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

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**EVIDENCE**

**Wednesday, March 7, 2012**

—  
**Chair**

**Mr. Pat Martin**



## Standing Committee on Government Operations and Estimates

Wednesday, March 7, 2012

•(1535)

[English]

**The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)):** Good afternoon and welcome to the 32nd meeting of the Standing Committee on Government Operations and Estimates.

I'd like to welcome our witnesses, representatives from the Department of Human Resources and Skills Development, but if you will give us one moment, I'd like the clerk to tell you what he just told me because it has a bearing on the rest of our supplementary estimates (C) study.

Can you explain, Marc-Olivier, what you just explained to me?

**The Clerk of the Committee (Mr. Marc-Olivier Girard):** Thank you, Mr. Chair.

[Translation]

As I explained to the chair, I heard a rumour that the last opposition day for this supply period, which ends on March 26, will be held next Monday, on March 12, and that the announcement would no doubt be made tomorrow after question period.

Since the announcement will be made tomorrow afternoon, the chair will be able to table the committee report on the Supplementary Estimates (C) for the Privy Council Office. However, if you apply the rule that the committees must report on their supplementary estimates three sitting days prior to the last opposition day, we'll know tomorrow that today was the deadline to report on the Supplementary Estimates (C).

You have two meetings next week, one with Public Works on Monday and one with Treasury Board on Wednesday. You are supposed to discuss the Supplementary Estimates (C) and the Main Estimates for 2012-2013. As I was telling the chair, I'm awaiting your instructions. Perhaps you'll feel that another discussion on the Supplementary Estimates (C) will be rather pointless.

[English]

**The Chair:** You can see our dilemma.

Go ahead, Mike.

**Mr. Mike Wallace (Burlington, CPC):** It's not really a dilemma.

Unfortunately, the supplementary estimates (C) portion will be deemed approved at those two committees because it will be past the deadline, but that doesn't stop us from talking about the mains for the new year, which everybody has. I think it's a great opportunity.

We have both ministers coming. We just will ignore supplementary (C)s because I think we can still ask questions. It's just that the

committee can't do anything about it in terms of moving that we approve, as we did yesterday, of the two committees that reported.

The mains are still our responsibility, and they're still coming on the mains, so I don't think it really changes much in terms of why we wouldn't want them here.

**The Chair:** John, go ahead.

**Hon. John McCallum (Markham—Unionville, Lib.):** I don't disagree with that except for one little point.

Even though the supplementary estimates (C) will have been deemed approved, if we see items within those that we want to ask questions about, we can still ask questions.

**Mr. Mike Wallace:** There's no stopping it, absolutely.

**The Chair:** Well then, is it our direction to the clerk to leave those witnesses as they stand, the same witnesses to appear at the Monday and the Wednesday meetings?

**A voice:** Yes.

**The Chair:** I will then, tomorrow morning, report the supplementary estimates (C) regarding the privy council.

Okay. Let's use what little time we have to hear the opening remarks from our witnesses then.

Oh, sorry—

**Hon. John McCallum:** While you were talking to the clerk, I think we had a consensus that given the lack of time, we could have five minutes for each party and then call it a day.

**The Chair:** Depending on when the bells in fact begin to ring, yes.

Mathieu, did you want to say something?

**Mr. Mathieu Ravignat (Pontiac, NDP):** No, that was just to reiterate that point.

**The Chair:** Who is the head of the delegation? Mr. Tsang?

Okay, Mr. Tsang, if you would like to begin, welcome.

[Translation]

**Mr. Alfred Tsang (Chief Financial Officer, Department of Human Resources and Skills Development):** Mr. Chair, committee members, thank you for the invitation to appear before the committee this afternoon on behalf of Human Resources and Skills Development Canada. I would like to introduce my colleagues who are with me today: Paul Thompson, assistant deputy minister of our Payment Processing and Services Branch; Jacques Paquette, of our Income Security and Social Development Branch; and Marc Lebrun, director general in our Learning Branch.

Allow me to offer the committee an overview of HRSD's portion of the Supplementary Estimates (C), tabled on February 28, 2012. Through these estimates, we provide Parliament with an update on various statutory programs. Statutory items are included in the estimates for information only because Parliament has already approved the purpose of the expenditures and the terms and conditions under which they may be made through other legislation.

[English]

You will note that the only decrease in the forecast of the adjustment to the statutory items is for the old age security benefit, with an adjustment of \$410 million.

The decrease impacts the forecast and not the actual benefits paid to individuals.

