HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Government Operations and Estimates

OGGO • NUMBER 027 • 2nd SESSION • 41st PARLIAMENT

EVIDENCE

Tuesday, May 27, 2014

Chair

Mr. Pierre-Luc Dusseault

Standing Committee on Government Operations and Estimates

Tuesday, May 27, 2014

● (0845)

[*Translation*]

The Chair (Mr. Pierre-Luc Dusseault (Sherbrooke, NDP)): Order, please. Good morning, everyone. Let us start our meeting.

Today, we are examining the supplementary estimates (A) 2014-15.

The witnesses appearing before us are: Mr. Matthews, Mr. Samiotis and Ms. Santiago, from the Treasury Board Secretariat. They will talk about vote 1a specifically and the supplementary estimates in general.

They will give a presentation and then members of the committee will be able to ask them questions about the supplementary estimates.

My thanks to the witnesses for appearing before the committee in order to clarify the budget.

Mr. Matthews, go ahead.

Mr. Bill Matthews (Assistant Secretary, Expenditure Management Sector, Treasury Board Secretariat): Thank you, Mr. Chair.

Good morning, everyone.

Mr. Chair, as you have already said, two colleagues are here with me this morning to help me answer any questions members of the committee may have. However, we will first give a short presentation to highlight the broad strokes of the supplementary estimates (A) 2014-15.

[*English*]

We are going to give a government-wide overview of the supplementary estimates (A) this year and to hit the major items for you, which is where I expect most of the questions will come from, and then we would be happy to take your questions.

Maybe I could start here, Mr. Chairman, on slide 3. There's nothing really new here, but it's a reminder of the organization of the supplementary estimates, just to reorient everybody because I know that some of this stuff is a little complex and doesn't stay with us.

The basic introductory section of the document, which includes general information, is still there. The document for supplementary estimates (A) does go through the major items, which I will speak to. It also highlights major changes to individual votes on a percentage basis, so you will see the big changes there.

You will see a section on new votes and statutory authorities. I will highlight for you a new organization appearing for the first time in supplementary estimates (A), the Windsor-Detroit Bridge Authority. It's a new organization that's looking for appropriations for the first time.

Then we get into the details by organization, the biggest part of the document, going department by department for those requesting funds in supplementary estimates (A). As usual, if an organization is not receiving funds in supplementary estimates (A), it will not appear in the details section. Only those that are actually receiving money are here.

And then there's a reminder that there is substantial additional information online, if it's of interest to members. That includes, as always, statutory forecasts and our strategic outcome and program level information. You will see the budgetary expenditures by standard object and then transfers between organizations and allocations from Treasury Board's central votes. That is all available on the Treasury Board Secretariat website, if it's of interest.

If I could take you to slide 4, there are 16 organizations presented in these supplementary estimates (A). We have both budgetary and non-budgetary items. I would remind members that non-budgetary items are things like loans, which, if all goes well and all goes as expected, will get paid back and eventually have no impact on the fiscal framework. So we have $44.4 million in non-budgetary items voted in these supplementary estimates (A) relating to loans to aboriginal claim groups, for them to participate in existing negotiation processes. So the loans are for $44.4 million.

The balance consists of budgetary items, which is more the norm for us. So we have $2.4 billion in voted items and $11 million in statutory items. I will go through in some detail the $2.4 billion in voted items. The statutory items of $11.4 million relate to contributions for employee benefits. It's a small amount, so I won't say anything else about that unless there are any questions.

Turning to slide 5, we do like to offer up a comparison against previous years, just to situate ourselves. You will recall we were before the committee for main estimates not that long ago. We had statutory expenditures of $149 billion and voted expenditures of $86.3 billion. Today is mostly voted expenditures. Some $2.4 billion in additional authorities are being requested or discussed. If you do compare the $2.4 billion to previous years, or to last year in particular, you'll notice that it's bigger. Last year's supplementary estimates (A) was for only $1.1 billion. I will state that 2013-14 supplementary estimates (A) were unusually low, so you are seeing a return to more normal levels here. That's really a direct link to some of the items that were in budget 2014, as well as some budget 2013 items that are coming through. So supplementary estimates (A) is normally very small, and this is still small but higher than last year. I just wanted to flag that for you.

We are expecting to come back again for supplementary estimates (B) and (C). I anticipate it would be the normal pattern where supplementary estimates (B) is the largest of the three.

