by which departments and agencies report their performance against the plans and expected results set out in their reports on plans and priorities.

I'm pleased to say that this year the departmental performance reports are primarily being made available to parliamentarians and Canadians electronically on the TBS website rather than in volumes of thousands of pages. By doing this we're delivering on our commitments to Canadians to be more cost-effective, sustainable, and modern. Indeed, we save the printing costs of three million pages in so doing. We have also taken other efforts to improve the accessibility and accountability of information about government spending. On November 30 departments and agencies' second quarterly financial reports will be posted on their websites. This quarterly financial reporting ensures that parliamentarians and Canadians have access to information on government spending on a timely basis.

Let me now focus on the highlights of supplementary estimates (B) for the government as a whole. The supplementary estimates (B) 2011-12 present \$4.3 billion of expenditures in 68 organizations for which Parliament's authority will be sought through a supply bill. This is similar to amounts in previous supplementary estimates (B), the \$4.4 billion in voted appropriations in 2010-11, and the \$4.9 billion in 2009-10.

[Translation]

These supplementary estimates (B) set out the government's request for funding to continue investing in the Canadian economy, so that it can continue to grow and create jobs, while keeping taxes low. They also reflect the government's commitment to responsible spending. Let me just mention a few of the highlights.

[English]

The estimates include the economic action plan funds that have been reprofiled from previous years to complete infrastructure projects already approved and under way. These include \$709 million for the infrastructure stimulus fund, \$163 million for the Building Canada fund communities component top-up, and \$35 million for recreational infrastructure. And Natural Resources Canada is seeking \$470 million to strengthen Canada's economy and improve its environmental performance. Part of this is for grants to homeowners to implement energy efficiency improvements.

Let me also comment on the supplementary estimates (B) for the Treasury Board Secretariat. My department is presenting additional requirements of \$39.2 million, as well as a transfer of \$70.8 million to the Department of Foreign Affairs and International Trade, and to the Department of National Defence.

The request for an increase in operational spending includes \$15.5 million for the engagement of external experts to provide an independent view and perspective on the strategic and operating review initiative. A compensation adjustment of \$11.5 million is required for the employees of the federal public administration, due to the signing of collective agreements for public servants and members of the RCMP. These payments are government-wide and the increases are consistent with the Budget 2010 cost containment measures. There's also funding for the Red Tape Reduction Commission, a Budget 2010 and 2011 priority, and the financial interoperability and stewardship initiative to improve the exchange and integration of financial systems and data.

There is the \$70.8 million transfer to Foreign Affairs and International Trade and to National Defence for the cost of management of pension insurance and social security programs for locally engaged staff abroad. This will ensure that the roles and responsibilities for human resource management are properly aligned.

• (1535)

[Translation]

In total, the items presented in the supplementary estimates (B) represent a net reduction of \$31.6 million in 2011-12 planned expenditures for the Treasury Board Secretariat.

Mr. Chair, this concludes my preliminary remarks.

[English]

Certainly I'd be available now, and my colleagues I work with, to address any questions the committee may have on these estimates.

Thank you.

The Chair: Thank you, Minister. I'm sure the committee members have questions regarding the estimates.

For the official opposition, the first questioner is Alexandre Boulerice.

You have five minutes, Alexandre, for questions and responses. So please keep them concise.

Mr. Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP): I'll try.

The Chair: It's just a recommendation.

[Translation]

Mr. Alexandre Boulerice: Thank you, Mr. Chair.

I would like to thank you for being here, Minister. It is always a pleasure to have the opportunity to speak with you.

You are responsible for managing approximately \$280 billion for the entire Canadian government. That is a substantial amount.

I am going to try to use these five minutes to get some more information about your priorities, and that will answer some questions.

According to the Parliamentary Budget Officer, the only place in this year's supplementary estimates where there really are large cuts is in green infrastructure. He mentions 59% less. This is an initiative that was launched in 2009, out of a total budget of \$1 billion for five years.

According to the Public Accounts of Canada reports, \$5 million was spent in 2009-2010 and \$34 million in 2010-2011, and \$65 million is planned for 2011-2012.

That means this program still has 90% of its budget, for the last two years of the program. So the questions are fairly simple.

Why is there so much money in the last two years of the green infrastructure program? Is the program having problems? Is it in connection with the implementation of the program?

Should that money have been spent, or could it have been spent, elsewhere?

Hon. Tony Clement: Those are very important questions.

It is important to say that in managing funds, you have to have an action plan that works, that is useful and that Canadians can support.

The Secretary of the Treasury Board can also answer the questions.

Ms. Michelle d'Auray (Secretary of the Treasury Board of Canada, Treasury Board Secretariat): Thank you, Mr. Chair.

Some time was needed for projects and project development to be done, to meet the criteria. Within those funds there are initiatives, like carbon capture, that take a fair bit of time to develop.

Projects have now been evaluated and we do anticipate being able to spend the funds over the remaining years of the program.

Mr. Alexandre Boulerice: Thank you.

It is difficult to search and dig through the supplementary estimates (B) to try to understand and dissect all of the information there, what amounts will be reduced, and why there is spending for a particular item. Because a lot of things are combined. It is sometimes difficult for us as parliamentarians to follow the puck, as they say in hockey. In fact, Kevin Page, the Parliamentary Budget Officer, says it is difficult for parliamentarians to follow and they just approve what comes from Treasury Board.

The Parliamentary Budget Officer is also seriously concerned about the fact that we are losing control of spending. Although the government says it is going to rationalize, it is going to cut certain services, we see that the budget keeps growing, year after year. It is as if no one has any hold over it and no one is able to control anything.

Just with respect to personnel expenditures, in spite of budget cuts, the strategic review and attrition of positions, we see that spending for personnel, for employees, keeps going up. Even in the 2010-2011 and 2011-2012 budgets, this spending has neither stabilized nor declined; it is still going up.

What is going on in your department?

• (1540)

Hon. Tony Clement: It is important to have regulation. In order to manage the Economic Action Plan, we have to be transparent, employees have to have the tools to manage these funds. Of course it is important to have an Economic Action Plan at this time in our history. It is necessary to have plans to protect jobs, to have funds that can—

Mr. Alexandre Boulerice: I have only a little time left, Minister. On the subject of the Economic Action Plan, how can you explain the fact that you are still unable to tell us how many jobs have been preserved or created, when \$47 million in spending has been incurred?

Hon. Tony Clement: The Minister of Finance has promised that this answer would be given in 2012, when we have calculated the results for all the programs that will have been put in place. This is important. A report will be published in 2012.

[English]

The Chair: That's your time, Alexandre. Thank you.

For the Conservatives, Andrew Saxton for five minutes.

Andrew, go ahead.

Mr. Andrew Saxton (North Vancouver, CPC): Thank you, Mr. Chair.

It's a pleasure to be back at government operations. Thank you very much, and I appreciate being here.

Thank you to our witnesses, as well, for coming here today.

Minister, a special thank you to you. I understand you have a very busy schedule and that you have to leave at 4:30 p.m. for other commitments, so I'll get right into my questions.

There's a lot of money in the supply bill when it gets voted in Parliament. Would you be able to remind the House how much

money was in last year's supply bill, and what the difference is this year, if any?

Hon. Tony Clement: Yes, I think I do have that, Mr. Saxton.

In 2011-12, there was \$250.8 billion in the main estimates. There was \$2 billion in supplementary (A,) and \$6.6 billion in supplementary (B), for a total of \$259.4 billion. That's for 2011-12.

For last year's supply bill, I'm looking to my colleague, Mr. Matthews.

Mr. Bill Matthews (Assistant Secretary, Expenditure Management, Treasury Board Secretariat): Sure. Last year, 2010-11, the main estimates came in at \$261.6 billion. There was a supplementary estimates (A) for \$1.9 billion, and a supplementary estimates (B) for \$3.1 billion, for a total of \$266.6 billion.

For those of you who may recollect last year, there was a supplementary estimate (C) tabled, but it was never actually turned into an appropriation act, so we have not included it in the totals.

Mr. Andrew Saxton: Thank you very much.

Minister, Canadians elected our government to return to a balanced budget and get out of deficit. In Budget 2010, the government announced cost-containment measures on operational spending. Why, then, has operational spending increased by \$2.8 billion this year?

Hon. Tony Clement: Well, I can certainly assure you that there have been some cost containment measures that have been put in place, including the restraint measures that were in place for this year's budget and last year's budget.

I can tell you that the operating budgets for federal organizations that are appropriated by Parliament have remained frozen at the levels established in 2010-11, until at least 2012-13.

There were some exceptions to that, including the clean energy programs, which I think we've already been talking about a little bit, and the economic action plan spending to complete some infrastructure projects. I think there was \$708 million in that total.

Then we have legal obligations. They are statutory and include parental benefits, severance, out of court settlements, as well as Aboriginal Affairs and Northern Development payments to Indian residential schools settlement agreement recipients.

Those are some exceptions, and they obviously indicate that there are certain envelopes that have cost containment and others, for valid reasons, that do not.

Mr. Andrew Saxton: Thank you.

I know the major spending initiative over the past few years of this government has been Canada's economic action plan. Is there any information in supplementary estimates (B) on EAP funding this year?

Hon. Tony Clement: There is in fact. There are certainly provisions found in supplementary estimates (B) that deal with the extension of certain infrastructure programs in order to allow for the completion of projects that were already approved and under way. You might recall, after consulting with municipalities, we made that decision and felt it was important that there might be extenuating circumstances where these projects could not be completed on time. Rather than stop the projects in mid-track, we continued with this extension. That information, and the numbers associated with it, do appear in supplementary estimates (B). As an example, there is \$708.6 million to complete provincial, territorial, and municipal infrastructure projects; and there is \$163 million specifically for the needs of smaller communities. Regional development agencies have \$35 million to complete their construction activities relating to recreational infrastructure, the rink program, that you may remember as MPs, and so forth. Those, in fact, do show up in the supplementary estimates.

• (1545)

Mr. Andrew Saxton: Thank you.

