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## **Standing Committee on Public Accounts**

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**EVIDENCE**

**Tuesday, March 5, 2013**

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**Chair**

**Mr. David Christopherson**



## Standing Committee on Public Accounts

Tuesday, March 5, 2013

• (1530)

[English]

**The Chair (Mr. David Christopherson (Hamilton Centre, NDP)):** I call this 80th meeting of the Standing Committee on Public Accounts to order. I welcome our guests.

Prior to turning to our guests, I would just mention to colleagues, again, as we did at the last meeting when we had a hearing, that there are a number of business items in our work plan that we need to address. Assuming there will be time at the end of this hearing, I will then move us into a business meeting to conduct that part of it. However, that will be at the end.

We will now move forward. Today we are studying chapter 7, Long-Term Fiscal Sustainability—Finance Canada, of the Fall 2012 Report of the Auditor General of Canada.

We have with us representatives from the Auditor General's office and the Department of Finance. I will ask Ms. Cheng and Monsieur Robidoux to introduce their delegations and to make their presentations with any opening remarks.

Ms. Cheng, you have the floor.

**Ms. Nancy Cheng (Assistant Auditor General, Office of the Auditor General of Canada):** Mr. Chair, thank you for the opportunity to meet with your committee today to discuss chapter 7 of our fall 2012 report, on long-term fiscal sustainability. Joining me at the table is Richard Domingue, the principal responsible for this audit.

Long-term fiscal sustainability refers to whether the government can finance its activities and debt obligations in the future without imposing an unfair burden on future generations. Factors like changing demographics can put pressure on Canada's fiscal position in the long term.

After the financial turmoil in 2008 and its negative impact on the government's fiscal outlook, long-term fiscal sustainability became even more important. In this context, analyses that provide a long-term budgetary perspective would help parliamentarians and Canadians better understand the fiscal challenges we face.

[Translation]

Our audit objective was to determine whether the Department of Finance Canada took into account the long-term fiscal impact when proposing budget measures and policies, and whether it reported this type of information publicly.

We first selected six recent budget measures to determine if the Department of Finance Canada analyzed the long-term fiscal impact

of these measures and considered the results when recommending them. To protect the government's fiscal position in the long run, it is important that policy makers understand the future budgetary impact of decisions made today.

Based on our audit, we concluded that the Department of Finance Canada had the capacity and tools to carry out long-term fiscal analyses. We found that such analyses were carried out when the department considered it to be relevant. For changes to the Canada Health Transfer and Old Age Security, the department analysed the long-term fiscal impact of the proposed changes on the federal government, and on the provinces and territories. We noted that the results of those analyses were used to make recommendations.

[English]

We then looked at whether the department reports projections on Canada's long-term fiscal position. Although the department analyzed the impact of individual budget measures, it is also important to make available, before concluding the budget process, an overall assessment of their combined impact on the government's long-term fiscal position.

We found that Finance Canada does prepare an analysis of the overall long-term fiscal position of the government. However, it is not prepared or provided to the minister before the budget process is concluded.

For example, we found that an analysis of the long-term overall impact of the March 2012 budget was given to the minister in August 2012, five months after the budget was tabled.

At the conclusion of the 2012 budget measures, senior management and the Minister of Finance had not been informed of the measures' combined impact on the government's long-term fiscal position.

We recommended that the minister be informed of the overall impact of budget measures before final choices were made and approved. Finance Canada agreed with the recommendation. Starting in 2013, it plans to provide the minister with this information before decisions are finalized.

•(1535)

[Translation]

In its 2007 budget, the Government of Canada committed to publishing a comprehensive report on fiscal sustainability and intergenerational equity. We found that the government had not followed through on this commitment. In the absence of publicly available information—and to illustrate the overall impact of the 2012 budget on the government's fiscal sustainability—we prepared 40-year projections by replicating the economic and fiscal conditions at the time when those decisions were made. As we illustrate in exhibit 7.5 of our report, our projections showed that the 2012 budget will have a significant positive impact on the sustainability of public finances for the federal government.

Within hours of our report being submitted, the department published the government's first long-term fiscal report. In response to our recommendation, the Department of Finance committed to publishing long-term fiscal analyses for the federal government annually. It is commendable that the government implemented this recommendation so quickly. As a result, Canada joins a good number of OECD countries that have published long-term fiscal sustainability analyses.

[English]

In addition to reporting at the federal level, we also recommended that from time to time the department report an analysis for all levels of government combined, including the federal, provincial, and territorial governments. We note Finance Canada has the capacity and the information to prepare a combined report. A comprehensive report would provide a complete long-term fiscal outlook for Canada.

We note the International Monetary Fund recently urged Canada to publish a fiscal sustainability report covering all levels of government. We encourage the government to take steps to analyze the fiscal position for all of Canada and to report it periodically.

Mr. Chair, this concludes my opening remarks. We would be pleased to answer questions from members of your committee.

**The Chair:** That's very good. Thank you, Madam Cheng.

Monsieur Robidoux, you now have the floor. Would you introduce your colleague and make any introductory remarks you may have.

[Translation]

**Mr. Benoît Robidoux (Assistant Deputy Minister, Economic and Fiscal Policy Branch, Department of Finance):** Mr. Chair, members of the committee, thank you.

I want to begin by thanking you for the invitation to appear before this committee to discuss the results of the Auditor General's performance audit on long-term fiscal sustainability presented in his fall 2012 report.

[English]

With me today also from the Department of Finance is Mr. Doug Nevison, general director, economic and fiscal policy branch.

We are pleased with the results of the performance audit of the Auditor General, which confirmed that the Department of Finance routinely conducts sound, long-term fiscal sustainability analyses, and that the results of these analyses are used to inform policy decisions.

I would like to take this opportunity to thank the Office of the Auditor General, Nancy and Richard, for their continued professional working relationships we have enjoyed both through this audit and previous ones.

We have accepted their recommendations and have acted in response.

Mr. Chair, we have tabled our action plan outlining the key steps the department has undertaken in the wake of the Auditor General's recommendations to expand our long-term fiscal analysis and better communicate its results to the public. I understand you received that action plan late, and I apologize. I think there was some issue with the translation at Finance.

Finally, we would be pleased to take the committee's questions.

Merci.

•(1540)

**The Chair:** Thank you.

I appreciate your mentioning the action plan. It was a good move. You got out in front of me.

To let you and your counterparts in other departments and ministries know, I say to colleagues we need to refine the motion a little. It's not as clear and crisp as it should be, and there are omissions. There are supposed to be action plans for all the chapters, even the ones we don't pick, and we haven't been as good at following up on that. It's another area where we'll tighten up. We'll do that at a business meeting.

For now we will continue, and unless there are any interventions to the contrary, it's my intent to begin the rotation.

Seeing no interventions, I will start with Mr. Saxton.

Mr. Saxton, you have the floor.

**Mr. Andrew Saxton (North Vancouver, CPC):** Thank you, Chair, and thanks to our witnesses for being here today.

My first question is for the assistant auditor general. According to your analysis as well as that of the Department of Finance, the Government of Canada is on sound, sustainable, long-term financial footing.

Would you agree with that statement?

**Ms. Nancy Cheng:** Mr. Chair, we did our own projection. Our projection results are quite similar to those of the Department of Finance. You can see that in exhibit 7.5 on page 21.

The chart is not a prediction in the sense that it carries preciseness, but it's the trend line that counts. According to the trend line, after the March 2012 budget, as you see here, the black line shows, moving forward, that the path is rather sustainable.

**Mr. Andrew Saxton:** Thank you very much.

My next questions are for the Department of Finance.

One of the recommendations of the Auditor General is that the federal government should provide long-term fiscal analyses for both the federal and the provincial governments.

I understand that your department does not feel comfortable doing the analyses for the provincial governments because you simply don't have the specific information available.

Can you speak to some of the more practical and technical challenges in the federal government for examining and releasing detailed information on the provincial governments?

**Mr. Benoît Robidoux:** First, from the point of view of the government, the Government of Canada is not accountable for the provinces, so releasing projections for provinces would be somewhat problematic. They don't own their fiscal situation, and it would be somewhat difficult.

Entirely at the Department of Finance, as Nancy was mentioning, we could do analyses based on some assumptions, but we strongly believe that a government should publish their own analyses, defend and support them, and defend the assumptions they've used in these reports. It's not for some other government to decide what the right assumptions are to be used for some other government.

This is the main reason that it's fairly difficult, from a communications point of view, for one level of government to publish results for other levels of government. This is the main issue.

**Mr. Andrew Saxton:** Thank you.

In the opening statements of the assistant auditor general, she mentioned that the federal government had not released its sustainability report until quite recently, even though it had committed to doing so quite some time ago. I think it was in 2007.

Can you explain why it wasn't released sooner? Was it possibly because of the recession and other things that came up in the meantime, or what was the reason?

**Mr. Benoît Robidoux:** Sorry, is this question for me?

**Mr. Andrew Saxton:** Yes, it's for Finance.

**Mr. Benoît Robidoux:** As explained in the report, we prepare analyses on a regular basis at the department. We knew that the government wanted to publish reports, so we did prepare some reports.

Now, as to when these kinds of reports get published, I would say that, effectively, when the global financial crisis happened, our focus changed dramatically and quickly toward the economic action plan and the different phases of it.

For some time, then, this was clearly not a priority at the department, and it was probably not a priority for the government, although I can't speak for the government.

This is one of the reasons that it was kind of postponed. As far as the decision to publish, and when, I think that's more a question for the government.

• (1545)

**Mr. Andrew Saxton:** As I mentioned earlier, the Auditor General's report, as well as the findings of the finance department,

show that the Government of Canada's finances were on solid and sustainable long-term footing.

Since 2006 the government has undertaken numerous steps to address long-term challenges and ensure the sustainability of public finances and social programs for future generations.

Can you highlight some of the steps that the government took?

**Mr. Benoît Robidoux:** As we explained in the report, one of the first steps you have to take on the economic side towards sustainable public finances is to ensure that you maximize your potential growth, which means, in turn, ensuring that people participate in the labour market as much as possible and that your productivity is as high as possible.