If you're curious about the amounts of the statutory votes and why they are going up, we've discussed this many times at this committee. It relates both to the health care transfer and to some of the increases in our programs related to elderly benefits. So those things are going up, and we've covered that off in the past here.

Slide 6, for those of you who prefer pictures rather than tables, is the same sort of thing. It compares the 2014-15 main estimates and supplementary estimates (A) versus the 2013-14 total estimates, just so you can see where we are. You'll see that transfers represent the biggest part. It is up over last year, as I've already mentioned. Operating and capital is lower versus last year at this stage, which makes perfect sense. Public debt is sitting at about the same amount as the previous year. We'll update this as we proceed throughout the year, but it's just a quick snapshot of where we are at the present time.

● (0850)

On slides numbers 7 and 8, we have the major voted items, which are contained in the supplementary estimates (A) document itself. I will not walk through each one of these, but I'll hit a few highlights for you here.

The first one on this list, Employment and Social Development Canada, jobs, is $499 million. That is replacing the labour market development agreements. That's a multi-year funding allocation that goes out to 2019-20: $500 million per year. You're seeing that for the first time here.

Second on this list, we have some funding for the Jacques Cartier and Champlain Bridges Incorporated, $253.7 million in supplementary estimates (A), to supplement their main estimates amount.

We have funding for PPP Canada of $200 million, which relates to a budget 2013 announcement. This is for the sixth round of PPP Canada applications, so they're proceeding with those.

Then lastly on this page, I'll highlight two items for you, both of which are related to atomic energy. The first one is $195 million, and it relates to the operations related to the production of isotopes, as well as some of the Chalk River infrastructure refurbishment. Then right underneath that, you'll see amounts for Natural Resources Canada's nuclear legacy liabilities program which relate to atomic energy as well. It is about liability cleanup or contaminated site cleanup. I'm just highlighting it for you because they're both $195 million. It's not a mistake. They are two separate amounts. It's a little strange that they are the exact same amount. Those both relate to AECL, but are for two distinct purposes.

Lastly on this page, at the bottom, you have Indian Affairs and Northern Development, and an item you've seen before related to water and waste water action plan. That is $136 million. That is to continue ongoing work related to the development of protocols and standards related to waste water and drinking water, as well as some ongoing work to put indoor plumbing into some communities in northern Manitoba.

On slide number eight, we have the continuation of the major voted items. Again, members, one you have seen before is Foreign Affairs, Trade and Development relating to the High Commission in London. You'll recall that Macdonald House was sold for roughly $565 million, and as part of that process they're consolidating facilities in London. These funds that will be spent relate to the renovations for the High Commission and the official residence, as well as leasehold extension for Canada House. This work itself is being funded by the proceeds from Macdonald House, but the way that parliamentary authorities work, the proceeds from Macdonald House go into the consolidated revenue fund and we have to vote funds for the department.

Second, on page 8, we have another item for Indian and Northern Affairs. This one is specific to the remediation of federal contaminated sites. Indian and Northern Affairs is actually responsible for 112 contaminated sites, but the funds here are specific to two large contaminated sites, the Faro Mine and the Giant Mine. Then you have some funds for Infrastructure Canada related to the new bridge for the St. Lawrence. There is VIA Rail funding for incremental pension requirements, which you have seen before. This has been a recurring item. Then, lastly, there is the final piece of the decontamination cost for the Lac-Mégantic, Quebec, disaster, of $95 million. That's the federal contribution there.

Changing gears, on slide nine, this committee has discussed something numerous times called the expenditure database, which we are still quite proud of. We have renamed it to the Treasury Board Secretariat info database. The reason we renamed it was that it became quite popular and we had requests to add things in addition to expenditure data, so things like HR data are now on that database. Given that we were putting human resource-type information on the database, we thought we should give it a more general name rather than the expenditure database. It has been renamed the Treasury Board Secretariat InfoBase. You will now see on there people management information for the federal public service, by organization, for the years 2010-11 to 2012-13. It shows it by province, by age, and by tenure, so there's a lot of detailed information there. We're continuing to increase the data available on this site, but I did want to flag the change in name for you, in case some of you were having trouble finding it.

In the upcoming years, we hope to continue to improve it. The planned improvements are around the ease of use, hopefully to make it easier to search things.