Finally, the Auditor General made some recommendations as to how to display the estimates documents in a better fashion. What progress has been made in that regard?

Hon. Tony Clement: I think this pertains to M. Boulerice's comments as well. Indeed, I think it's important that we continue to look for ways to present the information in a clear way, in the way in which these funds were intended. We certainly heard from the Auditor General about that point, that it was an important concept, and we do agree with that.

What we've been doing is chipping away at certain practices that have been around for decades in some cases, and are not helpful now in the 21st century in terms of transparency and so forth. We shall continue to work with departments and agencies. I've directed the secretary and her staff to do that. And in order to aid parliamentarians in their consideration of the estimates, we'll be making sure that we can link funding horizontal initiatives from one supplementary estimates to the next during the fiscal year. It will be easier to compare things in supplementary estimates (B) with the other estimates that might be found in supplementary estimates (A), for instance. I think that will be very helpful.

The Chair: You must have been talking to Mike about that, Minister, have you?

Mr. Ron Cannan (Kelowna—Lake Country, CPC): The Mike Wallace amendment.

Hon. Tony Clement: We appreciate all the input. Keep those cards and letters coming.

Some hon. members: Oh, oh!

The Chair: Okay, thank you Andrew.

Next for the NDP, Mathieu Ravignat.

Mr. Mathieu Ravignat (Pontiac, NDP): Thank you, Mr. Chair, and thanks to the minister for being here and answering some questions. My questions concern the Auditor General.

The interim Auditor General has announced cuts of \$6.5 million annually to their \$88 million budget. The AG's office will also stop

performing separate financial audits of close to 20 small government agencies, boards, and commissions. Of course, we know that these have been very useful in the past. For example, it was the Auditor General's office that uncovered problems at the Office of the Integrity Commissioner.

My question to you is, why are you planning on cutting the Office of the Auditor General? Doesn't it save taxpayers' money by auditing?

Hon. Tony Clement: Let me explain the situation. Of course, the Auditor General is an agent of Parliament and we respect his or her independence. That's also true for the House of Commons, as well as other agencies that are independent of government. I did take it upon myself, as President of the Treasury Board, to write to these various other branches of our democracy and indicate to them that government departments and agencies are pursuing a particular plan to see if they can cut their budgets by 5% or up to 10%, and that I would appreciate their input, on a voluntary basis, to see whether they could do the same.

The Auditor General communicated back, quite keen to participate on a voluntary basis in this initiative, understanding that, perhaps, the Auditor General has to lead by example in some cases. So he has been pursuing this. He does not review that with me. He makes those decisions himself, and certainly we are very encouraging of that. For you to be aware, I've written the same letter to the Speaker of the House and the Speaker of the Senate, and it would be very encouraging of them to do the same thing.

Mr. Mathieu Ravignat: Thank you, Minister, for that information.

Who is going to perform the financial audits of close to 20 small government agencies?

Hon. Tony Clement: Well, I think it will—

Mr. Mathieu Ravignat: Are you going to be going to external consultants to do that?

• (1550)

Hon. Tony Clement: No.

Mr. Mathieu Ravignat: If you do, won't there be a cost?

Hon. Tony Clement: Sure. What we're doing, obviously, is....

First of all, in case you're unaware, we have a lot of internal audit processes in government. It's not as if we rely on the Auditor General to be everywhere, because that would be impossible. There's a whole parallel system of auditing that takes place within government. We have a Comptroller General, with whom I met recently, whose job is to work with the various departments and agencies to make sure that pennies are accounted for and dollars are accounted for. That's their job.

Perhaps you can elaborate on that, Michelle.

Ms. Michelle d'Auray: Thank you.

The Auditor General's proposals are really to look at.... They audit, for example, whether the reports have been produced to meet a standard. In those instances, the Auditor General is not removing himself or herself from a performance audit. On the contrary, they've identified areas where, in fact, their auditing of either reports or financial statements duplicates what is currently under way.

So they are not removing themselves from their core practice, which is the performance audit. In effect, in a lot of the areas where there was duplication, the Auditor General is going to be increasingly relying on internal audit, as the minister indicated, because that is something the government has strengthened and improved.

Mr. Mathieu Ravignat: Thank you very much for that. That's great.

To continue with the Auditor General, particularly the report, you released this week a letter about the fall 2010 report by the Auditor General, which I will quote. The letter said:

My officials at the Treasury Board Secretariat are following up on the Economic Action Plan audit recommendations to ensure that we continue to provide strong advice and guidance in the design of similar programs.

What concrete steps will you be taking to follow through on his recommendations? What are the concrete steps?

Hon. Tony Clement: I think I was referring a little bit to that earlier, in response to the earlier question, in terms of how these are presented to parliamentarians. I completely agree with the Auditor General's report that it is important to make sure that parliamentarians are able to follow the dollars and to make sure they are presented transparently. That direction has gone out. As I mentioned, we are working with departments and agencies.

I don't know, Bill, if you have any update on that.

Mr. Mathieu Ravignat: It's a little worrying that I'm not hearing anything concrete.

Hon. Tony Clement: Well, I think we....

Sure, Michelle.

Ms. Michelle d'Auray: For example, one of the elements is how departments report on horizontal activity. The economic action plan had some elements that were cross-cutting. We are working with departments so that they can be as precise as possible—and in fact, you are finding some of the results of that in the current supplementary estimates (B).

In terms of the....

Mr. Mathieu Ravignat: They can be precise about what?

Ms. Michelle d'Auray: It's the horizontal activities, where there are more than one—

Mr. Mathieu Ravignat: What are these horizontal activities?

Ms. Michelle d'Auray: Excuse me?

The Chair: Mathieu, your time has expired, actually. I'm sorry, you'll have to continue that in another round.

Next, for the Conservatives, we have Jacques Gourde.

Jacques, you have five minutes.

[Translation]

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you, Mr. Chair.

I would also like to thank the minister for appearing at this meeting of the committee. We know your schedule is very full, but let me say that we are always pleased to see you.

Some Canadians are having trouble figuring out the supplementary estimates (B). It really is difficult for the layperson.

Could you give us a fairly brief explanation of exactly what is involved in these supplementary estimates (B)?

Hon. Tony Clement: Of course. There is an architecture behind these forecasts.

I am going to give the explanation in English.

[English]

We have a whole system that is set up for the overview. It's important that we connect each expenditure, as much as possible, with earlier expenditures, for instance, so that we can compare apples to apples as parliamentarians. The history of supplementary estimates is that from time to time, there are certain monies that are unanticipated expenditures or that have not been expended in the time originally allotted for them. In those circumstances, that's why supplementary (B) or (C) estimates are important.

Do you want to add anything, Madam Secretary?

[Translation]

Ms. Michelle d'Auray: Thank you.

One thing that it is important to know is that ordinarily the estimates are tabled very shortly after the budget. So the recurring initiatives or new initiatives for which departments get funds cannot be presented in time for the main estimates, because the budget is introduced too close to those estimates. That is why departments that want approvals and authorizations have to go to Treasury Board, and then, once they have obtained their approvals, the funding request is made, the authorities convey the request to Parliament, and Parliament approves the funding and expenditures based on the authorizations given to the departments.

In a one-year cycle there is always a gap, a time lag, between when the funds needed for government initiatives are determined, when the departments receive their authorizations from Treasury Board, and when Parliament votes the funds so the spending can proceed in the proper manner.

● (1555)

Mr. Jacques Gourde: I have a little time left, Mr. Chair?

[English]

The Chair: You have two minutes, Jacques.

[Translation]

Mr. Jacques Gourde: On a different subject, Minister, I know you are responsible for FedNor, the equivalent of Canada Economic Development for Quebec Regions. I am very familiar with how that agency operates in Quebec.

Is it similar for Ontario though? What has the agency done in the last two or three years to help northern Ontario get through the economic crisis?

Hon. Tony Clement: There are similarities, but there are also major differences for each regional development agency. For example, a program that works in western Canada might not work in Quebec. The same is true for northern Ontario. The goal of FedNor is to support job creation, community job creation initiatives.

For example, there are not a lot of jobs for young people in northern Ontario and this is a problem for the region. FedNor offers a very useful program to support communities or private firms that want to hire young employees. That is possible with financial support from FedNor. Young people are then able to get their first job in northern Ontario, rather than in Toronto or Waterloo or somewhere else. I think FedNor plays an important role. In fact, that agency enjoys support from all of northern Ontario.

[English]

The Chair: Jacques, I'm afraid your time has expired. Thank you.

For the Liberal party, we have Sean Casey. Five minutes, Sean.

Mr. Sean Casey: Thank you, Mr. Chairman.

My first question really arises out of your opening remarks, Mr. Minister. You indicate that there's a request for an increase in operational spending of \$15.5 million for the engagement of external experts in connection with the strategic and operating review. Is that over and above the amounts already paid to Deloitte & Touche?

Hon. Tony Clement: No, that's referring to the same amount.

Mr. Sean Casey: Okay.

Still on the subject of the strategic and operating review, I'm the veterans affairs critic, and the president of the legion, Pat Varga, has basically issued a call to the Government of Canada to follow the lead of the U.S. and Britain and exempt the veterans affairs departments from cost-cutting measures. I understand, sir, that every department has been asked to submit a 5% plan and a 10% plan.

Are you open to making that number for the veterans affairs department 0%?

Hon. Tony Clement: No.

What I can tell you is that in some cases I think it's important to say that the budget may have zero reductions in certain programs, because it's deemed that it's the appropriate thing to do. In other cases, the reduction could be anywhere from 0% to 10%. In some cases, if the program is deemed not to be useful to Canadians, the reduction could be 100%.

We're really not at the stage right now, Mr. Casey, where we've made any decisions. Obviously, those will be communicated in the budget. Once that is done, then there will be an opportunity to debate it in the House of Commons, I can assure you of that.

• (1600)

Mr. Sean Casey: Thank you.

In the same vein, and I asked this question of the Minister of Veterans Affairs a couple of days ago, the problem we're faced with

there or that the minister claims we're faced with, is a declining number of clients. But there is a huge skill base that has built up within the department in terms of case management, disability management, and early intervention for those who are disabled.