In the fiscal year 2010-11, the federal government paid \$27.2 billion in old age security payments, while it is estimated that \$28.8 billion will be paid in 2011-12. The adjustment of \$410 million is explained by changes in the forecasted average monthly benefit rate, as well as changes in the number of beneficiaries and the total amount recovered from the higher income seniors through the OAS recovery tax.

All of the other statutory adjustments are showing increases. For example, an increase of \$74 million for the Canada student grant program reflects the revised take-up expected in 2011-12 and takes into consideration current disbursement trends.

The Canada student grant program provides up-front grants to students from low- and middle-income families, students with dependents, part-time students, and those with permanent disabilities.

In addition to the statutory items, HRSDC is asking for an additional \$218 million in voted appropriations. This includes \$162 million related to our request for the writeoff of debt owed to the crown for unrecoverable Canada student loans under vote 7. As a general practice, a separate vote is established for authority to write off debt.

A loan to an outside body is considered a non-budgetary item since the loan is expected to be repaid. Student loans are an asset for the Government of Canada and such writeoffs require Parliament's approval.

Mr. Chair, this student loan writeoff item is incremental to the one approved in 2011-2012 supplementary estimates (B). Given that last year's supplementary estimates (C) did not receive royal assent, we had reintroduced this item in supplementary estimates (B) this fiscal year.

The \$162 million included in supplementary estimates (C) is for writeoffs of debt identified as uncollectable in 2011-12. According to the debt writeoff regulations, debts should be written off in the year in which they are determined to be uncollectable. Our request under vote 7 is consistent with such regulations, as we have determined these debts to be uncollectable this fiscal year.

● (1540)

[Translation]

Allow me to provide a little context.

A large percentage of students respect and repay their loans. Some borrowers have difficulties with repayment, and we have measures to support them through the repayment process. Nevertheless, some loans go into default. We have a vigorous recovery process, including working with our partners at Canada Revenue Agency.

[English]

However, the Canada Student Financial Assistance Act establishes a limitation period of six years between the time the borrowers last acknowledge their Canada student loan and any legal activity the crown can undertake to recover that debt. Once this period has expired, the crown no longer has the authority to take action to collect on that debt. Over 98% of our writeoff requests under vote 7 have been deemed unrecoverable for this reason.

The Office of the Superintendent of Financial Institutions is tasked with producing an actuarial report as stipulated in the Canada Student Financial Assistance Act. The Chief Actuary's most recent report, which was tabled in Parliament on October 7, 2011, forecasts direct loan writeoffs over the next 10 years.

For next year, 2012-13, the expected write-off is \$164 million.

Also included in the voted appropriation is \$56 million under vote 1, operating expenditures.

This is for funding to realign operating resources following the review of our department's administrative cost allocation. This request reinstates a corresponding reduction reflected in vote 1 of our main estimates. Timing of the approval process is the reason for the reduction and this request for reinstatement. It represents no net increase of funding for the department.

[Translation]

I hope this overview has given you a more precise idea of the content of the Supplementary Estimates (C) for our department.

[English]

My colleagues and I would be happy to answer your questions.

**The Chair:** Thank you, Mr. Tsang. It was a very helpful overview, and we would love to ask you some questions, but, as you can see, the bells are ringing now as indicated by the lights flashing, and I would need the unanimous consent of the committee to proceed.

They are half-hour bells. We could probably do one three-minute round in each party, and still comfortably make the vote. It's up to you.

**An hon. member:** I don't think so.

**The Chair:** Technically, we are not supposed to meet while the bells are ringing. Do I suspend the meeting, or do I adjourn the meeting?

**Mr. Mike Wallace:** My suggestion is that, if they would be kind enough to come back on another day and talk about their estimates, we may invite them back, but I don't think we can do it today. We're going to have two votes in a row. By the time we come back it will be 5:15 or 5:30, and then we have another set of votes at 5:45.

I think today's agenda in the House is pre-empting them, but I'd be happy to have them back. I had lots of questions for them.

●(1545)

**Mr. Mathieu Ravignat:** I don't have issues with extending our discussion three minutes each, but if that's not kosher, it's not kosher. However, I would certainly want to see the witnesses back.

**The Chair:** Gentlemen, I think you have whetted the appetite of the committee, and we thank you for coming. We apologize for wasting your time in this way, but these are circumstances beyond our control.

We will definitely invite you and your minister back to speak to the mains, and perhaps you could come to support her at that time.

Thank you, Mr. Tsang.

The meeting is adjourned.

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