● (0855)

As well, we will continue to add quarterly financial information as it becomes available, and public accounts information when it's available as well.

[*Translation*]

To conclude, let me say that supplementary estimates (A) 2014-15 present the requirements for 16 departments and agencies.

[*English*]

Hopefully it will support the appropriation bill for the first of three planned supplementary estimates in 2014-15. Again, I can't promise you what will happen with supplementary estimates (B) and (C), but we are, at this stage, planning on visiting you at least two more times and we'll look forward to that.

That being said, I'm happy to take your questions.

[*Translation*]

The Chair: Mr. Matthews, thank you once again for joining us this morning and for clarifying these pages and numbers.

Mr. Martin, you have the floor for five minutes.

[*English*]

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

And thank you, Mr. Matthews, for a very clear and concise presentation. It's very helpful to us. This is our opportunity as a committee to drill down a little bit further into the estimates and get down to some of the specifics. I hope we have the time to go through some of these subjects in more detail at subsequent meetings even.

My first question is about something you didn't raise in your briefing and that's $74.9 million for vote 1a in relation to an out of court settlement under the category “People Management”. Is that the Royal LePage envoy relocation court case?

Mr. Bill Matthews: No, it's not. It does relate to a court case as it says. That item is still before the courts, so I can't really offer up much detail at this stage on that because it is still before the courts—but I can you it's not related to that. At a subsequent meeting, I'll be able to offer up additional information on that front.

Mr. Pat Martin: But you're asking us to approve the expenditure for it and you're not even going to tell us what it's for?

Mr. Bill Matthews: It does relate to an out-of-court settlement that is being negotiated, but it still has to be ratified by the courts, so I believe it's inappropriate for me at this time, Mr. Chair, to talk about what's there.

Mr. Pat Martin: I think it's inappropriate for the government to come to Parliament to ask permission to spend this money before we even know the details. I mean, talk about a pig in a poke. I was here ready to argue about the Royal LePage settlement because I assumed that's what it was. We've examined that in great detail over 15 years, but if we don't even know what it is, I think that's a weakness in our system if you're coming for the approval of the appropriation of the money before we have any information whatsoever to go on.

Mr. Bill Matthews: Maybe, Mr. Chair, if I could suggest that if there's a need to go into greater detail, we could potentially go in camera to discuss it. Because it still is before the courts, it's not for questions....

Mr. Pat Martin: We'll leave that for the time being then.

There are a great deal deal of items here that are of interest to me. Of them, can you explain—and I don't know if you're even able to defend the government's proposal here—the Public-Private Partnerships Canada investment fund of $200 million. I thought the whole idea of public-private partnerships was that they didn't cost the government any money. Why is it costing us $200 million to let somebody else assume the risk of these infrastructure projects?

● (0900)

Mr. Bill Matthews: Public-private partnerships are not about not costing the government money; they're about sharing the risk. So if you do look, it is indeed a public-private—

Mr. Pat Martin: It's about contracting out the risk. It's an enormous markup, something like a 30% to 40% premium to assume that risk.

Mr. Bill Matthews: If you actually speak to various.... British Columbia has far more experience in public-private partnerships than most provinces. That's the debate around public-private partnerships. Yes, you're contracting out the risk. What's the cost? So PPP Canada has their sixth round of competition open. It's a merit-based award. The way the PPP Canada fund works is that the federal government cannot contribute either through PPP Canada or other direct funding any more than 25% of the direct contract costs. That's the actual contribution cap of the federal government through that program. The debate about sharing the risk and at what cost is one that accountants have been batting about for a while. That's the key question: with any PPP deal, what's the cost for that risk?

Mr. Pat Martin: Fair enough....

As for Atomic Energy Canada, I understand that it's a coincidence that these two figures are exactly the same. But regarding the liability, I thought that when SNC-Lavalin essentially repaid them to take over the burden of responsibility for atomic energy, it wouldn't still be a cost for us. Why is that still costing us money?

Mr. Bill Matthews: Well, there are a couple of pieces here.

Mr. Chair, SNC-Lavalin took over the CANDU reactor business. So that piece is gone, but there remain the facilities at Chalk River and the ongoing medical isotope production work that AECL is still performing. The operating budget that they get through the mains is not sufficient to carry them through the years.

Mr. Pat Martin: Is it up and running and producing isotopes now?