My question for you, Minister, is given the base of skill set that has been built up there, if the projections are accurate and they have a declining client base, it strikes me that it would be a very efficient use of the talent pool to deploy those people to perform disability management for all federal government employees.

That's something that clearly would be outside the purview of the Department of Veterans Affairs, but would require some interdepartmental cooperation. Is that something you'd be prepared to look into further and something you'd be prepared to consider?

Hon. Tony Clement: Sure. Let me make it clear that everybody has been focusing on the reductions a little bit, and I understand that, but this exercise is also about at least starting the process of transformation of the public service, so that it can deliver excellent quality services to Canadians at a price that is affordable and sustainable over a longer period of time.

So we are looking for transformative projects, not just savings or reductions projects. Certainly, I have noted your suggestion, and I take it very seriously. Thank you.

Mr. Sean Casey: Okay.

The Chair: You have about 90 seconds left, Sean.

Mr. Sean Casey: Okay.

Mr. Minister, I know you've been in the news a whole lot more than you probably ever wanted to be, and for all the wrong reasons, I believe, in your mind.

My question to you, and it relates to the G-8 and G-20, is if you had to do it over again, would you do anything differently?

Mr. Andrew Saxton: There's a point of order.

The Chair: On a point of order, Mr. Armstrong.

Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC): Looking at the orders of the day, I think we are discussing the supplementary (B)s. Nowhere on the agenda for today do I see anything to do with G-8 spending. I think the question will be out of order.

The Chair: Yes, thank you, Scott. In terms of relevance, I think you're right. We're not entertaining questions on anything other than the supplementary (B) estimates.

Mr. Alexandre Boulerice: Full marks for originality. It's not a big surprise.

The Chair: Yes, points for originality, I suppose.

You have about 50 seconds left, Sean, if you'd like to ask about something else.

Mr. Sean Casey: The rest of my questions were in that vein, so I'm finished.

Thank you, Mr. Minister.

The Chair: Okay.

Next, for the Conservatives, Ron Cannan.

Mr. Ron Cannan: Thank you, Mr. Chair, and thank you, Mr. President, and the witnesses.

I'm just following up on Mr. Casey's comment about not only focusing on our expenses, but also our revenue sources. I just met with tourism officials this week and talked about the United States. Their visa centres are actually revenue centres. They're taking \$200 million and starting a national travel or tourism initiative. We're very concerned about that from an economic and competitive perspective. We have to look at other ways of raising revenue as well, so I'll put that out there.

I just wanted to clarify the numbers. It was indicated that we spent \$266 billion last year and that it will be about \$259 billion this year. So there was about a \$7 billion reduction in overall expenditures. Is that correct?

Hon. Tony Clement: The total estimates to date, yes, are \$259.4 billion. Obviously, we are not at the end of the fiscal year yet. So I would caution that other expenses may be exigible in the future until we get to March 31. That is my understanding.

Mr. Ron Cannan: Where would it break down at to where those savings would be?

Hon. Tony Clement: What the delta is between the \$266 billion and \$259 billion? If my colleagues could help me on that a little bit, that would be helpful.

Mr. Bill Matthews: The biggest change, Mr. Chair, is the winding down of the economic action plan. In the previous year, you would have seen some funding still around the economic action plan. There is still some that has been reprofiled, but that's certainly winding down.

It's also challenging to compare estimates to estimates in the middle of the year, because the timing of when something is included in the estimates depends very much upon when the department can bring together its materials for a Treasury Board submission and get approval to go ahead. It's really difficult, in the middle of a year, to compare the two, but I would say the easiest point to focus on is the economic action plan.

• (1605)

Mr. Ron Cannan: Thank you.

In another area, the Treasury Board is requesting \$4.1 billion to improve financial systems. They're looking at areas of inefficiencies. Another one is \$5.6 million for the Red Tape Reduction Commission. They talk about revenue opportunities. It's helping businesses to be more efficient. One way, I hear from constituents, is making it easier for us to do business.

I've attended a panel of the Red Tape Reduction Commission when they came to British Columbia. Some of our interprovincial trade barriers are the biggest ones, especially coming from the wine industry. We know it's making its way through, but maybe you could share with the committee what are the expected savings that could be achieved through this commission.

Hon. Tony Clement: Yes, sure, they do have a number. I think the CFIB, which is obviously the small independent business—

Mr. Ron Cannan: The Canadian Federation of Independent Business....

Hon. Tony Clement: —do have a number. I don't have it off the top of my head, but if somebody could whisper that to me, it would be great. But there is a calculation that can be made in terms of what they call administrative burden, and what the rest of us call red tape. It does cause costs in terms of small business, diverting their ability to hire more employees and expand their operations, and what have you.

So it has been calculated. There's some good research in this area. There's no question that there is an amount. It's in the billions-of-dollars range.

A voice: [*Inaudible—Editor*]

Hon. Tony Clement: They say \$10 billion—so there you go—is lost to the economy as a result of administrative burden generally.

I would like to think the federal government is a subset of that \$10-billion number, because obviously there are provincial and municipal red-tape issues as well. That's why the Honourable Maxime Bernier and I are working hand in glove with CFIB and other stakeholders with this Red Tape Reduction Commission, and there will be some very interesting proposals coming out of it very soon.

Mr. Ron Cannan: Well, I'm excited about that.

Another encouraging initiative the government has taken is Shared Services Canada. Perhaps you could share with the committee a little information as far as the document on Shared Services Canada is concerned.

Hon. Tony Clement: Shared Services Canada was announced by me and Minister Ambrose in July, I believe, of this year. Finally after years of preparation and discussion, it is the consolidation of not all, but much, of the IT services found in the Government of Canada.

I would pose it to you this way, Mr. Cannan. What we have in the Government of Canada right now are 100 different email systems and 300 different data centres and, I believe, 3,000 different IT networks. Some consolidation is needed. It actually will make the Government of Canada more efficient. It will save money. It will increase the morale of the public service. And it will increase the morale of your constituents, because as they're dealing with government on a face-to-face basis, when IT is working properly and is working in sync, that will make a big difference. So that's the role of Shared Services Canada. And they will be rolling out their business plans in the weeks and months ahead.

Mr. Ron Cannan: Thank you, Mr. President.

The Chair: Thank you, Minister.

Thank you, Ron. That concludes your time.

Who's next? The NDP, Denis Blanchette.

[*Translation*]

Mr. Denis Blanchette (Louis-Hébert, NDP): Thank you for being here with us, Minister.

In your preliminary remarks, you said that to help you achieve the budget cuts of several billion dollars that have been announced, you have signed a \$15.5 million outside contract.

Given that we have a professional, skilled public service, one of the best in the world, what is the firm that has been retained going to do above and beyond your public service?

Hon. Tony Clement: Certainly the public service will provide information and advice, given their professionalism, undoubtedly, but it is common practice, in the private sector and the other public sectors, to get other opinions that may improve the process. Because they are another set of eyes, not the eyes of people who work in our world. It is a different point of view.

● (1610)

[English]

I would just say to you that it's another set of eyes, as I said. It gives another set of advice from another point of view. These particular individuals have been assisting not only the private sector but also the public sector around the world with these sorts of exercises. It's not replacing the advice of the—

[Translation]

Mr. Denis Blanchette: So then, Minister, what kind of target are you giving these people? Are you having them target the budget cuts you have ordered or are you having them target the transformation of public services, as you outlined earlier?

Hon. Tony Clement: Ms. d'Auray, can you answer, please?

Ms. Michelle d'Auray: The consultants have experience in reviewing internal processes, operations and operational costs. Over the years, there has been a tendency to increase the number of people every time there is a new program, to do more or less the same thing.

Mr. Denis Blanchette: Excuse me, Ms. d'Auray, but the question was about the firm's mandate.

Ms. Michelle d'Auray: There is no target. We are doing it to help us develop the necessary methodologies for making the best proposals for reducing operational expenditures, eliminating redundancies and consolidating everything to establish standards for our processes.

Mr. Denis Blanchette: And so the purpose of this contract is first and foremost to carry out a budget cutting operation. That is what I understand.

Ms. Michelle d'Auray: We are trying to establish best practices.

Mr. Denis Blanchette: Yes, I agree.

I imagine they are already at work, is that right? I would like to get an idea of where they are in their exercise, of when they are going to produce their report and when you are going to announce the results of this work.

Hon. Tony Clement: The results of this process will be in the 2012 budget, of course. That is the appropriate place to disclose the results of the process. I have told the public and the journalists that the process is underway.

[English]

We're on track, but no final decisions have been made.

[Translation]

Mr. Denis Blanchette: Have you already received interim reports, areas they have already studied, have evaluations already been completed? Do you have that kind of information?

Hon. Tony Clement: No, that is part of the budget preparation process. The Minister of Finance, the other ministers, members, and myself, as minister and President of the Treasury Board, will be organizing round tables with the public and setting up a process to obtain suggestions. That has worked in the past and it may also work in this case, but the outcome of these processes will be in the 2012 budget.

Mr. Denis Blanchette: So we will see it in the 2012 budget.

Hon. Tony Clement: Yes.

Mr. Denis Blanchette: If economic conditions were to deteriorate, something no one at this table hopes happens, might your targets change?

Hon. Tony Clement: The Minister of Finance decided and announced that he was making changes to the employment insurance scheme, as well as other changes relating to some of our government's programs, because the situation has deteriorated in Europe and America.

I can also say that it is important to have targets for budget cuts.

[English]

I would say this to you, sir. We obviously understand that we are living in a world where there are some massive economic changes occurring right now in the eurozone, the United States, and elsewhere. But if you look at where the problems are arising, they're in countries that do not have plans to get back to balance because then all of their other plans for jobs, growth, and being low-tax jurisdictions that can generate innovation go down the drain.

To me it remains important, despite the economic conditions and because of the economic conditions, to continue with our plans to find savings where they merit action. That's certainly our continued commitment.