In 2006 the government published "Advantage Canada", which is a long-term plan to support long-term growth. The government has taken a number of steps, which are outlined in the report, to support both the labour market participation and productivity through the years. The list is long, and it's fairly difficult to go through it all, but there are major elements such as the building Canada fund, at \$33 billion, for infrastructure to support productivity across Canada. There's also the reduction in corporate and personal income taxes. There were a number of measures, big and small, to support that.

The second item that is important is to look at the public finances. The first thing you need to ensure is that you have a balanced budget or a surplus as often as possible. The government, between 2006 and the global crisis, paid down debt every year, which is the first thing you should do if you want to have a sustainable fiscal situation.

After the crisis, I would say that the two major decisions for fiscal sustainability had to do with a more sustainable path for the CHT and OAS. Those two actions were explained in the report of the Auditor General and in our report as a significant step to ensure long-term fiscal sustainability.

**The Chair:** Thank you. The time has expired.

We'll move along to Mr. Giguère.

[*Translation*]

**Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP):** Thank you, Mr. Chair.

I want to thank the witnesses for joining us.

I would like to discuss income splitting. According to paragraph 7.24 of the Auditor General's report, the department officials estimate that the \$925-million amount will decline over the next 10 years.

Do you think an estimation based on non-validated and undocumented assumptions should be trusted by Canadians?

My question is for the representatives of the Office of the Auditor General.

[English]

**Ms. Nancy Cheng:** Mr. Chair, I just want to make sure that I got the question properly. The member is referring to paragraph 7.24, the \$925 million. He quoted a number of \$900 million. What rings a bell right away is the paragraph referring to income splitting for pensions.

[Translation]

**Mr. Alain Giguère:** Yes.

[English]

**Ms. Nancy Cheng:** This is an estimate prepared by the Department of Finance, and the department would be in a better position to answer this. It is not so much about the amount of savings that one can afford or not, but rather to make a comparison between the growth of the economy and productivity to see if the two are in balance. The whole concern about long-term fiscal sustainability is that if you spend more than the growth in your economy, then your debt ratio will continue to increase—

[Translation]

**Mr. Alain Giguère:** No, madam, I am talking about paragraph 7.24, which covers pension income splitting. It mentions a cost of \$925 million for 2011. Public servants have not conducted any analyses, as they estimated that, within 10 years, income splitting will no longer cost anything, since the gap in revenue between women and men will cease to exist.

• (1550)

[English]

**Ms. Nancy Cheng:** Mr. Chair, I thank the member for that clarification.

Essentially, for this particular measure, the Department of Finance did not do an analysis, because of the reasoning that there are the two-income families. It really is the sentence above that talks about the reduction of the income gap between the spouses. So in their opinion, in the longer term, the ratio of the revenue lost and the growth of the economy won't change significantly.

[Translation]

**Mr. Alain Giguère:** Madam, my question is very simple. You yourself are saying that paragraph 7.24 mentions an undocumented estimate that has not been validated. You yourself seem to be skeptical about the validity of that comment in paragraph 7.24.

How can we rely on a comment that has not been analysed and goes against your general recommendation to systematically conduct studies? That's all I am asking you.

[English]

**Ms. Nancy Cheng:** Mr. Chair, I'll attempt to answer the question once again. The \$925 million is an estimate into the long term, so it wasn't something that we would be auditing. It was an estimate only to that level of precision, and that's why we didn't try to audit that particular number. So the number \$925 million is not precise—you're absolutely right—but it gives an order of magnitude as to how much this revenue measure might cost into the future. That's what the idea was. It was to give an order of magnitude but not to try to measure precisely the amount of that tax expenditure.

I hope that's a better answer.

[Translation]

**Mr. Alain Giguère:** My question is for the Department of Finance, still regarding income splitting.

While going over your information, you said there was no need to conduct an analysis to identify the long-term impacts. You have not documented that data, but the information provided by your department indicates that the pension income gap between men and women is a current, past and future reality.

The Parliamentary Budget Officer has conducted a simple analysis referred to as the valuation of the L variable, which indicated that the gap will not decrease or disappear, but rather increase.

Your own information indicates that this gap will continue to exist, yet you are telling us that it will disappear within 10 years. How do you explain that contradiction?

**Mr. Benoît Robidoux:** I am not familiar with the Parliamentary Budget Officer's analysis. According to the analysis we carried out at the time, if only one of the two spouses earns an income, the gains stemming from income splitting are larger. So fiscal costs are higher. If household composition is stable, the cost will be relatively stable over time. If the composition changes and the proportion increases—both spouses earn an income—that cost will decrease, by definition, as both adults will have an income. In that case, income splitting will be less beneficial for them, and the cost will be lower.

What is being said here and what was said at the time is that, based on past trends, women's increased participation in the labour force and the fact that many households have two income earners, the impact should basically decrease over time. We never said anything about the cost being eliminated, but we did talk about a proportional drop.

**Mr. Alain Giguère:** That's....

[English]

**The Chair:** Sorry, Mr. Giguère, we're way over time. It has expired.

We'll move along to Mr. Kramp. You have the floor, sir.

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

Welcome again to everyone here today.

I have a couple of questions, including one regarding health care funding, which I'll get to in a second.

Before I do that, I'd like to discuss the TFSA. I'm of the personal opinion that it's the greatest thing I've seen since cut cake. I think it's just an absolutely magnificent program. In particular, I'm delighted that we all recognize that retirement income down the road is a challenge, has been a challenge, will be a challenge. I find this to be particularly interesting.

The focus, of course, is that it's a benefit to our young people should they be able to take advantage of this. I think it's almost incalculable down the road.

I would like to have some kind of indication as to what we could expect as a long-term impact out of this TFSA, in terms of how much we could expect to see in tax savings. I know it's difficult to go eight, 10, 12, 15, 20, 30, 40, or 50 years down the road, but of course when governments bring in programs like this that are lengthy in usage and application, I think we need some kind of broad guesstimates and/or we need to know the mechanics of how you arrive at your decision.

For the Finance department, what are we looking at in tax savings for the foreseeable future with the utilization of the TFSA?

• (1555)

**Mr. Benoît Robidoux:** This is a case where, as you said, it's a very powerful tool for saving for the future. We looked at the impact. In the short term, it was fairly small. We started small but it increases by \$5,000 every year. It's cumulative, so potentially the savings and the household advantage grow over time and the fiscal impact too. This was fully factored in at the time when the decision was taken about the impact.

I don't have the analysis with me, but what we found was that over the long period the impact was potentially bigger, but over 10 years it was fairly manageable because we were starting from nothing, so very small. This has been fully accounted for. Also, this measure was assumed to plateau at some point where people would max out a bit on the use of that savings tool. It was kind of plateauing at some point, as far as I remember.

Again, I am not the expert on that and I think it would be a good question for my tax colleagues who did the analysis at the time. It was a while ago and I'm kind of busy on some other budgets right now, but this is what I remember from that analysis.

**Mr. Daryl Kramp:** Great. I thank you for that. Certainly, that is a question we could take a look at.

Would the Auditor General have any indication whatsoever on the long-term implications for taxes, or for benefit on this, or did you do any analysis whatsoever on this?

**Ms. Nancy Cheng:** Mr. Chair, not on this particular tax measure.

**Mr. Daryl Kramp:** Okay, fine. Thank you very much.

Slipping across now to, I guess it's a hobby horse, but it's also critical for all of us, there isn't a member of Parliament, certainly around this table, and most Canadians, who don't share a concern with regard to health care in Canada. There are many, many options out there. In many cases we live in a falsehood that we have nothing but the best in the world when in reality we have many jurisdictions that can claim to provide better health care for less money. There is no doubt there is room for improvement. There is a way that we have to look at how we're going to do that, how we can improve health care services while certainly controlling the cost.

I think we're well aware that this government in particular, over the past number of years, has put the escalator clause at 6% per year to 2016-17, with the recognition that health care in its present direction is just not sustainable.

I can recall being involved earlier when health care took about 23% or 24% of the provincial budget in Ontario. Now it's upwards of 48%. It certainly is not sustainable going forward. There has to be

some acknowledgement that we have to have some significant changes.

I've been at round tables. I've listened to medical professionals all over and they, quite frankly, are in concurrence with this, so everybody's looking for that solution.

I'm pleased to say that most of the provinces are actually heeding this. My understanding is that their expenditures are going up in the range of 3% to 4% even while we're contributing 6%. Of course, that escalator will slow in 2017 and on. I understand that we are still committed to a base of 3% plus inflationary measures in there.

Going forward, is what I've said here a true assessment of the reality of the situation? This is what I'm being led to believe by all the professional people I'm dealing with, both in my riding and around the country, but I'd like to have the official version on behalf of Finance.

**Mr. Benoît Robidoux:** In a nutshell, we tend to fully agree with what you've said. You are right on the facts. Effectively, the data we have this year for provinces is that they are in the range of 3% to 4% rate of growth in spending on health care. Their spending has been going down quite significantly in recent years. They will receive 6% up to 2016-17. After that, they will receive a minimum of 2%, or the rate of growth in nominal GDP. That could be more in the range of, in normal years, 4% to 4.5%. Therefore, that is what they would receive.

Effectively, although it's fairly complicated to control the costs of health care on the ground, the only solution over a long period, like we have analyzed in these documents of 50 years and 30 years, is to control such a big element of spending. The only way is to control it and make sure that it is not growing faster than GDP, which is your base of taxation.

The only other solution is to increase taxation without limit, or to reduce spending elsewhere, like in education and so on, which are also big elements on the provincial side, again without much limit. This is fairly technical in these kinds of projections, but this is in fact the dire reality of all of these people. There's not much of a way out. You need to control it over time.

• (1600)

**The Chair:** Very good, thank you.

The time has expired.

Madame Blanchette-Lamothe, you have the floor.

[*Translation*]

**Ms. Lysane Blanchette-Lamothe (Pierrefonds—Dollard, NDP):** Thank you very much.

Ms. Cheng, I have a few questions about the second recommendation of your report.

You mentioned it in your presentation. You suggest that the Department of Finance provide from time to time another analysis for all governments combined, including the provincial and territorial governments.

Could you explain to us, in about one minute, why such reports should be produced?

[*English*]

**Ms. Nancy Cheng:** Mr. Chair, in the recommendation, we asked for a complete picture for Canada as a whole. This is particularly relevant when you are dealing with big changes that affect federal-provincial transfers. On the one hand, while you have a picture whereby the federal finances have changed as a result of certain transfer measures, it might look differently on the side of the provinces. When you step back to look at Canada as a whole, if you only provide the federal picture, you don't have a complete one. You need the provinces to be able to round off the picture.