Mr. Bill Matthews: As far as I know, it is. So that's to continue that work.

The other piece there is that the facilities at Chalk River themselves are still in need of some upgrades to meet standards, so that work is continuing.

So that's the piece directly related to AECL.

Mr. Pat Martin: I guess it's along the same—

[*Translation*]

The Chair: Thank you.

[*English*]

Mr. Pat Martin: Can I have one more question?

[*Translation*]

The Chair: I am sorry, Mr. Martin, but your time is up. You will probably have a chance to ask other questions later.

Mr. Trottier, you now have the floor for five minutes.

[*English*]

Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC): Thank you, Mr. Chair.

Thank you, Mr. Matthews. And thank you to our officials from the Treasury Board Secretariat.

It's very helpful to get this broad overview, and I'd also like to drill down on just a couple of things.

On slide 6, you talked about the 2014-15 estimates coming in at $67.3 million for operating and capital expenditures, compared to $71.5 million last year. I know it's impossible for you to predict exactly, but once the supplementary estimates (B) and (C) come in, are we likely to come in below what we were at last year, at $71.5 million? We're talking about nominal dollars, of course.

Mr. Bill Matthews: Thank you for the question.

I can say the trend we've been seeing the last couple of years is to have an increase in statutory amounts, for the reasons I mentioned around the health transfer as well as programs for the elderly, and to have decreases in voted amounts. It's too early for me to say whether that trend will continue exactly this year, but if we have $67.3 million at this stage—supplementary estimates (B) are typically our biggest amounts and supplementary estimates (C) are generally quite small—it looks as though we'll be in line with last year's numbers. Whether we're slightly above or slightly below, I can't say. It depends on the—

Mr. Bernard Trottier: Can you say, across all these departments and agencies, whether that is an actual real reduction in spending when it comes to operating capital? Is that the result of some of the actions that were taken under the deficit reduction action plan?

Mr. Bill Matthews: Yes, Mr. Chair, it's an accumulation of a few initiatives. You can look at the deficit reduction action plan as being a big part of it, and even before that, you saw reductions in strategic review going back from 2007 to 2011. The biggest chunk of that is the result of actions under the deficit reduction action plan and some continued measures that the government has put in place. The operating budget freeze is in place for the current year. So you have measures like that to control the operating spending of departments.

Mr. Bernard Trottier: When I look at the debt payments compared to those from 20 and 30 years ago, they're actually quite small as a percentage of the overall budget.

Do you know what the percentage is for debt service charges compared to the overall federal government budget right now? I think it's in the 10% to 12% range.

Mr. Bill Matthews: I'll have to check that, but I can get that to you before we leave today.

What I will say about the public debt surcharge is that it is a function of two things. One is the size of the liability, and the other is the actual interest rate itself. We are dealing with an environment of low interest rates, and the government debt did begin to go back up through the economic action plan. Now, as you know, they're taking measures to go back into surplus, and that will eventually have an impact on the debt as well.

• (0905)

Mr. Bernard Trottier: The two major bridge projects you talked about—the Detroit River bridge crossing and the Champlain Bridge—I know fall under the Ministry of Transport. These are major investments. What kind of measures is Treasury Board taking to make sure the funds are there when they're needed? We're talking about spending multiple billions of dollars on these bridges.

There has to be some kind of contingency fund set up. There are estimates, but when you get into variables like geo-technical considerations and so on, you end up spending extra hundreds of millions of dollars.

What kind of measures is the government taking to make sure the funds are there to build these bridges?

Mr. Bill Matthews: The way government expenditure management actually works—and you're right that these are very complex projects—there are preliminary estimates based on plans, and then as plans firm up, you will actually be able to nail down, to a much greater extent, the costs.

At this stage, those projects involve things like engineering studies, relocation of utilities, and acquisition of the land that will be needed to put those in place. We're in the early days, for sure, and as time goes on, you'll see ways to actually nail down the costs to a much greater extent.

On some of its larger projects, the government does indeed have a practice of putting contingency funds in place, but when we talk about what's being voted by Parliament, it's the expected amount that will be spent during the fiscal year, so you won't see a contingency plan voted by Parliament unless it's needed for some reason.

What you're seeing here are the funds that those organizations plan on spending this year based on the planned work for the current fiscal year.

Mr. Bernard Trottier: Okay.