● (1615)

The Chair: Denis, you're well over time. Thank you very much.

Thank you, Minister.

Scott Armstrong.

Mr. Scott Armstrong: Thank you.

Thank you, Minister, for being here.

My first question is on one of the statutory items and major increases in the total transfer protection that came about on June 6 as part of Bill C-3. It involves total transfer projection payments that were first announced in December and the equalization-receiving provinces. It amounts to about \$952.1 million.

Can you explain how this has come into effect and why we've put that in there?

Hon. Tony Clement: Bill has the numbers right here in front of him, so I'm going to leave it to him, if you don't mind.

Mr. Scott Armstrong: Perfect.

Mr. Bill Matthews: I just have a couple of points of clarification, Mr. Chair.

Statutory items are in the estimates for information purposes only and are not part of the appropriation bill that will be voted on.

Normally, the main estimates would have the statutory items, and you'd see an update in the supplementary estimates for any revised forecasts.

What you'll see in supplementary estimates (B) that is related to this is a bit of a large amount, simply because when we did the main estimates it was not yet clear how the calculation was going to be applied for some provinces. We didn't have a good amount to actually put in for an estimate. We now have a good number.

The Department of Finance keeps its website fairly up to date in terms of forecast for transfer payments. You're seeing it in here, not because it's new since supplementary estimates (A) but because now is the time when we've actually got a good estimate of the number.

Mr. Scott Armstrong: Okay, thank you.

The second one is somewhat to that and it's probably the same situation. It has to do with the transitional payment to Newfoundland and Labrador as part of the Nova Scotia and Newfoundland and Labrador Additional Fiscal Equalization Offset Payments Act (2005). At about \$536.1 million, it's another significant amount.

My guess is because Newfoundland and Labrador is now a "have" province, this is to help ease the burden of the loss of equalization payments? Is that the...?

Mr. Bill Matthews: The Province of Newfoundland, Mr. Chair, has a choice as to how it elects to calculate that formula. So, again, we're waiting for them to make their choice on how the formula would be exercised, and that's why you're seeing it here.

I should say I actually mixed the two up. I thought your first question was on Newfoundland.

In answer to your first question, the reason we are showing up in supplementary estimates (B) for the first time is that we had to wait for the Budget Implementation Act to pass to get the authority to put that in there. My apologies for mixing up those two.

Mr. Scott Armstrong: No problem, it's very complicated. I'm having trouble getting my head around it myself.

The other question is for the minister. HRSDC is requesting \$11.8 million for the targeted initiative for older workers, which supports older workers in communities that are suffering great losses in jobs. We've got a couple of communities in Nova Scotia right now that are going through tremendous problems.

Can you explain how that program works and how it's shared between the provinces and territories and the federal government?

Hon. Tony Clement: Sure.

I hope you don't mind because I'm still in my sixth or seventh month at Treasury Board, but I'm going to rely on my colleagues here who have a wealth of experience on some of these matters.

Mr. Scott Armstrong: The officials are fine.

Hon. Tony Clement: They can dig into the details. I do rely on Mr. Matthews or Madame d'Auray—and Ms. Walker has joined us. Welcome.

Mr. Scott Armstrong: It's the TIOW, the targeted initiative for older workers.

Hon. Tony Clement: Yes, go right ahead.

Mr. Bill Matthews: I was referring to my notes for a second.

In terms of Budget 2011 funding, it's \$25 million per year for two years to build upon the Budget 2009 funding. The \$11.8 that we requested in these supplementary estimates is a re-profile from 2010-11 to 2011-12 to accommodate some project delays. I don't have a good answer for you in terms of how this split actually works between provinces. I apologize.

Hon. Tony Clement: Perhaps we can get that information for you.

Mr. Scott Armstrong: That'd be great if you could get that to me.

The program, however, is a combination of the provincial, territorial, and federal governments. It's a joint program of sorts that's been put in place, I think, just from reading the details.

Mr. Bill Matthews: It is in partnership with provincial and territorial governments, yes.

Mr. Scott Armstrong: Thank you very much.

The Chair: There are 40 seconds left, if you had any other thoughts.

Mr. Scott Armstrong: Well, the only other thing I'd mention is the horizontal issue that was dropped before.

Do you want to elaborate on that?

Ms. Michelle d'Auray: The horizontal items are actually found on page 205, and they are described, as we have started to do, in a bit more detail. For example, the clean energy programs and the remediation of contaminated sites are described.

We are trying to give parliamentarians an update on what the activities or initiatives are that cover more than one organization, and to provide the information to you on a total basis of what is being requested and what has been requested to date for these initiatives.

One of the comments that had been made a number of times was that, when more than one organization is identified, the requests for funds in the estimates are all identified per organization but that it is very difficult for parliamentarians to get a sense of the initiatives that cross more than one. We have now grouped them, and you can trace them back into the individual votes for the individual organizations. You can also see them rolled up, described, and the amounts identified per organization in these estimates. It is not perfect, but it is a step in the right direction so that you can actually....

Then in the next sets of estimates you will also see if there are any additional requirements related to these, and in which estimates they have been requested, if I can put it that way.

• (1620)

The Chair: Anything further will have to wait for the next round.

Ms. Michelle d'Auray: It's not great English, but the meaning is there.

Mr. Scott Armstrong: It's easier to go through it this way.

Ms. Michelle d'Auray: It is. You have them all here.

The Chair: Thank you, Madame d'Auray.

Thank you, Scott.

Alexandre, you have five minutes, please.

[Translation]

Mr. Alexandre Boulerice: I am going to be sharing my time, if I don't talk too much, with Mr. Ravignat.

In the NDP, we often have the impression that we are running into a brick wall when we are looking for transparency, and we often complain about that. When we ask simple questions about the figures and the reports we get from Industry Canada, from National Defence and from Natural Resources Canada, to understand the budget changes from one year to the next, we—and the people who study them too—find ourselves facing stone walls and red tape. We do not have that information. Do the reports disclose all the appropriations announced in the Main Estimates? Once again, the answers do not stand up, and this is unfortunate for us, because it is then difficult to understand the public numbers.

There are also substantial cuts and objectives that have been set. At the Department of Human Resources and Skills Development, there are \$80 million in cuts. At Industry Canada, it is \$6 million. At Infrastructure Canada, it is \$51.8 million. We have no details about how these cuts or these savings are going to be achieved. The lack of criteria is very troubling. There are also other cases where the lack of selection criteria in projects has caused problems. I will not go into that subject today; we have other forums for talking about that.

This lack of clarity, of details, and of control, does this explain, among other things, why you are not able to come up with the balanced budget you had promised for 2015?

Hon. Tony Clement: You are correct.

I would like to say that my priority is to increase transparency—for ourselves, for members and for the public. We can create an action plan for that, certainly. There have to be discussions with the departments and agencies, because they are the ones who have the details.

I agree with you.

Mr. Alexandre Boulerice: Yes, but that is wishful thinking. The people around the table are all in favour of transparency. We all like apple pie, too. But do you have a plan, or a timetable? Are you committing yourself? When will it be done?

Hon. Tony Clement: Yes, of course.

Mr. Alexandre Boulerice: But when?

Hon. Tony Clement: Michelle.

Ms. Michelle d'Auray: In the first document you read, the quarterly financial reports that the departments have started to produce are one of the items the office of the Parliamentary Budget Officer commented on. The first one was published at the end of June, or in August, for the end of June. That is the report you were referring to, in which there are different colours for the scores. That was the first effort, and we recognized that. The next report is going to be presented at the end of November.

Because it is the first time, we have a plan for continuing, fine-tuning and refining, so that in fact the information will be easier to understand. This is the first time we have done this in the course of a year. You have the current expenditures. This is the first time, and it was started in August of this year. The second report will be ready in November. As well, discussion sessions and training sessions are being held for the people in the departments with the goal of improving the reports.

We hope this will mean that in the next report there will be more green than red, if I can put it that way, in terms of the score the office of the Parliamentary Budget Director gives us.

• (1625)

Hon. Tony Clement: So by next year, we will be able to have the answers in order to compare.

Mr. Alexandre Boulerice: Let us hope so.

I will give Mr. Ravignat the floor.

[English]

Mr. Mathieu Ravignat: Thank you to both of you.

As my colleague has kindly agreed to share his time with me, I'll go ahead with a question.

Here's my question. Whether it be Public Works or various other ministries, when you look at these estimates, the costs for external consultants and professional services that are not in the public service are increasing at a rapid rate. This has been going on under this government for some time. At Public Works and Government Services Canada, it's a 100% increase.

Now, about this transformation exercise you're talking about at the public service, it's a little bit difficult for Canadians to understand why you're cutting jobs in the public service while you're giving money to external consultants by the boatload.

Is this transformation really an exercise in the privatization of our public service?

Hon. Tony Clement: No. The role of the transformation exercise is to deliver high-quality services to Canadians. What we care about is what services Canadians are getting. I can assure you—

Mr. Mathieu Ravignat: By handing money to the private sector?

Hon. Tony Clement: No, no, you're keying in on one element. In some cases it's appropriate; in other cases it's not appropriate. I don't think we should have our ideological blinders on. Obviously, the utility of these things should be reviewed, just as there should be a review of the utility of delivering services the same old way.

We're not looking at it from an ideological point of view. We're looking at it from a common sense point of view to see whether there's a practical, pragmatic way to deliver better services to Canadians.

Mr. Mathieu Ravignat: The cost trend clearly indicates an ideological point of view.

Hon. Tony Clement: I would disagree with you.

The Chair: I'm afraid your time has concluded.

For the Conservatives, Mr. Laurie Hawn. Welcome, Laurie.

Hon. Laurie Hawn (Edmonton Centre, CPC): Thank you, Mr. Chair. It's good to be here.

Thank you, Mr. Minister, and your officials.

When he became Prime Minister of Great Britain, Harold Macmillan was once asked what his greatest challenge would be in moving ahead with his agenda.

Hon. Tony Clement: "Events, dear boy, events."

Hon. Laurie Hawn: "Events, dear boy, events." You've read the same books.