Going back to the first question about whether Finance is accountable for the actions of the provinces, by no means in any way are we suggesting that by providing a report like that Finance is responsible and accountable for those actions. It seems that Finance would be, or the federal government would be, in the best position to provide this kind of combined picture rather than relying on the research of Parliament, like the PBO, or a private sector think-tank to provide that picture. Both the OECD and the IMF suggest and encourage the Canadian government to provide those kinds of pictures as a whole.

[*Translation*]

**Ms. Lysane Blanchette-Lamothe:** Thank you very much.

When you say a report should be produced, do you also mean it should be made public? Is that part of your recommendations to the Department of Finance?

[*English*]

**Ms. Nancy Cheng:** Our recommendation is to have such information published in the public domain.

We suggested that it would be from time to time, so we're certainly not trying to put excessive onus on the government and the Department of Finance to try to produce this type of information on an annual basis. It's really up to the judgment of the government as to when it might be appropriate. Once you've done it once, then I guess it depends on the measures that get introduced. If there are significant changes, then maybe it's time to publish another one. It doesn't seem to call for an annual publication of this type of report.

[*Translation*]

**Ms. Lysane Blanchette-Lamothe:** Thank you very much.

That is the source of the problem for parliamentarians. Thanks to your report, we know that the Department of Finance conducts analyses on long-term sustainability impacts for the provinces. Those analyses are conducted, but access to that information is problematic. As you just pointed out, publishing that information on sustainability projections does not necessarily make the department accountable for the provinces.

Are there any rules that would formally prevent the Department of Finance from producing and publishing such reports?

[*English*]

**Ms. Nancy Cheng:** Mr. Chair, certainly, I'm not aware of any particular prohibition. It depends on the sensitivity and the confidentiality of the information that the provinces choose to share

with their federal counterpart. If there is indeed confidential information, then obviously that should not be shared in the public domain like in a combined report.

We're recommending a combined report. We're not suggesting that there should be an analysis for each individual province, but one combined report for all of Canada. It doesn't necessarily call for a lot of precise information on a specific province. If Finance agrees that this would be the right thing to do, then that would seem like it's doable.

• (1605)

[*Translation*]

**Ms. Lysane Blanchette-Lamothe:** Thank you.

Your recommendation is clear. You have just expanded on it. The department's response leads me to believe that it accepts your recommendation, but that it will not implement the second part of it, which calls for publishing reports on sustainability impacts for the provinces. The details of the response give me the impression that the department will not implement your recommendation fully.

You can confirm or deny what I just said, and Mr. Robidoux could then say whether or not he agrees with that part of the recommendation, which consists in publishing analyses on the provinces' long-term sustainability.

[*English*]

**Ms. Nancy Cheng:** Thank you, Mr. Chair.

I think I've indicated what our recommendations are composed of, and I don't have comments to add.

[*Translation*]

**Mr. Benoît Robidoux:** I just want to repeat that the government did say, in its response, that it would publish long-term fiscal sustainability analyses for the federal government, but not for the provinces, since the government is not accountable for the provinces.

**Ms. Lysane Blanchette-Lamothe:** That means you are not accepting the recommendation fully. Correct?

**Mr. Benoît Robidoux:** Yes, we accepted part of the recommendation.

**Ms. Lysane Blanchette-Lamothe:** Do I have any time left, Mr. Chair?

[*English*]

**The Chair:** I was waiting for the translation to be completed so we aren't cutting off your important words and the words of our witnesses.

We are done there. Thank you very much, and now, Mr. Aspin, you have the floor, sir.

**Mr. Jay Aspin (Nipissing—Timiskaming, CPC):** Thank you very much, Chair, and welcome to our guests. My first question is with regard to the approach to and interpretation of a methodology.

With respect to long-term economic projections released by any organization, do you believe they should be treated as firm, educated projections based on today's factors? That is, should we also treat them with some important caveats? Indeed with today's global uncertainty, is it possible that today's baseline and economic and fiscal projections might be thrown substantially off course?

**Ms. Nancy Cheng:** Mr. Chair, certainly these are projections and not predictions, so they don't come with any precision with respect to what the point estimates might be. Even with our estimation, if you look at the graph on page 21, exhibit 7.5, you'll see we've included grey zones. That's why the OECD best practices encourage sensitivity analyses, because the economic and the demographic assumptions cannot be precise. Things do change and the assumptions can be off. Any of those elements that might be off by a small percentage could have a significant impact as you project to the long-term.

We're trying to get the general trend line rather than a precise point estimate of any particular measure at a particular point.

**Mr. Jay Aspin:** Thank you.

As a follow-up question with respect to government spending, "Government actions to return to balanced budgets over the medium term and preserve social programs will help ensure that public finances remain sustainable"—there's no doubt about that—"while maintaining Canada's long-term economic and fiscal prospects."

On that note, I'm wondering how important will restraining government spending and ensuring existing spending is as efficient and effective as possible be to maintaining a sustainable fiscal track for Canada going forward and providing Canada with the flexibility to respond to unexpected economic shocks in the future.

• (1610)

**Ms. Nancy Cheng:** Mr. Chair, we did not specifically look at the impact of spending measures in our audit. Having said that though, when we look at the overall analysis for budget 2012, we identify that spending measures would be an important factor as well in terms of making sure the government is on a sustainable path. The big measure there is the CHT, the Canada health transfer, which accounts for about 60% of the government's improved situation. We have identified that in paragraph 7.54.

We also highlighted the fact that changing the age of eligibility for the OAS is contributing to that and also the spending restraint measure, which is what the member talked about a moment ago.

**Mr. Jay Aspin:** Chair, how is my time?

**The Chair:** You've got a minute and a half.

**Mr. Jay Aspin:** You mention that spending is a factor. How important a factor? A number one factor?

**Ms. Nancy Cheng:** Mr. Chair, we have not done a specific analysis on spending restraint as a measure. We looked at six specific measures and we looked at the overall impact. We would not be able to identify the exact extent to which the spending restraint contributes to the overall improved picture.

The single biggest factor is the change in the CHT escalator that was discussed a few minutes ago, and that alone accounts for 60% of the improved picture for the government.

**Mr. Jay Aspin:** CHT being...?

**Ms. Nancy Cheng:** I'm sorry, Mr. Chair, it's the Canada health transfer program.

**Mr. Jay Aspin:** Okay. That accounts for 60%.

Could you just outline, for my benefit, a few of the other factors as well?

**Ms. Nancy Cheng:** In the report we highlighted primarily three factors: the CHT, the Canada health transfer program; the old age security, increasing the age of eligibility; and the spending restraint. But the lion's share is borne by the CHT program.

**Mr. Jay Aspin:** Which you say is over 60%.

**Ms. Nancy Cheng:** About 60%.

**Mr. Jay Aspin:** Okay, thank you.

Thank you, Chair.

**The Chair:** Thank you.

We'll move over now to Mr. Byrne. You have the floor.

**Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.):** Thank you, Mr. Chair.

I'd like our witnesses to draw their attention to the issue of making long-term fiscal sustainability analyses public.

Ms. Cheng, you noted in your remarks that long-term fiscal sustainability analyses have been regularly prepared since 2010. Without prejudice, notwithstanding the issue of making provincial or territorial analyses public, which I'll defer because the issue is a bit contentious, regarding the federal fiscal long-term sustainability analyses, are you disappointed and is the Auditor General of Canada disappointed that the Government of Canada has failed to make public the long-term fiscal sustainability analyses that have been prepared since 2010?

**Ms. Nancy Cheng:** Mr. Chair, we basically noted the situation. As a matter of fact, we did identify that some years ago when we did a study on long-term demographics. We did encourage the government to provide information in a public forum. We saw that the government made a commitment in 2007 to provide such information, so our hope and expectation were to see that the government does make this particular information public. The government did not, and we basically take note as a matter of fact.

**Hon. Gerry Byrne:** Are there negative consequences to parliamentary oversight of government spending by not making this information public, either to parliamentarians or to the Canadian public?

**Ms. Nancy Cheng:** We certainly see the value of providing this information to Parliament and the public. In the report we actually identify a number of benefits. These are our thoughts, but also they are identified by various best practices that we saw, including recommendations from the OECD, and that would be on page 18. You see that in paragraph 7.52 we talked about increasing transparency, increasing the ability for Canadians to better understand what the future looks like based on the analysis of the impact of the specific measure. It helps hold leaders accountable. It also provides more transparency to capital markets that might wish to invest in Canada. The list goes on, and there are a number of benefits.

• (1615)

**Hon. Gerry Byrne:** Thank you.

On page 2 of the Auditor General's report it states:

This lack of reporting means that parliamentarians and Canadians do not have all the relevant information to understand the long-term impact of budgets on the federal, provincial, and territorial governments in order to support public debate and to hold the government to account.

Ms. Cheng, did you or your principal auditor, Mr. Domingue, have an opportunity to review these reports dating back to 2010, 2011, and 2012?

**Ms. Nancy Cheng:** Mr. Chair, I believe we did have access to the 2007 report. I don't know if we did review other reports that were published more regularly. We wanted to know whether those reports were being prepared and how often they were prepared. Based on the evidence that we saw, we were able to conclude that in 2010 onward they were prepared regularly.

**Hon. Gerry Byrne:** So you know that they exist.

**Ms. Nancy Cheng:** Yes.

**Hon. Gerry Byrne:** Then I'll turn to Mr. Robidoux.

Would you be prepared, Mr. Robidoux, to make these reports available to the committee for our own analysis, since they are indeed referenced in the Auditor General's report?

**Mr. Benoît Robidoux:** I think you have the report of the government with you, or if you don't, we could provide it to you, the one that has been published. I think this is the report. I think the other reports that are mentioned are not reports but are analyses that we are doing on a regular basis to advise the Minister of Finance.

**Hon. Gerry Byrne:** Thank you, but it says in the Auditor General's report, "While long-term fiscal sustainability analyses have been regularly prepared since 2010, they have not been made public". Would you be prepared to make those reports that are noted in the Auditor General's report now public, since 2010?