Do I have time, Mr. Chair?

My last question is on the infrastructure fund. Why is there a supplementary estimate (A) of $142 million for the infrastructure fund, which you talked about? My understanding is that there is an envelope of funds created, and then the various provinces and municipalities have to apply against that fund. So why are there a supplementary estimate (A)?

Mr. Bill Matthews: Is there a page reference?

Mr. Bernard Trottier: On slide 7 there is $142 million that you talked about under Infrastructure Canada.

Mr. Bill Matthews: I'll have Marcia correct me if I'm wrong, but there are really two components there, the national infrastructure piece as well as the provincial-territorial piece. That is a fund in which there are two elements, as I mentioned, the national piece as well as the provincial-territorial piece. That is essentially based on what the department is planning on flowing out this year. The money will flow out this year, but I can't say for which projects at this stage. It's planned under the two components.

[*Translation*]

The Chair: Thank you, Mr. Trottier.

Mrs. Day, go ahead. You have five minutes.

Mrs. Anne-Marie Day (Charlesbourg—Haute-Saint-Charles, NDP): Thank you, Mr. Chair.

My thanks to the witnesses for joining us today. It is always nice to hear you talk about budgets.

Clearly, my questions will have to do primarily with the Champlain Bridge.

The Champlain Bridge is the busiest bridge in Canada and the biggest project listed. So it is important to spend a moment on it. The superbeam was supposed to be installed recently. However, there is a delay of two weeks. We are now hearing May 31 and June 1.

In terms of the traffic, the light rail transit system would be the best choice. However, there is also talk about a bus rapid transit system that would carry 50 passengers every 12 seconds, which is huge and impossible to do. Otherwise, the forecast for the future is that the number of cars travelling between the south shore and Montreal will double.

How do we ensure that our funds are wisely spent on the Champlain Bridge? How do you handle that? What oversight standards are in place to avoid cost overruns?

Mr. Bill Matthews: Thank you for your question.

There are two items about the Champlain Bridge in supplementary estimates (A).

[*English*]

There are funds for the ongoing maintenance, but I believe your question relates to the replacement of the bridge. As to what is the best choice for a new bridge, you'd be better putting those questions to a transportation expert—and that's not me.

In terms of the plans, originally the bridge had been scheduled to be replaced by 2021. That has been advanced to 2018 because of the deterioration of the bridge itself.

You're quite right about the crossings. There are somewhere between 45 million to 50 million crossings per year. There is ongoing maintenance work that is scheduled to extend the life of the current bridge and ensure that it remains safe until its replacement is put in place.

With regard to monitoring, the best vehicle is this. The bridge is managed by Jacques Cartier and Champlain Bridges Incorporated. You can look at the performance report of that organization, the annual plan, and things like that, to actually see what they were allocated in terms of spending and then what they actually spent. If you're looking for a vehicle to monitor, that's a very good vehicle to actually monitor the spending, so I would suggest that to you.

In budget 2014 we did allocate $378 million over two years for the bridge. What you're seeing here is $253.6 million related to the bridge corporation in supplementary estimates (A), so that's the first piece of that two-year announcement in budget 2014.

● (0910)

[*Translation*]

Mrs. Anne-Marie Day: What is the funding allocated for the temporary causeway that will replace the Nuns' Island Bridge and be in service in 2015?

[*English*]

Mr. Bill Matthews: Jacques Cartier and Champlain Bridges Incorporated has responsibility for numerous pieces of infrastructure. I can speak to their overall budget. As for the actual breakdown of what gets spent on which piece of infrastructure, those questions would be better posed to that organization, because I don't have that information, I'm sorry.

What you're dealing with there, meaning the infrastructure they're responsible for, is the Champlain Bridge, which you've mentioned already, and the related ice control structure. You're quite right that a temporary bridge is being built to replace Nuns' Island Bridge, and is scheduled to be in place by 2015. There is also the Honoré-Mercier Bridge, the federal piece of that, the Bonaventure Expressway, Highway 15, and the Melocheville Tunnel. All those pieces are the big pieces of that corporation.

[*Translation*]

Mrs. Anne-Marie Day: Could you tell me what amount in the supplementary estimates (A) will be allocated to the temporary repairs of the Jacques-Cartier Bridge?