Could you comment on the impact of events? We've talked about plans for balanced budgets by 2014-15. Is that possible or not? Obviously, we don't know how Europe and the U.S. are going to turn out. Can you comment on the impact of events like that and how we would adjust as time goes by?

Hon. Tony Clement: Sure. As the finance minister has indicated, it has had an impact on revenues, there's no question about it. The economy has slowed down. The projection for next year is down to what I believe is still quite robust growth, in G-7 terms, of 2.1% growth. But that's down from the 2.9% GDP growth that was originally targeted by private sector economists.

There has been an impact of the eurozone crisis and the debt ceiling crisis in the United States. It's never good when you're describing events as crises, but that's the reality of the situation.

Having said that, Minister Flaherty indicated our government's position, which is that we will make changes to deal with these issues as they come due. That's what the fall economic statement did, but at the same time we still have as a goal the balancing of our budget within the 2014-15 timeline, if that is possible.

We will continue to make the decisions that will allow us to spend within our means. Canadians expect that because that helps us grow jobs in the private sector and keep a low tax jurisdiction.

Hon. Laurie Hawn: Thank you for that.

Through you, Mr. Chair, to the minister, there is a lot of talk about how we report on estimates—and it is a complicated issue, there's no question. Have we made or are we considering making any changes in how we report on estimates to make them more easily interpretable?

Hon. Tony Clement: Michelle talked a little bit about that in response to Monsieur Boulé. I would say we're in transition. I think some very positive changes have been made for this round. We will continue to make those changes.

As I continue to push for electronic information, that is to say, to get these things out of the paper world and into the electronic world, it will be a lot easier for members of Parliament to have access to the information through hyperlinks, to search and compare and contrast. All that is available in the electronic world, and I think it will make a big difference for all of us.

Hon. Laurie Hawn: You mentioned Shared Services Canada and the work they're going to do to help consolidate delivery of services and so on. Can you comment on their role within the strategic and operating review? What are the expectations of them with respect to the strategic and operating review?

Hon. Tony Clement: We are expecting they will be part of the deficit reduction action plan in the short term, because they will be able to generate savings as we consolidate. At the same time, they have a long-term transformational role as well.

Again, the goal is to make sure that citizens receive excellent services; that the morale of the public service can be improved; and that there's less confusion and duplication in the IT sense, from the 3,000 networks, and 100 different e-mail systems, and 300 different data centres. We believe this can be rationalized, which will increase efficiency and productivity in the public service and help us deliver better services to Canadians. That's the goal.

Part of it will be achieved in this budget cycle and the deficit reduction action plan cycle, but part of it is a longer-term objective as well.

Hon. Laurie Hawn: Along the same line, your TBS is requesting \$5.6 million for the Red Tape Reduction Commission.

Hon. Tony Clement: Right.

Hon. Laurie Hawn: Can you tell me how much we've spent so far, how much we think we will spend, and how much we think we will save?

● (1630)

Hon. Tony Clement: We have spent \$4.6 million thus far. We're on track in terms of getting the ideas out there for implementation, and then there's an implementation phase. I'm quite excited about that.

Minister Bernier has been working very hard on the small business aspect. I'm looking at it from a government-wide aspect as well, because some of these things impinge on small business, but they have broader impacts on our economy as well.

I'm looking forward to being accountable and responsible for those kinds of decisions as well.

Hon. Laurie Hawn: Thank you so much.

How is my time, Mr. Chair?

The Chair: Thank you, Laurie. You're down to about 20 seconds.

Hon. Laurie Hawn: You can have it back.

The Chair: Okay. Very good.

That concludes the time we have set aside for the President of the Treasury Board to be with us.

We thank you for being here, Minister.

Hon. Tony Clement: Thank you, Mr. Chair.

The Chair: Let me just say in conclusion that as a committee we are committed to doing a more thorough examination of the estimates as an aspect of the work we do.

Hon. Tony Clement: Excellent.

The Chair: But let me also say I share the frustration expressed by both sides that there's probably only a handful of people in the country who can understand the estimates. Mike is one of them. Madame d'Auray is one of them, and I'm sure Mr. Matthews is another. But there's an awful lot of room for abuse when these are so incomprehensible to an ordinary Canadian.

I take it you share that to some extent.

Hon. Tony Clement: I agree with your aspirations, Mr. Chair—well, some of your aspirations.

Some hon. members: Oh, oh!

The Chair: Good one.

Thank you for being here.

Hon. Tony Clement: Thank you, Mr. Chair.

The Chair: You're welcome any time.

I will suspend the meeting for a few minutes while the minister excuses himself.

• (1630)

(Pause)

• (1635)

The Chair: Welcome back to the 18th meeting of the Standing Committee on Government Operations and Estimates reviewing the supplementary estimates (B).

We have with us Michelle d'Auray, Secretary of the Treasury Board; Mr. Bill Matthews, assistant secretary, expenditure management; Christine Walker, chief financial officer and assistant secretary; and Sally Thornton, executive director, expenditure operations and estimates. All of you have been witnesses and guests at our committee before. Welcome back to all of you.

I see you have circulated a document that you'd like to begin with. Do you have a presentation you want to give, or should we just continue with the questions?

Ms. Michelle d'Auray: Mr. Chair, we have circulated a summary presentation of what is contained in the supplementary estimates (B). The minister covered a fair number of these elements in his opening remarks. We can quickly go through them if you'd like—as you have them in front of you—or we can just continue to take questions. It is your call.

The Chair: I think it's up to the committee. We've already heard some individuals say they would rather just continue with the questioning.

Is there any input on how we would like to proceed?

[Translation]

Mr. Alexandre Boulerice: I would like to hear the presentation.

[English]

The Chair: You'd like to hear the presentation. Okay.

Can you keep it to five or ten minutes, so we have the maximum amount of time?

Ms. Michelle d'Auray: Bill's fast.

The Chair: Bill is fast. Okay.

Mr. Bill Matthews: I will commit to five to ten minutes.

The Chair: Very good.

Mr. Bill Matthews: Thank you, Mr. Chair. I will move fairly quickly, and I will not repeat anything that was covered in our earlier discussions.

Slide 2 is a quick overview of how our estimates document is organized and what you'll find in it. There is an introductory section that provides some details on changes. There are then details by department. Then you'll see the proposed schedule to the appropriations bill.

I will remind members at this point that Parliament does not approve estimates; Parliament approves the appropriation act. These estimates are tabled to support the study of that appropriation act.

Another reminder is that there are statutory forecasts updated in this document. Again, they are there for information only. If you see an S beside something in the estimates document, it means it's statutory. Other items that we're actually seeking votes on do not have the S beside them.

As to another little trick of the trade, if you see an item in the document that is underlined, it means it has been adjusted. So if you see an S with an underline, it's an updated forecast. That is to help you decode these documents.

You will see in here allocations from Treasury Board central votes. I believe you are aware that there are central votes for such things as operating budget carry-forwards and capital budget carry-forwards. There are allocations from those votes in here as well. The horizontal items have been discussed already.

I will make only one point about slide 3. In the supplementary estimates (B), there is a non-budgetary item, a reduction of \$1.4 billion. To refresh your memory, non-budgetary items include things such as loans where there is no impact on the surplus or deficit of the government. So the negative \$1.4 billion you're seeing here is because the government received an early repayment of its loan to Chrysler Canada. Because it was an early repayment, it was not forecast originally in the previous estimates document. It's showing up here as a reduction in the non-budgetary amount, because Chrysler repaid \$1.4 billion ahead of schedule.

The Chair: Who does that? Chrysler, apparently.

Mr. Bill Matthews: While we're on the auto deal, GM made an early repayment as well. So it's not unique to just Chrysler, but this fiscal year it was just Chrysler.

In slide 4, we have the history of the last couple of years of estimates. I think we've gone through that in enough detail that I won't touch on it for now.

In slide 5, we have for you highlights of major voted items in this estimates document, supplementary estimates (B). I won't read them all for you but just bring to your attention that you've got some clean energy programs. You will see a fair amount in this document about the estimates related to clean energy programs.

There are supplementary health benefits for nursing services in remote and isolated first nations of \$218 million.

There is assessment management remediation of contaminated sites for \$218 million as well. Again, just to highlight the difference between estimates and the budget, this is the amount that is intended to be spent this year to remediate contaminated sites. The actual contaminated sites liability for the Government of Canada is much greater than this, but this is the amount of money that is to be spent this year.

We also have an update to the Indian Residential Schools Settlement Agreement of \$179 million.

About the write-off of student loan debts of \$151 million, there is a bit of context. For about 95% of these loans, the statute of limitations has kicked in. They're more than six years' old. CRA has been trying to collect them, and that time is now expired. When that happens, we write them off. This is a fairly regular occurrence. If you're curious about debt write-off related to student loans, roughly 87% of student loans get repaid these days. There's an outstanding receivable related to Canada student loans, if I recall correctly, of close to \$14 billion on the government's financial statements.

Slide 6 is dedicated to environmental spending. Again, I've mentioned the clean air agenda already, but there are five pieces to this and you'll see funding in supplementary estimates (B). These are some of the horizontal items related to adaptation, clean air regulatory agenda, and other items. These are items that include multiple departments, so you will see things like the ecoENERGY retrofit homes program, as well as the clean transportation initiatives. There's a variety of departments implicated here. I've already mentioned the federal contaminated sites action plan related to environmental liabilities.

Turning to reprofiles, something that is not included in the estimates documents but which I think is of interest to members is that when a department does not spend the money in the previous fiscal year because of project delays, etc., it can reprofile it into the new year, which basically means it transfers the authority to spend from one year to the next. Because Parliament approves appropriation bills on an annual basis, we need Parliament's approval to spend that money again, even though it's already been approved in a previous year. So roughly \$2 billion of these estimates relate to reprofiles. It's not new money; it's money that was initially envisaged to be spent in a previous year but the department has made its case and brought it forward to be reprofiled.

The minister already spoke about the infrastructure stimulus fund, at \$709 million, as well as the Building Canada fund communities component top-up of \$163 million.