**Mr. Benoît Robidoux:** As I'm saying, it's what you just read there. They are analyses, not reports—just to be clear—that we did for the Minister of Finance to inform him about the situation, and so in that context it would be up to the Minister of Finance and the government to decide to release those analyses that were provided for advice to him.

**Hon. Gerry Byrne:** Well, I think, Mr. Chair, that we have a hostile witness, because we're splitting hairs. If there was a report given, unless it was a verbal report, there must have been something on paper.

I'll now refer this, and provide a notice of motion to the committee, which I'll move later on, Mr. Chair, that the committee order the Department of Finance to produce the documents referred to in paragraph 7.50 of chapter 7 of the Fall 2012 Report of the Auditor General of Canada to the House of Commons, entitled "Long-Term Fiscal Sustainability—Finance Canada", and which have not already been made public, namely, long-term fiscal sustainability analyses from 2010 to the present; and that the documents be deposited with the clerk within seven calendar days of the adoption of this motion; and that the committee defer the consideration of a draft report on chapter 7 of the Fall 2012 Report of the Auditor General of Canada to the House of Commons, entitled "Long-Term Fiscal Sustainability—Finance Canada", until the documents are deposited with the clerk.

I give notice of that motion because, Mr. Chair, we do not seem to have a sense within this committee that you are committed...the Department of Finance of the Government of Canada does not seem in the least bit committed to honouring its 2007 commitments in the budget, wherein it was stated that you would provide this information on a public and ongoing basis.

If you're telling me now that these reports don't actually exist from 2010, 2011, and 2012, and that the Auditor General actually had it wrong when the Auditor General stated to us in his report to Parliament that "while long-term fiscal sustainability analyses have been regularly prepared since 2010" but "have not been made public", would you like to re-craft your answer to this committee now?

**Mr. Benoît Robidoux:** Sure, I will not re-craft but restate that we did analyses, and they are documented in this report, in the report of the Auditor General. I was just making the nuance about a report for publication. Those—

**Hon. Gerry Byrne:** I understand...*[Inaudible—Editor]*

**The Chair:** Mr. Byrne, please, you're out of time.

**Mr. Benoît Robidoux:** —were internal analyses of the Department of Finance. They were not reports prepared for publication with the intention of getting them published. This was my only nuance.

**The Chair:** Okay. We have your answer on the record.

Mr. Byrne has served notice of a motion. We'll deal with that at the end of this meeting.

Very well, moving on to the next speaker, it would be Mr. Hayes, who now has the floor.

**Mr. Bryan Hayes (Sault Ste. Marie, CPC):** Thank you, Mr. Chair.

Ms. Cheng, you indicated that the approach wherein officials use professional judgment to determine whether the long-term fiscal impact needs to be considered is a reasonable approach. Can you give me some sense of under what circumstances professional judgment would be used?

•(1620)

**Ms. Nancy Cheng:** Mr. Chair, we actually have selected six measures. In some of those measures, a good example would be the GST reduction from 7% to 6% and then to 5%. On that particular measure, Finance exercised its judgment and decided that it was not going to be a significant impact in terms of the change, of the debt relative to GDP moving forward as a result of that measure. Therefore, it is not worthwhile to actually prepare a long-term analysis on that particular measure, and one was not done.

We do have to respect judgment from the managers in terms of their call, and we cannot be second-guessing the management's call. Provided that they have thought it through and they have a rationale for that, we do accept that they need to make that judgment call from time to time.

We do call it an opportunity for improvement, though, because when those judgment calls are made, it's not obvious how much conversation they have among staff, or whether senior executives are in agreement and they agree to consider making a better documentation to improve the due process as they move forward.

**Mr. Bryan Hayes:** With respect to item 7.24 as discussed earlier, it states:

Officials indicated that such an analysis was not relevant because the cost of the measure in the long run would be offset by a reduction in the pension income gap between spouses. The Department assumed that the proportion of families with two income earners would gradually increase, lessening the opportunity to split pension income.

To me, that sounds like a reasonable professional judgment. In your estimation, is that a reasonable assumption or a reasonable professional judgment call?

**Ms. Nancy Cheng:** Mr. Chair, we did accept that explanation and did not question Department of Finance further on that. In a lot of the other measures, we tried to do our own projection, but it would be difficult to do one on pension income splitting.

In the report I think we explained that Finance has at its own disposal a number of models, including a T1 simulation model. This is a fairly complex model that we cannot replicate within the Office of the Auditor General. We were not in a position, nor are we in a position, to actually do projections ourselves to see if there's any reason to question that assumption. We have not chosen to challenge Finance on that and accept that as a judgment call.

**Mr. Bryan Hayes:** That being said, you have reviewed assumptions. Some of the assumptions that one would look at, obviously, are GDP, growth, wages, productivity, and interest rates.

I'm just curious as to how you ensure accuracy. I'm sensing the government was very accurate in their assumptions, because your models came very close to the government models with respect to the Canada health transfer, with old age security.

Can you speak to the accuracy of the assumptions that were made in terms of building these models?

**Ms. Nancy Cheng:** Mr. Chair, I would make reference to paragraph 7.21, where we talk about the fact that the Department of Finance uses a number of assumptions and about the work that we do around that.

Essentially, we first look at the process in terms of how Finance itself would know that the assumptions it used are reasonable ones or would stand some challenge. They do look at the validity of them by comparing with other forecasters, by looking at peers.

We look at it in terms of ranges. And that is why you also have the sensitivity analysis to say that because it's not precise, it could be off by a bit, and if it's off by a certain percentage, what the implications might be in the long term.

All of those things are done to give it that rigour in terms of that analysis. Again, I have to re-emphasize that these are projections and not predictions. I would not associate the word "accuracy" with any of these numbers. It's to give the policymakers an idea of the impact of this going out a number of years, whether it's going to help the overall financial outlook of the country in the long run or not, whether in the long term we have to raise taxes or cut other benefits because of decisions made today. It's to help support those kinds of informed decisions.

**The Chair:** You have a half a minute, if you want.

**Mr. Bryan Hayes:** No, this question would be a lot longer.

**The Chair:** I very much appreciate your discretion and consideration for the rest of us.

We'll go over to Mr. Allen. You have the floor, sir.

**Mr. Malcolm Allen (Welland, NDP):** Thank you very much, Chair.

Thank you to all for coming.

Mr. Robidoux, I'm doing this from my memory here, from what you said earlier in talking about the analysis done on the long-term liability and sustainability in the budget aspects that you've done. I don't doubt the word "analysis".

You said earlier the release of those particular reports, talking about 2007, and I'm assuming—and that's a big word, I know, in the sense of I hate how it's spelled, quite frankly, but in any case—2008, 2009, 2010, 2011, and 2012, the first question is, were they all done, sir? Were those analyses actually done?

•(1625)

**Mr. Benoît Robidoux:** Do you mean in every year?

**Mr. Malcolm Allen:** Not released, but were they done?

**Mr. Benoît Robidoux:** I couldn't answer that. I would have to go back. I think they were done on a regular basis. As I told you, through the crisis, we turned our attention to some other more urgent matters and then—

**Mr. Malcolm Allen:** Sir, I'm going to have to interrupt you. You said you didn't know. Fair enough, I accept that.

Then I would ask the chair if we could instruct the witness to supply that information to the clerk. We'll all get that.

I heard you say in 2008-09 there was a crisis. Mr. Saxton walked you through that very ably. We got that.

Clearly, there were reports after the fact. I believe we talked about 2010, 2011, and 2012. It takes me to the obvious, sir, which is on page 23 of the English version of chapter 7, paragraph 7.57. The recommendation reads:

The Department of Finance Canada should publish yearly the overall long-term fiscal sustainability analyses for the federal government and provide from time to time an analysis for all governments combined, including the federal, provincial, and territorial governments, to give a total Canada perspective.

There are two things in here. I'll accept the fact that you don't feel comfortable with the provincial piece, and that's okay. I'm not too concerned about that with this particular question.

You did, sir, say, and I don't know whether you did yourself or who actually responded to this recommendation, but under "The Department's Response" is "Agreed." We intend not only to do the analysis, but we intend to publish them and make them public.

This brings me back to the very beginning when I started the statement. What I believe I heard you say earlier, and obviously, we'll be able to get it when the recording comes back, on a question about why you didn't publish them, I believe what you said was because the government decided not to, and I'm paraphrasing here. It was not your decision; it was theirs.

I am asking a pointed question. Was the reason that those other reports were not published publicly a governmental decision or a departmental decision?

**Mr. Benoît Robidoux:** At the end of the day, those are reports that are endorsed by the government, so it's a decision that is taken by the government to decide to publish or not.

**Mr. Malcolm Allen:** Fair enough. I thought that's what I heard earlier, Mr. Robidoux, and I appreciate that confirmation.

Going back to the piece around the pension splitting, I agree with you, Madam Cheng. You said this is not a prediction. You're absolutely right. This is not even forecasting, per se; it's just trying to take a snapshot at this moment in time of something we think happens over time.

You said the analysis wasn't necessarily wholesome—my word. The dilemma I have with it is twofold. The underlying assumption is household income will be two persons in a household working and consequently pension splitting and that over time because both work they will get closer together and therefore there won't be any splitting because they'll both have ostensibly the same money via the pension.

I think this is more for Mr. Robidoux because your department did the assumptions, sir.

Was there any weight given to the fact, and this is a gender question, that women historically make less than men, and still do, by a substantive amount? I would have to assume that your predictive model was that will actually close until men and women actually make the same money. Was this the assumption in that piece? Because it isn't about whether two people work. That doesn't really matter. It all depends on whether both of them make the same

because the two can work their entire lifetimes and if one is up here and one is down there, they're not the same.

I didn't see anything in that piece that said you will make the same money. I'll leave that to you, sir.

**Mr. Benoît Robidoux:** That and, as I said, the gap would not increase and would likely continue to decrease. It was not mentioned at what pace and all that. The only point that is made there, that we made at the time, is that the gap would likely decline. We didn't comment about any kind of pace of decline or anything like that.

What you have to understand is that clause that was mentioned in that year that was characterized through the T1 model was with the actual kind of gap that was existing at the time in the population. In order for this to increase, the gap would need to increase, so I would have to see either wages of one of the two spouses rising more rapidly than the other one to have the gap increase. We thought that the assumption was just a continuation of past trends without saying that it would close.