Roughly speaking, about \$2 billion of these estimates are reprofiled. You will not see anything in the estimates document that actually indicates what's a reprofile and what is not. So I just thought I would indicate—and here I see that Mr. Wallace is rolling

his eyes—that it's one of the changes we're contemplating making, but that's a longer term view.

Turning to the statutory items on slide 8, we've got two types. On some items we're just revising the estimate. I've got that list of three: fiscal equalization, public debt, and payments to Export Development Canada, which is the negative number because of the Chrysler Canada repayment. Then we've got a separate list for forecasts that you're seeing for the first time here, and we've spoken a bit about two of those statutory items in the earlier round.

I will highlight for you that AECL shows up in both statutory and voted items, the distinction being that the statutory item relates to the divestiture, that is the sale of part of AECL to the private sector. So there is a split between the voted and statutory items. The statutory item is for the divestiture.

In conclusion, these supplementary estimates detail the \$6.6 billion that we've discussed, including the split between voted and statutory items the minister has already talked about it. And towards the back of the estimates document, you will actually see the appropriation act schedule—basically how these estimates turn into an appropriation act. That's there for your information, as well.

We do have 68 departments and agencies covered by these supplementary estimates (B) and 22 horizontal initiatives, which the secretary has already spoken about.

● (1640)

So I think I have honoured my five-to-ten-minute commitment.

Some hon. members: Oh, oh!

The Chair: Yes, and you packed an awful lot into it there, too. Bill, thank you for that. I think it was time well spent.

Ms. Michelle d'Auray: And if I may, Mr. Chair, we have also added to slides 10 and 11 of your deck the specific elements with regard to the Treasury Board Secretariat estimates, which we have talked about in and out of the discussion. They're there for your information.

The Chair: That's very helpful. Thank you for that.

I think we, as a committee, agreed to just carry on where we left off in the order of rotation. When we ended with the minister, it was the Liberals' turn.

Sean, are you prepared to take your five minutes now?

Mr. Sean Casey: I'll do my best, Mr. Chair. Thank you.

The Chair: I'm sure you will.

Mr. Sean Casey: I want to start with your slide number 8. I'm sure it is obvious to you that I'm not John McCallum in any way, shape, or form, so please take this down to the simplest level you can.

Slide 8 refers to the Department of Finance and federal-provincial fiscal arrangements with Ontario and P.E.I. Obviously, what captured my interest was P.E.I. That's where I'm from.

What are these?

● (1645)

Mr. Bill Matthews: Just bear with me for one moment.

Ms. Michelle d'Auray: The \$952.1 million is what is described as the total transfer protection of the fiscal arrangements.

Mr. Sean Casey: I'm on the last bullet. I think you're on the first one.

Ms. Michelle d'Auray: Oh, I'm sorry. Oh, this one, okay.

Mr. Sean Casey: Now if you've got an extra \$800 million kicking around, and you want to....

An hon. member: It's a lot of potatoes.

Mr. Sean Casey: Yes, it is a lot of potatoes.

Anyway, go ahead.

Mr. Bill Matthews: I'm just going to refer to the Department of Finance's estimates themselves on page 51 of the supplementary estimates (B) document.

What you should see in there is the list of the voted items first, and then you'll see the statutory bit, and on the federal-provincial payments to Ontario and P.E.I., I have to say that I'm actually struggling to find these in my list here, so bear with me for one moment.

I think, Mr. Chair, we're going to have to get back to you on the details on just what that is, if that's all right.

Mr. Sean Casey: Thank you.

Now, within Treasury Board itself, \$4.3 million has been identified as a reduction. Do I have that right?

Ms. Christine Walker (Assistant Secretary and Chief Financial Officer, Corporate Services, Treasury Board Secretariat): Right.

Mr. Sean Casey: Can you break down that \$4.3 million in terms of what has already been identified, and what is yet to come?

Ms. Michelle d'Auray: Most of those, Mr. Chair, are really in relation to the adjustments that we've done as a result of the strategic review decisions announced in the last budget. For us, those consisted largely of elimination of positions as a result of the administrative services review, and the service sector that we have redeployed. Most of those positions were managed through attrition, but the savings were accrued, and were taken as a result of the strategic review decisions and, therefore, are in the budget.

Mr. Sean Casey: And that accounts for the full \$4.3 million?

Ms. Michelle d'Auray: That's correct, yes.

Mr. Sean Casey: This relates back to what you just said, but also to something that was in the opening remarks of the minister, and that's the \$11.5 million compensation adjustment for employees that's related to your collective agreements. Am I correct in understanding that, in some cases with these collective agreements, employees were afforded an opportunity to buy back their severance?

Ms. Michelle d'Auray: This particular request in the supplementary estimates is not related to the severance. This is specifically related to pay increases for periods prior to the cost containment measures. I'll give you a couple of examples.

We have restructuring elements for ships' officers classification. We have an agreement with economists, and university teachers. So

there are adjustments and special allocations, and they are covered by a central vote. The total of all of these adjustments is \$11.5 million.

Mr. Sean Casey: Okay, so either you're not prepared to answer or I've asked the wrong question in asking you specifically about the buyback of severance provisions negotiated with the collective agreements.

Ms. Michelle d'Auray: The requirements and the funds for those were in fact included, I believe, in the supplementary estimates (A), and they were \$1.3 billion. So they were in fact requested and voted.

The payouts are now under way at employees' request. Some have requested the full amount, and some only the partial amount. The \$1.3 billion in supplementary estimates (A) was in fact provided to cover those payouts.

Mr. Bill Matthews: Mr. Chair, to be clear, the severance is not a buyback. This was a payout of severance that employees had earned during their tenure with the government as part of their collective agreements. It just was a matter of giving employees the option of receiving those funds now or later, or a split between the two, but it's not buying back severance.

The Chair: Sean, that was well over five minutes.

Next, for the Conservatives, we have Mike Wallace.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

And thank you for coming. I do want to comment on the piece on the transfers. It was clear to read, and I do appreciate that.

On the same item that Sean was talking about, in supplementary estimates (A) we did do the \$1.3 billion transfer, which added up to an amount of \$1.9 billion, right? Then when you look at supplementary estimates (B) in front of us, it has changed down to the \$1.7 billion, or whatever it is.

Yes, it says authorities to date of some \$1.7 billion. You can find it way back on page 202, where vote 30 is. We approved \$1.9 billion, or whatever that number was, but now it's \$1.7 billion. Since you guys are in charge of these books, why is there not a little footnote saying, "This has changed and look here for the explanation"?

● (1650)

Mr. Bill Matthews: I take your point that it is difficult to follow. The reason is that with the central vote allocations, the Treasury Board actually has the authority to transfer those moneys out to departments. But I appreciate the point that it's not clear, and we have noted it.

Mr. Mike Wallace: My question now is on those transfers out to departments, which is on page 202. I see the 30 number, and you have a number of other votes with it too.

Are they the people taking advantage of the opportunity to get their severance earlier, or is that pregnancy leave, and all of these other things that are in there too?

Ms. Michelle d'Auray: They're all combined.

Mr. Mike Wallace: They're all combined.

Ms. Michelle d'Auray: That's correct.

Mr. Mike Wallace: Who is responsible for telling us what the uptake is of getting rid of that from the union agreements and having them be able to get that back? Is it the Treasury Board's responsibility? Who is responsible for telling the members of Parliament, "Hey, we've offered this in the benefit package and here's the uptake on it."

Ms. Michelle d'Auray: The uptake is department by department, so the transfer would be department by department.

It is a good point. We will take note of how we could report on that.

Right now we don't disaggregate the actual type of payment, if I can put it that way, for vote 30, so maternity benefits, severance, the statutory requirements—

Mr. Mike Wallace: They're all in there.

Ms. Michelle d'Auray: The requests come in from departments, and then we report them back through the central vote because it is for all of these purposes.

Mr. Mike Wallace: I have a very basic question for you.

Tell me if I'm completely wrong about the system, but departments put together their spending plans. They approve them within their department, I'm assuming. Then they go to Treasury Board for approval. I'm assuming they have to defend them in front of the Treasury Board.

You tell me where I'm wrong. Does the Treasury Board have the ability to say no, you can't spend that money, and does it do that?

Ms. Michelle d'Auray: Most of the requests that come to the board are either for adjustments or for increments, so either for new authorities or adjustments to authorities. But once the authorities have been provided, the overall plans do not go to the Treasury Board for approval.

Mr. Mike Wallace: They do not.

Ms. Michelle d'Auray: They do not.

Mr. Mike Wallace: I have a chart, which is a work in progress, to be perfectly honest with you. On my chart, I compare the asks in the supplementary estimates with the asks in the main estimates. I understand the budgeting process and how in the heck you can you do it in the main estimates if you don't even know what is in the budget, or it's two weeks later.

For some of the departments, which will go unnamed, if you add up all their supplementary estimates, there are differences of 11%, 12%, 27%, 41%, 35%, 35%, 23% between what is asked for in the mains and what is asked for in the supplementary estimates. There are some—don't get me wrong—that are down to 1%, 2%, 3%, which I think is reasonable.

Are there any guidelines on what can and can't be asked for, because some of these departments...? And this isn't just for one year; this is after five years, so this is prior to the economic action plan. It's inconsistent.

Ms. Michelle d'Auray: You mentioned the budgeting cycle. The bulk of the requests for adjustments, through the supplementary estimates, are generated by two sources. One is new initiatives that are identified in the budget, and the other is programs or initiatives

that sunset in a particular fiscal year; and the decisions with regard to either their continuation or changes happen after the period.

Mr. Mike Wallace: All right.

• (1655)

Ms. Michelle d'Auray: I would say those are the two main drivers of the variations. Then you will have the exceptional circumstances. For example, you will see some adjustments or payments if there are major floods or fires, emergencies, crisis situations. Those will also generate adjustments, and those are largely unpredictable. But the two main steady drivers, if I can put it that way, are really the budget and funds that are expiring in one year and then are either confirmed or not, or adjusted.