• (1630)

**Mr. Malcolm Allen:** But the assumption made by the AG was that you talked about two incomes.

**The Chair:** Sorry, folks, time has expired.

Over to Mr. Williamson.

You have the floor, sir.

**Mr. John Williamson (New Brunswick Southwest, CPC):** This is I think to the auditor's side. I'm curious to probe the idea of the long-term reporting that involves the provinces and territories. I know it's in the report and I know you've mentioned it again, but can you just explain it to me? I'm trying to get my head around the point you're trying to get to with this data and the precision.

**Ms. Nancy Cheng:** Mr. Chair, the question is not to get to a point of precision but for the perspective of completeness. Currently, Finance has agreed to provide the information at the federal government level, but it doesn't include the provinces or the territories, so the overall fiscal outlook of Canada is incomplete at the moment and it's to try to encourage Finance to consider doing that.

We do know that they do that kind of analysis and it does have information. Perhaps it's not as precise as it can be because they don't have direct access to all the cabinet assumptions and all of that stuff, but Finance certainly has the capacity and the information to do so and it would provide for a much more complete picture if we could have the provincial element in that.

**Mr. John Williamson:** I can see that you get a better picture, but again, why is it up to the federal government to provide that data when it is largely available through provinces and groups like the OECD to stitch it together? You can find this data out there.

I raise that just because for this to be relevant it has to be honest. The OECD can do that, think tanks can do that. Is there not a concern that if the Government of Canada is reporting on my home province of New Brunswick...they have grave fiscal problems right now. Alberta is facing huge deficits. Are they not responsible for reporting on their own challenges, their own paths forward, their own predictions as opposed to the federal government?

We want our levels of government to be responsible for their jurisdictions and the 10 provinces are responsible. I worry that your suggestion puts the federal government at the supreme level when the federal government is responsible for its jurisdictions, as are the provinces.

**Ms. Nancy Cheng:** Mr. Chair, essentially we're looking for a complete picture. So by having the federal situation, and if we just go on what we just outlined, the federal government seems to be on a sustainable path. Some of the provinces seem to be struggling with the fiscal situation moving forward. What does that combined picture look like? Unless and until you get the total picture, you don't know whether Canada as a whole is moving forward in the future in a sustainable way or not, and hence it underscores the value of having a combined report.

The other point we made is that there's really only one taxpayer. So as a taxpayer, you don't know how one tries to wrestle with the picture of 10 provinces vis-à-vis the federal government's financial position and what that outlook looks like.

**Mr. John Williamson:** Right. That's true, I suppose.

Let me take it from this way, because I'm trying to actually understand this. I actually think there's much value in this information, and I don't think there's a lot of trouble finding that information publicly now. It's just not coming from the federal government.

That information is important for the finance minister as he's drawing up his budget. It is important for parliamentarians to have the information as to what impacts we're going to have on the provinces in order to assess both the impact of the budget on the country as well as on their home provinces. Why is it important for that information to come from the federal government? Do you not worry that if they're reporting it they're going to have to provide a softer version? They'll give averages; they'll look at the impact nationally. I'm sure I've seen budgets in the past that have shown provincial debt levels and federal debt levels with the charts going up, which gives us a snapshot. I'm just trying to get a sense of at what point information should be reserved for the minister, and at what point information should be made publicly available.

• (1635)

**Ms. Nancy Cheng:** Mr. Chair, I think that's a fine distinction that the Department of Finance officials, in conjunction and in consultation with the minister, have to make themselves. I don't think we're in a position to tell them what information they should be privy to and what should be made public.

I think at the public level you want to have general information out there in terms of the fiscal outlook for Canada as a result of a series of changes that we're making to the fiscal framework, so that people understand how we're moving forward, and what the changes mean in the longer term, and not just at the federal level.

As for whether the federal government has to be the only one to do it, well no, because up to this point in time, as you have pointed out, the PBO does it and some of the private sector think tanks do it. So there is some information out there. There is not a void. The recommendation is crafted in the spirit that it would be good if we could do that. I think first and foremost we were more concerned about having information at the federal level, and we are very happy that the Department of Finance has indeed done so. It would be even better if we could have a combined picture, but at the end of the day, it will be the government's decision as to whether they do that or not.

**The Chair:** Over to Mr. Byrne. You have the floor again, sir.

**Hon. Gerry Byrne:** Thank you, Mr. Chair.

### The Auditor General in his report to Parliament

**states:** This lack of reporting means that parliamentarians and Canadians do not have all the relevant information to understand the long-term impact of budgets on the federal...governments in order to support public debate and to hold the government to account.

I'll note that the Department of Finance in its action plan that was tabled with the committee has indicated that they will indeed this year provide the minister with long-term fiscal sustainability analyses to budgetary proposals before the budget is actually drafted and tabled. That's a commitment that the department has given to not only the minister, but to us as well.

There is a presumption that in order for this information to be valuable to parliamentarians, it has to be delivered before a decision on appropriation is made by Parliament.

Would you agree, Ms. Cheng, that in order for this to be valuable, that information... As the Auditor General says to us that there is a disconnect, that there is a problem that parliamentarians don't have this information, would you agree, and do you think the Auditor General of Canada would agree, that having this type of information available to the minister is important? Also, given the fact that parliamentarians are the ones who openly vote and appropriate these resources, would it be valuable for Parliament to have this information before such votes are taken?

**Ms. Nancy Cheng:** Mr. Chair, first and foremost, we feel that the minister needs to have this as one piece of many pieces of information for him to recommend to his colleagues and finally have the government support the budget, so that, in the first instance, is the essence of our recommendation.

The recommendation doesn't go as far as requiring the government to table information in whatever form. In principle it would be important for information to be out there, so that it can support parliamentary debate. It really depends on the level of detail that really would be necessary and what kind of measure we might be talking about. I think it would vary from case to case.

Certainly, some information would be relevant to parliamentarians with regard to supporting its study of the estimates.

**Hon. Gerry Byrne:** In relative terms, zero information is not a good basis on which Parliament can make decisions. Would you agree with that statement? I understand there have been no reports made available to the public or to Parliament, as of yet.

**Ms. Nancy Cheng:** From our perspective, information would help parliamentarians fulfill their responsibility to study the estimates.

• (1640)

**Hon. Gerry Byrne:** Thank you very much.

I'll ask our representatives from the Department of Finance, is there an intention of making this information available to Parliament before the votes on appropriations are made regarding the business of supply for 2013?

**Mr. Benoît Robidoux:** I would repeat that we made that information available in October. We published a report which you don't seem either to be aware of or to want to recognize. A report was published in October 2012 and we committed at the same time in the AG report to publish one in 2013. That is one every year.

This is matched by only a few other OECD countries. Most other OECD countries publish every four or five years, so we're going to be the highest standard with that commitment.

I just want to be clear about that. Maybe there is some—

**Hon. Gerry Byrne:** There is something unclear because what you agreed to, what the Department of Finance agreed to, is as follows: Starting with Budget 2013, the Department of Finance Canada will expand its internal analysis to provide the Minister of Finance with an assessment of the overall long-term fiscal implications of new budget measures before the budget is finalized.

Are you suggesting, Mr. Robidoux, that budget 2013 was finalized in October 2012?

**Mr. Benoît Robidoux:** No, I'm expressing—

**Hon. Gerry Byrne:** Okay. Mr. Chair, we'll move on then.

The answer is pretty clear that this committee is being provided some pretty dubious information by the Department of Finance on two points of action within an action plan, two issues that the department said they would follow-up on. They are suggesting that they provided that information to Parliament and to the committee in October 2012 regarding budget 2013. Fantastic.

Let's move now to the Public Pensions Reporting Act. Under the old age security and GIS system, we have a system of actuarial advice provided to the Chief Actuary of Canada.

I'll ask Mr. Domingue, in the course of your audit of the change in the GIS eligibility or benefits, and the analysis of those changes with regard to long-term fiscal sustainability, are you aware if the Office of the Chief Actuary, which is mandated by Parliament to actually provide forecasting advice to Canadians, to Parliament and to the government, was ever advised or asked for their opinion on these changes?

**Mr. Richard Domingue (Principal, Office of the Auditor General of Canada):** Mr. Chair, as part of this audit we did not include the Chief Actuary in the scope. We focused mainly on the analysis provided to us by the Department of Finance.

**The Chair:** Your time has expired, thank you.

Mr. Dreeshen, you have the floor, sir.

**Mr. Earl Dreeshen (Red Deer, CPC):** Thank you, Mr. Chair, and thank you to the witnesses for being here today.

I have a couple of things. I get an opportunity sometimes to speak to parliamentarians from other countries, and of course, they simply wish they had the issues that we deal with on a day-to-day and a month-to-month basis. When we talk about how we fit in the G-7.... Again, hearing of the advances, maybe it's delayed as far as some folks are concerned, but the type of reporting that will be out there is to be championed as far as Canada is concerned.

It's important that we look at that, but also, by the same token, look at how proactive the government is in addressing future challenges and make a comparison for what we are doing at the international level.

Perhaps, Ms. Cheng, you could go through some of those aspects and then I'd like comments from Finance as well.

**Ms. Nancy Cheng:** Mr. Chair, as part of the audit we actually have looked at what other OECD member countries have done in this area of long-term fiscal sustainability. There is a fairly extensive table on pages 19 and 20, which shows the various jurisdictions and what they do in this area. In the narrative paragraph 7.51 we have also indicated that a good number of countries have actually published 40-year projections. Some of them do it annually. Some are on a 50-year cycle. In the United States they actually go 75 years out. It gives you a bit of a sense of what the benchmark might look like in terms of some of the more developed countries. As I mentioned in my opening statement, now with the government tabling its report—they tabled it in October and plan to publish it every year—we would be standing in good stead among the member countries of the OECD.

• (1645)

**Mr. Earl Dreeshen:** Mr. Robidoux, perhaps you can expand. I'll give you an opportunity to explain where you feel we are in the reporting stages.

**Mr. Benoît Robidoux:** I believe this is a good survey of what other countries are doing. I think doing it every year for the federal government is something fairly impressive.

The other commitment we made, at the suggestion of the Auditor General's office, to brief the Minister of Finance at the end of a cycle on the budget, is also something I'm not aware other countries are doing. I discussed this with colleagues and officials from other countries, and I'm not aware of another country that does that. Again, this will add vigilance into the system to make sure our minister is fully aware of the implications of the decisions he is making on the long-term fiscal state of the country.