Mr. Mike Wallace: There are a couple of departments that are—

The Chair: You are way over time, Mike.

Mr. Mike Wallace: —bad, so I'm going after them.

The Chair: You'll have to wait until next time, sorry.

Alexandre.

[Translation]

Mr. Alexandre Boulerice: I am reading the document you provided to us. First, I would like to thank you again for being here with us.

We are studying the supplementary estimates (B). They are on the order of \$6.6 billion. That is a lot of money that was impossible to foresee earlier. Last year, in 2010-2011, the supplementary estimates (B) came to \$3.1 billion. The budget from last year has been more than doubled.

Do you have an explanation? Why this sudden leap in unforeseeable supplementary estimates?

Mr. Bill Matthews: To explain that, it is important to understand that the supplementary estimates are not an estimate of—

[English]

Don't rely on the supplementary estimates to judge whether departments forecasted properly. This is solely a case of when departments actually received Treasury Board authority to spend money. You will see things in estimates—and it's quite normal—from a previous budget two or three years ago, if it's a complex program, because to design a program and get it into Treasury Board for approval takes that much time.

If you are working from the premise that seeing a great deal of money in supplementary estimates is an indication of poor forecasting, that's not the case. As the secretary mentioned, when you have new programs and new initiatives, it takes time to design them in enough detail to get Treasury Board approval. Then we update the spending authorities of departments.

If you look at these estimates, you have things for Agriculture Canada having to do with excess moisture, and supplements for farmers concerning lack of forage, and those types of things. This is not about forecasting; it's about new programs that were designed and then brought into Treasury Board for approval. I would suggest that it's in the nature of some departments that you see repeated or more frequent requests for additional funding. It's that's not an indication of poor forecasting, but an indication of when they actually received Treasury Board approval for their programs.

[Translation]

Mr. Alexandre Boulerice: I understand your explanation, and, yes, it is informative. At the same time, this is also a little troubling. When we look at the main authorities in the supplementary estimates (B) for this year, we see that for CIDA, there is a grant of \$125 million for international organizations. I am having trouble seeing that line.

Are grants to international organizations not a new program?

Ms. Michelle d'Auray: In that case, it is a change of authority. It goes from being a contribution authority to being a grant authority. To make that change, Parliament has to approve it. It is a transfer. There is no financial change, it is not an increase. It is simply a transfer between two authorities, but the amount stays the same.

Once again, that is one of the mechanisms, because Parliament has to approve these transfers. An explanation has to be provided and it is done in the document that supports the supply bill.

In the actual bill you will find that this is a transfer of authorities. However, the amount stays the same.

• (1700)

Mr. Alexandre Boulerice: Perfect.

We also see, in the major voted items, operating and restructuring costs of \$201 million for Atomic Energy of Canada Limited.

Will part of the funds requested be spent directly or indirectly for the commercial component of Atomic Energy of Canada Limited, which has already been sold to SNC-Lavalin?

[English]

Mr. Bill Matthews: There are two pieces to AECL, as I mentioned. The first piece relates to the ongoing operations of AECL. That's the voted bit. The second piece relates to the divestiture.

You're right, the sale has been concluded. That agreement actually included an acknowledgement by that new company that there were some projects under way that were started by AECL and that are over budget. The government has effectively agreed to hold the company harmless for those cost overruns, because we know those projects are behind schedule. So when you see the divestiture, the

statutory piece, that's because we've agreed to include funding to effectively offset the losses because of those project delays.

[Translation]

Mr. Alexandre Boulerice: If I am not mistaken, because of delays, we are authorizing public expenditures to a piece of a company that has already been sold to a private company.

Ms. Michelle d'Auray: If I can add something, the government had already made contractual commitments. This relates to the Pointe Lepreau refurbishment and a project in Korea, for example.

These are commitments the government of Canada had made. It agreed to continue providing the necessary appropriations, because it had committed to doing that through the company, which was a crown corporation.

So as not to penalize the company that was taking over its contracts, the government honoured its obligation under those contracts, but it set a limit on the amount paid to the company to complete those contracts.

Mr. Alexandre Boulerice: At least there is that.

[English]

The Chair: That's it for your time, I'm afraid, Alexandre.

Next, it's Mike again. Mike Wallace.

Mr. Mike Wallace: I have two quick follow-up questions.

When you something isn't expended in a year and is reinstated, is that because the estimates are presented to us on a cash accounting basis? Tell me if I don't understand this.

Is that not correct? If cash isn't spent in one year, you have to get it reapproved the next year. Is that correct?

Mr. Bill Matthews: It's correct that it's cash, but the more important point is that it's an annual appropriation. With few exceptions, where we have a few agencies that get multi-year funding, it's an annual appropriation. It expires at March 31 if you have not spent it, and that's why we have to come back in the new fiscal year to get it.

Mr. Mike Wallace: If it were presented to us on an accrual basis, would we have to go back again and get it re-passed?

Mr. Bill Matthews: I would say yes. Again, it depends on the model that you're using, but if you actually look at an annual system, if it's not incurred in the year, you would have to come back for Parliament's authority yet again. So it's not a matter of cash versus accrual; it's a matter of it being annual.

Mr. Mike Wallace: And is this done at all government levels?

I was a municipal councillor for 13 years. I don't remember having to re-budget things every year, if they hadn't been completely expended that year.

Mr. Bill Matthews: I can't speak for all, but I will say that provincially you have a mix. Municipalities typically operate more on a cash basis than the more senior governments. In the federal government you have a mix of accrual and cash. The estimates are cash; the budget is accrual. Municipalities were actually very slow to make the transition off cash, so I would expect they were largely dealing on a cash basis.

Mr. Mike Wallace: I'll have to check with our treasurer in our city.

Thank you for the answers. They're always very well prepared.

The last question I have for you is a management question. We made the decision to take the debt collection of student loans out of the private sector and move it into CRA, with the assumption that we were going to do a better job than what we were paying the private sector to do—and some of that delta.

Is this about what we normally write off annually? Or is this higher or lower? Do we know?

Ms. Sally Thornton (Executive Director, Expenditure Operations and Estimates, Expenditure Management, Treasury Board Secretariat): This is normal and this is a three-year accumulation and it's also very similar to what we experienced when we had arrangements with banks and other organizations, rather than in 2000 when we implemented the new system.

Mr. Mike Wallace: Okay.

So here's my management question. Who makes the decision or decides or looks at that program to say yes, we were right, or yes, we were wrong? Is it the responsibility of Human Resources to do that or is there another body that actually looks and says here is where we made the change, we had a look at it and maybe it didn't work or did work? Who's responsible for that?

• (1705)

Ms. Michelle d'Auray: It is HRSDC. They would be responsible, because they're the ones who are responsible for the program.

Mr. Mike Wallace: So they made the recommendation. They implemented it and they're responsible for the evaluation.

Ms. Michelle d'Auray: There was an evaluation done and there will be an evaluation done to determine whether or not this particular mechanism is more effective.

We can get back to you with further information, but as I recall, it was felt that because CRA was already in the collection business on a number of bases for government-funded initiatives, it made sense for it to take on that responsibility.

Mr. Mike Wallace: Right. Thank you.

Thank you, Mr. Chair.

Mr. Bill Matthews: Mr. Chair, the advantage for CRA is that they can offset student loans against tax refunds. So you have an integrated collector there, because CRA—

Mr. Mike Wallace: I'm not complaining about it. But for us to review whether the decision was a right one, I would like to see the answer.

Ms. Michelle d'Auray: It is an evaluation that would be done. Normally, evaluations are done on a five-year basis to be able to

ascertain whether or not the program has achieved the results provided.

If I just may add something on the question of reprofiling. Not every program for which funds haven't been expended is automatically reprofiled. There is in fact a fairly extensive challenge function that is undertaken, and the approvals have to be given for the reprofile to be presented. So there isn't an automatic reprofiling.

Mr. Mike Wallace: Okay.

Ms. Michelle d'Auray: I just wanted you to know that. There seemed to be an assumption that just because—

Mr. Mike Wallace: So it's not as if, "We get it approved this year, don't worry about it, as we'll get it automatically approved next year."

Ms. Michelle d'Auray: No, there is no automatic approval. The only "automatic", if I can put it that way, is the 5% carry forward, called the operating budget carry forward.

Mr. Mike Wallace: Right.

Ms. Michelle d'Auray: That is also capped to the operating expenditures of a department.

Mr. Mike Wallace: Thank you very much.

Thank you, Mr. Chair.

The Chair: You ended up using up your five minutes after all.

Next for the NDP, we go to Mathieu Ravignat.

[Translation]

Mr. Mathieu Ravignat: First, I would like to thank you for being here and for your important contribution.

My first question relates to a development contract for certain federal buildings between SNC-Lavalin and Public Works and Government Services Canada. The reason I am asking is that the representatives of this department could not answer my question.

Where does the overbilling, which is rather substantial, appear in the cost estimates?

Ms. Michelle d'Auray: I did not follow the comments by Public Works and Government Services Canada. If there was a recovery, it would be in the public accounts. You would see a recovery for overbilling, if there was. So you would see those items in the public accounts, but probably at a fairly high level of aggregation. A line might say "Recovery for certain activities" as is the case for payments made in relation to various initiatives or activities.

Mr. Mathieu Ravignat: Would that be for overbilling in the general sense of the term?

Ms. Michelle d'Auray: It would really relate to recovery. That is, if there were a recovery or there were somewhat more specific cash inflows, that would be in the public accounts.

Mr. Mathieu Ravignat: I see that Mr. Matthews and Ms. Thornton are searching in the document. Could you be more specific?

[English]

Mr. Bill Matthews: Merci.

I just wanted to find the actual amount given in the supplementary estimates to Public Works, and there is funding for the renovation of the parliamentary buildings. There's nothing in here about recovery of costs.

The way cost recovery works, as the secretary indicated, is that it shows up in the public accounts. If it's recovered in a subsequent fiscal year, you actually have to ask for the money again, because we're into a new fiscal year. So you will not see net recovery of costs in a supplementary estimates document.