**Mr. Earl Dreeshen:** In all of the situations you're talking about then, you are taking into account the demographic changes that we as Canadians are going to be looking at in the next 20 or 30 years and so on, and no doubt looking at the costs as we get older, as those particular demographics change. So you're looking at those items as well, I take it.

**Mr. Benoît Robidoux:** Yes. The report is based on Statistics Canada's projection of population taking into account the impact this will have on the economic and fiscal situation of the country. I guess this is standard in that kind of analysis, and we are within the standard.

**Mr. Earl Dreeshen:** Okay, in the analysis of the six topics—and I don't know what everyone has talked about, so I'll just go through some we have discussed. We have pension income splitting. These are different things that have come in the budget since 2007 up to 2012. Then the Auditor General said let's take a look at these things and see how they've been assessed throughout.

So we have the pension income splitting; the reduction of the goods and services tax, the GST; the maintenance of the GST/HST credit; the introduction of the tax-free savings account; the new growth rate for the Canada health transfer; and the change in the age of eligibility for old age security. Those are the things that you looked at. You also have a series of tools that you are using for the assessment. I believe the Auditor General talked about the partial equilibrium accounting model, the T1 or the static microsimulation model, as well as the overlapping general equilibrium model. Could we see which ones of those tie into the six areas of tax and spending measures that were discussed?

**Mr. Benoît Robidoux:** As the report of the Auditor General mentioned, the one we tend to use most to do the overall analysis is the partial equilibrium accounting model, because it basically takes all the measurements and puts them into a framework that spits out what the impact is. Measure by measure it's quite different. The T1 model, the static microsimulation model, is the tax model. So any tax measure would go through that model. For the big ones it's even more important than for others. We go through that model to figure out what the basic impact of the measure is. After that we could use the two other models to see what it might mean in the future. But this gives us a good benchmark as of today for any tax measure we could think of.

In terms of the overlapping generation model, it's a much more complex model we use to look at the implications, for example, of aging on interest rates, on economic growth. We look at how people will react to aging, how this will affect the wage rate and businesses, and all those things. This helps us to figure out the possible implications of aging on the economy and then on the fiscal situation. It's more a complementary model we use to help us to benchmark our overall analysis, which is the partial equilibrium model. It is easier to use and is able to handle the multiple measures we have in the budget.

**The Chair:** Thank you. Time has expired.

Over to Mr. Allen, who now has the floor.

**Mr. Malcolm Allen:** Thank you, Chair. I'm going to split my time with my colleague, Madame Blanchette-Lamothe.

Mr. Robidoux, I have a couple of quick questions. The action plan said we're working on budget 2013 and we'll get that model, projection, whatever term we like to give to the forecasting, if you will, to the Minister of Finance. Is that completed at this point? I recognize it's today's date on this piece, but sometimes that just means the report is from before. How far along are we on that?

● (1650)

**Mr. Benoît Robidoux:** It's under way, but it's not completed.

**Mr. Malcolm Allen:** Okay. So this current piece dated March 5 is actually telling us that it is under way. Can you tell me what proportion is under way? Is it 50% done, 75% done, 90% done, 10% done?

**Mr. Benoît Robidoux:** I would say the structure and the model and everything is ready to run. We'll have to finish the budget before we can implement that run, and it will take some time to do it, but we'll be able to give that to the Minister of Finance before the end of the process. But we are still within the core process of the budget, so it's a bit difficult to close the game on this at this point.

**Mr. Malcolm Allen:** I understand the difficulty of the modelling. For me, it was an issue on how close we are getting.

The other piece, of course, is to go back to the recommendation because you did say earlier, sir, that the preceding analyses were done, given to the minister, not reported. We've all agreed they weren't reported publicly. You said that was the government's decision, not the department's decision. In the recommendation that you agree to, you will publish, it says, long-term fiscal analyses. So do you now have a green light, sir, on when these are done? Granted, they may not be done every single...but they ask for it. They should be done every year if there's a budget cycle. Have you now been given the green light to actually go ahead and do it, or do you still have to take it back and ask for permission to let it go out?

**Mr. Benoît Robidoux:** For every document we publish, we always as a department consult with our minister, and he approved these publications. So we'll have to go back to him, but again, the government here, this is a commitment from the Department of Finance, supported by the government, to publish every year a report. It's a commitment, so I believe it will happen.

**Mr. Malcolm Allen:** I'm stealing time from my colleague, but the only reason, sir, that I'm raising this is that your department's response—and I'm not saying you individually, sir—is “will publish”. That's not “will publish if we get permission”. I would ask you now, sir, should it have said, “will publish with permission from the finance minister”? I think that's what I'm hearing you say. You're not saying that you can go ahead; you do not have a green light to publish unless the minister says it's okay.

Sir, if you need to clarify what you said and what's in your work plan, I would ask you to do that now.

**Mr. Benoît Robidoux:** I don't think we need to clarify. It's a misreading of what is a commitment. This is a commitment of the Department of Finance and the Minister of Finance, implicitly.

**Mr. Malcolm Allen:** So in other words—

**Mr. Benoît Robidoux:** It's not in black and white, but—

**Mr. Malcolm Allen:** —it will be published. Okay. That takes me to my next question.

Now that we are going to do this, as you just said the minister implicitly has given an instruction, if you will, it's understood, when can we expect the one for 2013? I don't expect it before the budget gets announced. When will you publish the one for 2013? Will you commit to publishing so that parliamentarians on both sides of the aisle can actually use that material to help make a decision on spending which is going to be in this next budget? Again, to be abundantly clear, I'm not asking for the information before the minister has an opportunity, but I am asking for this to be published before we have to vote. Can you make that assurance to the committee, sir? And then I'm finished.

**Mr. Benoît Robidoux:** No, I couldn't. It's a question for the Minister of Finance to decide when he wants to publish a report.

**Mr. Malcolm Allen:** It takes me back, sir, to my initial question: you don't have a green light to publish unless the minister says it's okay.

**Mr. Benoît Robidoux:** We have a commitment to publish over this year with no—

**Mr. Malcolm Allen:** We're not in a court of law. We're really splitting hairs on this one. But I'm eating up my colleague's time, so I'm going to let her continue on.

[*Translation*]

**Ms. Lysane Blanchette-Lamothé:** Mr. Robidoux, we need a clear and precise answer. Earlier, you said that you would accept part of the second recommendation. Does that mean you are not accepting the second part of the second recommendation?

**Mr. Benoît Robidoux:** I can confirm that the Department of Finance has rejected the second part of the recommendation to publish projections for all governments.

**Ms. Lysane Blanchette-Lamothé:** Thank you for clarifying.

As a member of the Standing Committee on Public Accounts, I am concerned about the department writing “agreed” with regard to the recommendation. You can write in your reports that you accept the recommendations, but if you do not accept the recommendation fully and you still write “agreed”, you are playing with words. You do not specify whether or not you will comply.

If the Standing Committee on Public Accounts is not the place for transparency and accountability, I don't know what is. I would like to submit that argument to the committee and the chair. If the recommendation is not accepted fully, I think the department's response regarding the recommendation of the Auditor General should at least be clear.

We have one last question about Old Age Security. I will let my colleague ask it.

● (1655)

**Mr. Alain Giguère:** I will try to be quick.

Ms. Cheng, I would like a yes or no answer.

In paragraph 7.36 of the report, you state that your studies yielded no documented evidence to support increasing pension age to 67. Did you find any documented evidence suggesting that the old age pension system was unsustainable?

[*English*]

**Ms. Nancy Cheng:** Mr. Chair, I apologize for not being able to say it in a yes or no answer. There are a number of sources of information on this particular piece.

In 2009, paragraph 7.36, that was a piece that was conducted by a consultant hired by the Department of Finance—

[*Translation*]

**Mr. Alain Giguère:** Is that a yes or a no, madam?

[*English*]

**The Chair:** Monsieur Giguère, you're way over time.

Madam, you may finish your remarks, and then we're concluded here.

**Ms. Nancy Cheng:** In the 2009 consultant report, they indicated that while it's feasible, meaning that in the long term it's actually viable, there are a number of other suggestions that they've made.

Then, we indicated that we have conducted an analysis, and we do find the situation to be sustainable.

Then, for Finance, ultimately we were able to see certain analyses, and their assumptions were very conservative. Using their assumptions, they found it not to be sustainable.

So there are actually three pieces of information that have somewhat different conclusions. But the basis was because of the difference that came from the underlying assumptions, which are more conservative or less conservative when you look at the economy and the demographics moving out into the future.

**The Chair:** Very good. Thank you.

That concludes that round.

Our last speaker will be Mr. Saxton, who has the floor.

**Mr. Andrew Saxton:** Mr. Chair, I'd pass it on to any of my colleagues who wish to make any comments.

**The Chair:** [*Inaudible—Editor*]...a little earlier. Did you want to jump in?

**Mr. John Williamson:** This is just for personal interest.

In your analysis at the Finance department, in your supercomputer model analysis, when you do tax changes, do you incorporate a dynamic model, a supply side model, or is it static, as I think it's called?

**Mr. Benoît Robidoux:** That's a very good question.

We do analyses that look at... Let's say, for example, it's a major change in tax policy, a reduction in taxes, an increase in taxes, or something major like that in personal income tax or corporate income tax. We have these general accrual models that look at the economic impact that we should expect from these measures. We use those to inform and advise a minister on what could be the potential economic impact of those measures.

We often compartmentalize them and benchmark them. If you have one dollar to spend, where do you spend the dollar? Where will you get the biggest bang for your buck?

When we do the projections, we are prudent. We don't integrate the dynamic scoring that would make these things even more sustainable than they really potentially could be. We are prudent. We don't factor that in.

Now, if there's a major change in policy, such as a tax or tariff that goes the other way and that could reduce economic activity and lead to less revenue, we may consider integrating these impacts into our analysis.

So it's somewhat asymmetric and prudent to make sure that our projections will turn out to be on track or better.

**Mr. John Williamson:** I guess I'll conclude on this and say that's my concern, in that you're making judgment calls as you report the finances of the Government of Canada.

That's why I must say that I admire the work that the Auditor General's office does, but I disagree with the report that the Government of Canada should be making those projections for the provinces. They have their field of expertise. They're best able to project their revenue and spending assumptions, as is the Government of Canada.