[Translation]

Mr. Mathieu Ravignat: My second is about the Green Infrastructure Fund.

There was a significant decrease in that fund, in relation to the capital budget of the Correctional Service of Canada. According to the Public Accounts of Canada, about \$5 million of that fund has been spent. The budget was \$1 billion.

Do you know why that amount has not been spent? We are actually talking about 90%.

• (1710)

Ms. Michelle d'Auray: Are you talking about the Green Infrastructure Fund or the Correctional Service of Canada?

Mr. Mathieu Ravignat: I am talking about the Green Infrastructure Fund. Excuse me.

Ms. Michelle d'Auray: You mentioned the Correctional Service of Canada and I lost the thread of your question.

Mr. Mathieu Ravignat: No, I am talking about the Green Infrastructure Fund.

Ms. Michelle d'Auray: Are you referring to the public accounts?

Mr. Mathieu Ravignat: Yes.

Ms. Michelle d'Auray: If we may, we are going to examine the document.

Mr. Mathieu Ravignat: Yes, that's fine.

Ms. Michelle d'Auray: It is a supplementary request. I was not prepared to talk about the public accounts. My colleague can—

[English]

Mr. Bill Matthews: While the secretary is looking for that, what you'll find in the public accounts is the actual display of the authorities that were available for use, as well as the actual spending. You will not actually see an explanation as to why. Typically, with a program like that, you're waiting for projects to be submitted and approved and evaluated, and all of those things. The public accounts will tell you what was authorized. It's an "up to" amount, so it's a maximum. It does not force you to spend all of that money.

The Chair: You have one minute....

[Translation]

Ms. Michelle d'Auray: I am looking for infrastructure. I'm sorry.

Mr. Mathieu Ravignat: You could provide me with the answer later.

Ms. Michelle d'Auray: We could perhaps answer you in writing.

Mr. Mathieu Ravignat: Yes, because it is a fairly specific question.

[English]

Ms. Michelle d'Auray: Perhaps we can reply in writing, rather than my trying to scramble to find it.

The Chair: That would be a good idea.

[Translation]

Mr. Mathieu Ravignat: That would be appreciated.

I will ask my final question. In the document from the Parliamentary Budget Officer, it refers to a substantial increase, in percentage terms, in the Treasury Board Secretariat of Canada reserve for employee benefits.

Since the government is first spending millions of dollars to make cuts in the public service, are those funds attributable to senior public servants, for example EX-1 to EX-5 positions? Does that include the bonuses?

Once again, my question is very specific. This is information I would very much like to know.

Ms. Michelle d'Auray: To clarify the nature of the question, are you referring to the report of the—

Mr. Mathieu Ravignat: I am referring to the Treasury Board Secretariat of Canada reserve.

Ms. Michelle d'Auray: Are you referring to compensation?

Mr. Mathieu Ravignat: I am referring to employee benefits.

Ms. Michelle d'Auray: Are you talking about vote 20 or vote—

Mr. Mathieu Ravignat: I would have to find it.

Ms. Michelle d'Auray: Right.

Mr. Bill Matthews: If I understand correctly, this is in Mr. Page's report.

[English]

He has provided an analysis of the estimates to date, which is for the main estimates plus supplementary estimates (A) and supplementary estimates (B). The amount that's actually driving that is the Treasury Board central vote related to severance, which we discussed a bit earlier at this meeting. Supplementary estimates (A) contained \$1.3 billion. Because TBS is the employer and has a central vote, we have all of that amount in personnel expenditures. So he was adding that all together. That is actually painting a bit of a misleading picture about TBS as a department.

The Chair: They're all finished.

Mathieu, you're well over your time.

Mr. Mathieu Ravignat: I was going to ask you how it was misleading, but that's okay. I'm out of time.

The Chair: Actually, just before we go to the next questioner, I'd like a point of clarification, if you don't mind.

We talked about the AECL divestiture in part of one of the statutory items of \$285 million. Can you just remind me what the agreement was between the government and SNC-Lavalin? I understood that we more or less paid them to take over AECL for us. Now my understanding is that we're giving them another \$285 million to offset any liability they may have inherited when we gave them this company. Is that right?

Mr. Bill Matthews: The agreement was not for all of AECL. It was for part of AECL.

The Chair: It was for only the profitable part.

Mr. Bill Matthews: That part of the organization actually had some refurbishment or life extension types of projects—I believe the Bruce Power plant is one, and there's one in Korea—which are known to be incurring costs greater than the revenue. That was the part of the deal where the government agreed, as the secretary mentioned, to put a cap on how much, but basically backstopped the liabilities on those three or four specific projects.

The Chair: So that was part of the original deal?

Ms. Michelle d'Auray: It was because the original contracts and the original liabilities were incurred by the Government of Canada. That was done by the commercial arm of AECL, and the contracts were signed by the crown and, therefore, the crown was still responsible and is still responsible.

The company has agreed to take on the responsibility for delivering on the contracts, but the refurbishment contracts were signed many years ago by the crown, by the Government of Canada. I think there were three or four, and I think that of the four, two of them have been closed and the other two are on the verge of being completed.

• (1715)

The Chair: It seems to me like the kind of deal that Jack and the Beanstalk would make.

Mr. Mathieu Ravignat: It's called corporate welfare.

Mr. Mike Wallace: It's 5:15. Isn't that when we're done?

The Chair: Yes, that's true. I suppose we are.

Is that the agreement of the committee?

Well, I know, Scott, you came all the way over here to question—

Mr. Mike Wallace: We're going to go in camera in both.

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Wind-
sor, Lib.):** If I told you I came all the way from Newfoundland this morning, would you believe me?

An hon. member: No.

Mr. Scott Simms: You'd probably be right.

The Chair: As Chair, if I could suggest this. We don't have very much to do in the private in camera portion of the meeting. I think it will only take a minute or two. Is there a willingness of the committee to give the Liberals their last turn questioning the Treasury Board?

Mr. Mathieu Ravignat: That would be fine for us, yes.

Mr. Mike Wallace: No more than five minutes, and then we've got to go.

The Chair: Five minutes.

Mr. Mike Wallace: Scotty gets the last five minutes.

The Chair: The last five minutes are for the Liberals and then we'll go to our camera work.

All right, Scott, you have the floor.

Mr. Scott Simms: I'd like to apologize to my guests for witnessing the abuse that I received.

Some hon. members: Oh, oh!

The Chair: It's not pretty at all.

Mr. Scott Simms: No, it's not pretty at all. It's the moustache talking.

Under vote 5, government contingencies, I just have a quick question about AECL there. Can you give me some more details as to what the contingency vote is that we're talking about here—and also on vote 10, government-wide initiatives?

I'll try not to take up too much of your time.

Mr. Bill Matthews: Vote 5, government contingencies, is basically for unforeseen circumstances that a department or organization cannot fund itself and cannot wait for the next estimate cycle.

Mr. Scott Simms: Particularly on AECL...?

Mr. Bill Matthews: In particular, AECL.... As you know, they've had some challenges.

The way the government contingency vote works is that a case is made; it is effectively approved; and money is provided; and then we come back later through the estimates process to effectively top that back up. So this is an urgent type of funding mechanism in-between estimates processes.

Mr. Scott Simms: Are we fleshing out the details of what caused the urgency?

Mr. Bill Matthews: Well, AECL did not have enough funds to operate.

Mr. Scott Simms: And what is vote 10, government-wide initiatives, for?

Mr. Bill Matthews: Vote 10, government-wide Initiatives, is typically used for projects that involve multiple departments, typically around improving efficiencies or service delivery, and those types of things. I can't recall off the top of my head if we have funding in vote 10 for this.

Ms. Michelle d'Auray: There's very little in vote 10. There's about \$10 million left.

Mr. Bill Matthews: Yes.

Ms. Michelle d'Auray: It has been used in the past when initiatives such as Government Online, for example, are established. In this case, vote 10 was used to transfer funds to government departments. You can use supplementary estimates or estimates processes, or you can use allocations from central votes, but the description of the central votes is actually on page 147 of the supplementary estimates. So get a sense there that vote 10 is to supplement other appropriations, if you have a government-wide initiative. And you normally report against that vote.

Mr. Scott Simms: It's across departments, is that what you're saying?

Ms. Michelle d'Auray: Yes, it's across government—but we use that very infrequently. It is a vote that can be used for those initiatives, but is very seldom used because we tend to want to actually have the amounts ascribed to each of the operating votes of each department, because that is a cleaner reporting mechanism.

Mr. Scott Simms: Normally \$10 million is what...?

Ms. Michelle d'Auray: It's what's left in the vote right now. There's nothing attributed to it. It is just an unallocated amount that is sitting in the vote. It is not allocated; it is not being allocated to any activity.

The Chair: Good.

That concludes the testimony from our witnesses. We thank you all very much. It was very useful, very helpful. You're always welcome back here. In fact, we need you back here on a regular basis.

Thank you for coming.

• (1720)

[*Translation*]

Mr. Alexandre Boulerice: Mr. Chair?

[*English*]

The Chair: Yes, Alexandre Boulerice.

[*Translation*]

Mr. Alexandre Boulerice: I move that the rest of the meeting of the committee continue in public. I also ask that members' votes on

this subject be recorded. I do not think there is any reason to keep what we want to discuss secret. These are things we can discuss in front of everyone.

[*English*]

The Chair: So you're interested in having the rest of the meeting, the planning part of the meeting, done in public—

Mr. Alexandre Boulerice: Exactly.

The Chair: —rather than in camera.

That motion is non-debatable.

All those in favour of doing the rest of the planning meeting—

An hon. member: A recorded vote.

The Chair: A recorded vote is being called for.

(Motion negatived: nays 7; yeas 4)

The Chair: This is the problem: there are more guys on that side than this side.

Mr. Mike Wallace: It's not really a problem.

The Chair: It depends on your point of view.

All right, we're about to go in camera then. We'll suspend the meeting briefly while we clear the room of guests.

[*Proceedings continue in camera*]

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