You're welcome to respond to that. I have great respect for your office, but I guess I just don't agree with this one.

I think you're putting the federal government in a position where it shouldn't be. It's minding someone else's apple cart.

• (1700)

**Ms. Nancy Cheng:** Mr. Chair, I think we are all entitled to our perspectives. We fully respect the member's perspective on this.

**The Chair:** Nicely done. Nicely done.

**Voices:** Oh, oh!

**The Chair:** There is some time, if any members of the government side would like.

Mr. Dreeshen.

**Mr. Earl Dreeshen:** Thank you.

Going back to that particular point, if you were simply to look at some line items out of provincial budgets rather than just say that you have to go in and do a massive analysis of where they're at, which particular line items would be significant that would be common to a territory or a province, whether it's in the west, or Quebec, or wherever? What types of things do you think would be important if we couldn't get this type of cooperation, or quite frankly, if federal politicians decided they didn't want to get into the business of provincial politics, which are, I think, some of the concerns we would see from the political side of things?

Could you talk about the line items aspect? I'm just curious. What would be important?

**Ms. Nancy Cheng:** Mr. Chair, first, I would say that it would be quite complex to try to tease it apart as opposed to looking at a combined picture. Having said that, if you do have to tease it apart, then I think the health cost would probably be a good line item to focus on, if you do want to go down that track.

**Mr. Earl Dreeshen:** So the health transfers, social transfers. Are there any other things at Finance that you would think would be critical to look for?

**Mr. Benoît Robidoux:** I think the two critical aspects are health spending and pensions. They tend to be the most important spending items related to aging and that will be important over the next, say, 20 years.

**Mr. Earl Dreeshen:** So then, do you think they would do the same type of demographic analysis when you're trying to take a look at what's going to occur? Somebody born in 2012 is going to live to 100 and yet we've got 80 as the life expectancy right now. So you take a look and these numbers come up. Should it be 65 as the age that we could apply for OAS, or 67? You have to start taking a look at it.

Would something that is pan-Canadian still be relevant when we're taking a look at 40 and 50 years out for that type of analysis?

**Mr. Benoît Robidoux:** Again, I think provinces are well placed to do it. I think most provinces, at least the largest ones, have the tools to do it. To be honest, they probably are doing it as we speak. They do this analysis so they can publish it too. I would encourage these provinces to publish and to encourage discussion about these issues at the provincial level that could inform the national debate thereafter.

So I think there is no problem with that. I think they could do it and I think they should do it.

**The Chair:** Thank you. Sorry, your time has expired, Earl, and I've already indicated to Daryl. He knew.

I have one question I'd like to ask, and then Mr. Byrne has asked for the floor.

**My question is to follow up with Vice-Chair Kramp on the tax-free savings account in 7.28. In 7.29 you**

**note:** While the analyses estimated the cost of the tax measure in the long term, they did not assess what impact it would have on the federal government's long-term budgetary balance and public debt.

On tax-free savings accounts, first of all, not a lot of my constituents get to use them because they don't have that kind of disposable income, but that political discussion aside, for those who can—and the amount is about to be increased—if they can put in the maximum, a lot of them are going to be people who are very skilled at working the stock market too. They can buy stocks and mutual funds and all the things you could do in an RRSP. It seems to me there's the possibility that over time for very smart and fortunate people, affluent enough to put in the full amount and smart enough to invest it, those funds can grow to an enormous size. The compound interest alone could keep them going. It seems to me theoretically that those TFSAs in the future could literally contain small fortunes that could be passed on in perpetuity and not one dime in income tax would ever be spent.

Am I missing something? Am I wrong?

• (1705)

**Mr. Benoît Robidoux:** They pay tax when they put the money in. They just don't pay tax when they get a return on it. It's a bit like an inverted RRSP, if you want, so it's the same idea. So saying they don't pay tax is wrong. They don't pay tax on the return because they put it in an account where the return is not taxed.

**The Chair:** Excuse me. They pay the tax on the contributions they make but not on the invested money that's making money within, and that money that's making money is not ever being taxed. That could be huge amounts of money. I'm talking 10, 20, 30, 40 years out. People can build up those funds into multi...tens, hundreds, millions of dollars, theoretically, and while it continues to earn money every year, never will a dime be paid in income tax.

Anyway, I'm not asking for an opinion. I'm just asking if I've got something wrong. Is that theoretically possible?

**Mr. Benoît Robidoux:** The return is not taxed, but I would just mention again that it's an inverted RRSP. So the return is not taxed on RRSPs either. It's taxed when you cash it at the end, but you get a deduction at the beginning that you don't get with a TFSA. So it's just inverting the two.

If you don't like TFSAs, you shouldn't like RRSPs either. They are just the same tool, but inverted.

**The Chair:** Actually, no. There's a huge difference but I won't go any further.

**Mr. John Williamson:** Chairman, just to—

**The Chair:** It's okay. We're going to move on. I can exercise my prerogative and I'm comfortable.

Now I will turn to Mr. Byrne.

**Hon. Gerry Byrne:** Thank you, Mr. Chair.

Seeing more time available to us on the clock, I'd like to continue with a round of questioning consistent with the timeframe that's available and the order of the rotation.

**The Chair:** Okay. That motion's in order. I don't see why it wouldn't be debatable, although we could spend the whole day debating it.

The motion's before us. It's in order.

**Hon. Gerry Byrne:** Is it requiring of a motion?

**The Chair:** I need a motion—we can do it quickly—yes, if we're going to continue, because we have other options. We could do committee business. It's up to the committee to decide what they want to do.

Your motion is in order. The floor is open for discussion and then we'll have a vote.

Not seeing any, I'll move us to a vote.

I'm sorry, Mr. Saxton.

**Mr. Andrew Saxton:** Chair, what other business do you have on the agenda that we should attend to? We do have some committee business, I understand, that we should attend to.

**The Chair:** We do.

There's nothing there that couldn't wait until Thursday because it's dealing with witnesses for a hearing after the constituency week.

I'd rather do it today but it doesn't have to be done today. If you're asking me if there are time limitations, no. As long as we deal with the business at hand by the end of our meeting on Thursday of this week, we're good.

**Mr. Andrew Saxton:** Okay, but there is some committee business to do.

**The Chair:** There usually is.

**Mr. Andrew Saxton:** Okay, let's take it to a vote and then we can move on.

**The Chair:** I'm sorry. Are you done?

**Mr. Andrew Saxton:** I'm done.

**The Chair:** Okay.

Would anyone else like the floor?

Mr. Byrne.

**Hon. Gerry Byrne:** Mr. Chair, seeing where the government obviously is going with this, we have, as published on our agenda that the Standing Committee on Public Accounts will meet from 3:30 to 5:30 p.m. for the sole purpose of hearing witnesses, the orders of the day being the televised hearing of witnesses from the Office of the Auditor General and the Department of Finance.

Seeing that we have 20 minutes left on the clock, I would encourage the government not to suspend our questioning of these honourable witnesses and that we allow the government to be held to account. I'm hoping, Mr. Chair, that there will not be a recorded vote, that while we have 20 minutes with the Office of the Auditor General and the Department of Finance available to us, that we won't go on to business that could be done at a different date. With that, Mr. Chair, if you want to take the vote, let's call it and hopefully we'll be back to questioning shortly.

**The Chair:** Okay. You don't mind if I just check to see if anyone else wants to speak first.

**Hon. Gerry Byrne:** That's not a problem.

**The Chair:** Thank you.

Does anyone else want to speak?

**Mr. Andrew Saxton:** Mr. Chair, why don't we go for one question each and then go into committee business? How's that as a compromise?

**The Chair:** Let's try that as a friendly amendment rather than be caught up in procedure.

**Hon. Gerry Byrne:** Is that one question per party, Mr. Chair?

**The Chair:** Yes. The suggestion is that we would then move into a business session.

**Hon. Gerry Byrne:** I'm comfortable with that.

**The Chair:** Mr. Allen.

**Mr. Malcolm Allen:** It works for me.

**The Chair:** Okay. It looks like we have unanimous agreement that we will do one more round of questioning, a five-minute round beginning with the government, then the official opposition, and then the third party. Then we adjourn this part and excuse our witnesses. That's the understanding.

Does anybody disagree? Hearing none, that's what we'll do. Therefore, Mr. Saxton, you have the floor.

• (1710)

**Mr. Andrew Saxton:** Thank you, Chair.

The first thing I would like to bring up is there have been some requests for documentation. I would just like to ask the Department of Finance to provide to the committee the documentation that the committee deems as necessary or relevant to our questioning here today.

**The Chair:** There were two different pieces of information raised. It became a little confusing there. I am assuming, and correct me if I'm wrong, that you're referring to paragraph 7.50 and those projections. That's the same matter that Mr. Byrne has given notice of a motion regarding. I just want to make sure that you're on that piece of information rather than the other one.

The other piece was a recommendation accepted that internal information would go directly to the minister. That's been asked by the official opposition to be made public. Prior to that Mr. Byrne had submitted a motion regarding paragraph 7.50 about the long-term

fiscal sustainability analysis and whether it should be provided to this committee or not.

**Mr. Andrew Saxton:** Okay. The information I'm referring to is information that members of the committee would like to see before the committee, which was—

**The Chair:** Okay, so it's both.

**Mr. Andrew Saxton:** —not available today. We will get that information to the committee.

**The Chair:** All right. I think we've already heard that there's resistance, but I will check again on behalf of the committee, since I'm now hearing it from opposition and government regarding this information.

Mr. Robidoux, I know you said—and you are speaking now on behalf of your deputy—that the information requested is denied at this stage. Are you saying that you do not have the authority to release that information?

**Mr. Benoît Robidoux:** Well, I think I said I couldn't commit to providing it before going back to the department.

**The Chair:** You do know, sir, that's not acceptable. This committee has the power to demand whatever records and documents it chooses. You can certainly use the language of “no”, but procedurally that's not acceptable, and it would be my advice that this committee take some action. Constitutionally, we're entitled to all documents and records that we wish, and we wish to have these documents.

**Mr. Benoît Robidoux:** I would like to verify through legal advice of the department what you are entitled to and whether, effectively, you are entitled to any information you want to see. Second, if it's the case, then we'll move. If it's not the case, an agreement will have to be reached among the department and the minister and the government to release the information which was provided in confidence at that time.

**The Chair:** We are talking about two different pieces of information now, but there will be two requests coming.

The first indication is whether or not you're going to commit today to give it to us, and you're saying no. I'm just letting you know formally that's not an acceptable answer at the public accounts committee, and that we have the power, as do all standing committees, to demand records and documents as we wish. Therefore, anything other than a “yes” answer is not acceptable.

It would be my advice to this committee that we do need to move forward with a motion that deals with both aspects.

You've done nothing wrong individually, sir, but that is where we are on this information.

**Hon. Gerry Byrne:** I've asked for a point of order.

**The Chair:** You didn't ask for a point of order; you asked for the floor.

**Hon. Gerry Byrne:** No, I asked for a point of order, Mr. Chair.

**The Chair:** I didn't hear your point of order.

Did you hear the point of order from Mr. Byrne?

I'm sorry, the clerk didn't either. Otherwise I would have.... I did hear a point of order here. I will come right over to you.

Mr. Kramp.

**Mr. Daryl Kramp:** Thank you, Chair.

I'd just like some clarification.

I understand the rights of this committee to place a request or demands upon witnesses. We have that authority. But you also seem to be inferring that unilaterally by either you as the chair or this committee, it's demanded. It has to be passed by this committee.

**The Chair:** Oh, yes.

**Mr. Daryl Kramp:** I would like to make that very, very clear.

**The Chair:** Yes.

**Mr. Daryl Kramp:** Quite obviously, we've had situations before at this committee in which we've had egregious abuse of in camera proceedings, a substantial number of them, even after the chair's explicit warning to members.

We now have a situation here in which obviously...governments have to make decisions, right, wrong, or ugly. When they make good ones, the electorate rewards them; when they make bad ones, they obviously chastise them in whatever manner possible.

In this particular case, information is presented to a respected body. In this case information is forwarded to the department, from the Department of Finance to the minister. They prepare a budget. Quite frankly, that budget is then debated in the House and all information at that point either could or should be available for discussion at that point. That's fully understandable. But to suggest that you have a right to know beforehand why I might wish to part my hair on this side or that side....

I'm not suggesting that is the case, but I would just temper the direction from the chair and hope that such an understanding is being transmitted to our guests.

I do agree with the chair, in that we're very, very demanding, as a committee, with requesting information that is deemed to be essential to the purpose of the committee, but the committee does not take and has not taken that precedent lightly. It's only if we feel that there is an egregious abuse of information to the committee that's directly intended to misinform and/or to not inform the committee. I certainly don't see that case here, so I just make that point.

And that's only on a point of order.

Thank you, Chair, for the consideration.

•(1715)

**The Chair:** You're welcome.

I'll go over to Mr. Byrne for a point of order, too.

**Hon. Gerry Byrne:** Mr. Chair, I am making no judgment of character or professional integrity of our witnesses from the Department of Finance, but this is one of the very reasons why we ask for deputy ministers to appear before us, so that decisions can be taken with authority. We are not experiencing that right now because

we are not hearing from a deputy minister, as we had originally asked for to attend before us from the Department of Finance.

Notwithstanding that, Mr. Chair, before there is any further hatcheting of what has been asked for, the last sentence of paragraph 7.50 of the Auditor General's report, which has been referenced in my notice of motion, reads as follows: "The Department has prepared other long-term fiscal sustainability analyses since 2010, but they too have not been made public. There is existence of documentation which I do not believe breaches national security issues—".

**The Chair:** Mr. Byrne, you're on a point of order right now. I need to know what your point is just beyond this.

**Hon. Gerry Byrne:** My point is that there was a statement as to exactly what it was that we were debating and there's been—

**The Chair:** Here's what happened.

Mr. Saxton had the floor. Mr. Kramp got the floor on a point of order. I then went to you on a point of order. You don't seem to have a point of order.

I will be getting back to you. You're entitled to debate your motion, you can place it today, even, but you're not on a point of order. I just want to keep us going fairly—

**Hon. Gerry Byrne:** I'm addressing Mr. Kramp's call for the production of papers, which is a parliamentary prerogative, so if I could do that—

**The Chair:** I didn't hear a point from Mr. Kramp. He had a point of order that he used more as a court of opinion. Fair enough. Anyway, I think we'll get to where you want, just not on a point of order. Let's not get swept up in procedure here, folks.

Mr. Saxton.

**Mr. Andrew Saxton:** Thank you, Chair.

I think I had the floor before this whole thing started. I don't think other members' points of order should eat up my time.

**The Chair:** Well, you wouldn't think so, but technically they do.

**Mr. Andrew Saxton:** I would hope the sand would stop falling in the hourglass when others take my time away from me.

To resolve this issue, I think what I would recommend the committee do is that we just write a letter to follow up with the Finance department afterwards with a list of documents that we would like to have presented to us at a later date.

**The Chair:** Just to address Mr. Kramp earlier, I tried to be very careful—the Hansard will reflect—that the language I used was my advice to this committee. I can do nothing unilaterally. You folks would stop me pretty fast. It was more a matter of offering up that leadership from here, and you would decide whether you wanted to do it or not.

Mr. Saxton is now sort of offering up an easy way to do this, which is always preferred if it achieves the same goal, and that is that we would send a letter requesting the two pieces of information from the department, and then deal with any response at the time we get it.

The one thing it doesn't do, to be fair, is what Mr. Byrne mentioned in his motion, because this pretty much would negate Mr. Byrne's motion immediately. He does make the point about holding off any review of our report writing until we receive those documents.

Members of the committee will recall the knot we got into on issues of asking for information, and then starting a draft report before the information was received. We had quite an issue there which we worked our way through.

I only raise it, Mr. Saxton, because in fairness, Mr. Byrne did include that in his motion. Would you be willing to just tag that on as part of your motion, that we would send this letter and it's understood that we won't attempt any draft report writing until that information is received?

• (1720)

**Mr. Andrew Saxton:** That would be fine, Chair.

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

Mr. Byrne, I'm hoping that solves most of your issues, but I will give you the floor.

**Hon. Gerry Byrne:** Thanks, Mr. Chair.

It does not, unfortunately, because there is another important element of the motion that creates a time requirement on the department to reply, which is that the documents be deposited with the clerk within seven calendar days of the adoption of this motion.

As I was trying to make clear earlier, however, it did not meet your approval, I am being very specific about the types of documents I am looking for. They are specifically the documents referenced in paragraph 7.50 of the auditor general's report.

So while there is an inclination by some to go with the general, I am inclined to go with the specific. The specific are those documents that the department has prepared for their long-term fiscal sustainability analysis since 2010, but they have not been made public. Since the existence of those documents has been made known, I'm looking for those documents.

Mr. Chair, the second part is you suggested that there could be a letter that would assist us in resolving another matter.

There seems to be on the part of the witnesses from the Department of Finance a confusion between the first recommendation of the Auditor General's report and the second recommendation of the Auditor General's report.

The first recommendation references that starting with budget 2013, the Department of Finance Canada will expand its internal analysis to provide the Minister of Finance with an assessment of the overall long-term fiscal implications of the new budget measures before the budget is finalized.

When I asked this—and I was the one who asked it—the witnesses came back with the response that it's more pertinent to the second recommendation that was found on paragraph 5.57, which refers to October 23, 2012. The department published a general report about the demographic transition that's currently under way in Canada and the fiscal implications it may have.

That's not what my questioning was at all. My question was—and I was the one who raised it—if the Minister of Finance is to get advice prior to budget 2013, and that advice is critical for the budgetary process, and the Auditor General has noted that type of information is also critical for parliamentarians in the matter of appropriation through the business of supply, I asked if that exact information that's supplied to the Minister of Finance prior to the budget being tabled will also be provided to parliamentarians prior to the recording of any vote on said appropriation.

**The Chair:** I don't think Mr. Saxton meant it as just the general. When he said “whatever the committee wants” he was saying whatever those specifics are.

That's why I came back and said earlier there are two specific pieces of information.

The letter is the result. It really short-circuits your motion. It gets to the same thing. So what I was hearing was an acquiescence on the part of the government to request the information you and Mr. Allen were seeking.

**Hon. Gerry Byrne:** If the acquiescence is genuine, Mr. Chair, let's vote on the motion and get it done and over with.

**The Chair:** That's what we would like to get to.

Mr. Saxton.

**Mr. Andrew Saxton:** Look, we've tried to come up with a solution. Mr. Byrne originally wanted another round of questioning, which he has now not done, and so we haven't got to a point where we're going to resolve this today. The clock is almost running out.

I propose we resolve this at the next committee meeting on Thursday, which is already scheduled. Therefore, at this point, I move we adjourn today's meeting immediately.

• (1725)

**Hon. Gerry Byrne:** Point of order, Mr. Chair.

**The Chair:** I'll take the point of order, but it has to be really big because otherwise that motion takes precedence.

I'm listening.

**Hon. Gerry Byrne:** The committee passed a motion in which we would continue on with the round of questioning, five minutes for the Conservative Party, five minutes for the New Democratic Party, and five minutes for the Liberal Party of Canada.

Since we have not completed the requirements of that motion, I assume that when we reconvene at our next meeting the witnesses will be made available to us for the continuation of questioning. We have not completed the motion that has been passed by the committee.

**The Chair:** That only pertained to this meeting. I didn't get a sense it was going on.

Your point is well taken. However, you're about to see what's going to happen anyway, because that means Mr. Saxton gets the floor for his five minutes, and guess what the first things out of his mouth are going to be?

Mr. Saxton.

**Mr. Andrew Saxton:** You have already heard them, Mr. Chair, so as I mentioned in my previous statement two minutes ago, I move we deal with this at the next meeting, which is already scheduled, and we now immediately move to adjourn.

**The Chair:** A motion to adjourn is always in order. It's not debatable.

**Hon. Gerry Byrne:** A recorded vote, please, Mr. Chair.

**The Chair:** A recorded vote is requested. That is always in order.

Therefore, I'll direct the clerk to do a roll call vote.

(Motion agreed to: yeas 7; nays 4)

**The Chair:** The committee has agreed to adjourn.

Before dropping the gavel I want to thank our guests very much. It's been an informative, interesting afternoon. We look forward to seeing you all back again on this file or many others.

Thank you all, again.

Committee members, we now stand adjourned.

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