[*English*]

Mr. Bill Matthews: I can tell you that the total amount is $253.6 million in the supplementary (A)s, but it's for that corporation and I can't give you details about how much will be spent on each one. Unfortunately, we don't have that. Those are their pieces of infrastructure, and they do maintenance on all of them. So I would assume that a big piece of the $253.6 million is for Champlain Bridge, but I can't say for sure what the breakdown is.

[*Translation*]

The Chair: Thank you.

Thank you, Mrs. Day. Your time is up.

I will now give the floor to Mr. O'Connor for five minutes.

[*English*]

Hon. Gordon O'Connor (Carleton—Mississippi Mills, CPC): It says here that Atomic Energy is going to get $195 million to meet their commitment to provide medical isotopes to, probably, an organization like Nordion. But Nordion pays for this, and I don't know if there are other customers, but they pay for it too. This $195 million is not a loss to the government. They're just operating it and they give it away free?

Mr. Bill Matthews: To the best of my knowledge those isotopes are indeed sold. The $195 million is not just for the isotopes production. It does relate to that, but it also relates to the ongoing work to remediate the assets at Chalk River Laboratories. So the isotopes production is one piece, but there's also some ongoing work related to the infrastructure that's going on as well. Those are the two pieces in there and I don't have the split between the two. I don't have a sense of the revenue source related to isotopes either.

Hon. Gordon O'Connor: They must get some revenue.

Mr. Bill Matthews: I believe they do sell them. I just can't speak to what the dollar values are.

Hon. Gordon O'Connor: The other question is along the same topic. Natural Resources also wants $195 million to basically clear up their liabilities for pollution, etc. Do we have an idea of the extent of nuclear pollution, how much is involved?

Mr. Bill Matthews: We do. The $195 million is related to current year activity only. If you looked in the Public Accounts of Canada—I'm going to use the March 31, 2013 numbers—you'd see liabilities related to environmental liabilities for contaminated sites, as well as what we call “asset restoration activities”, which include AECL, of around $10.6 billion. The AECL piece of that is about $5.7 billion. That's kind of the amount that's been set aside for the liability for the asset remediation related to nuclear contamination related to AECL. That's the current estimate.

● (0915)

Hon. Gordon O'Connor: So this will go on for many years paying off at a rate of $195 million.

Mr. Bill Matthews: Yes, and $195 million is what they expect to spend this year. It will be, I expect, a fairly lumpy profile over the years.

Hon. Gordon O'Connor: Okay.

One other thing is the bridges in Montreal. I understand that our proposal is to go to tolls, which I'm not opposed to, but I'm old enough to remember the corruption at the Jacques Cartier Bridge and the tolls. Some lady owned apartment blocks from having worked on the toll bridge and having kept creaming money off the tolls, as other people did too. Are we assured that when we bring in tolls that we'll have a system that's fool proof so people can't steal the money?

Mr. Bill Matthews: I can't speak to what system they'll put in for the tolls. You're quite right that the government hasn't indicated they expect this to be a toll bridge. I will say that from an internal control perspective, cash is the easiest thing to steal. With the advent of things like smart passes and credit card payments, the capability for fraud falls greatly. It's too early for me to say what the toll system will be.

Hon. Gordon O'Connor: Okay thanks.

[*Translation*]

The Chair: Thank you.

I will now give the floor to Mr. Simms, who has five minutes as well.

[*English*]

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.): Thank you.

Thank you to the guests. I'm the last minute replacement here, so forgive me if I ask something that's a little off track. Feel free to coin the phrase, “I think Mr. Simms what you're trying to ask is...”.

Voices: Oh, oh!

Mr. Simms: A quick question though, by way of information: why is supplementary (B) the largest?

Mr. Bill Matthews: It relates to the expenditure management cycle of the government. That's actually a very good question, so I'm not going to change it one bit.

Voices: Oh, oh!

Mr. Bill Matthews: If you think of the supplementary estimates (A), which are our spring supplementaries, they didn't use to exist. They only exist for items that are basically in the budget but for which a department can't wait for the fall supplementary estimates. So you really have to prove to us that you need the money and that you can't wait until the fall to get into the supplementary estimates (A).

Supplementary estimates (B) follow a normal timeline. When you have something in the budget, departments have a few months to put together their Treasury Board submissions and explain how they're going to spend the money. We have a challenge function, and then it makes its way into supplementary estimates (B), which come here in the fall timeframe. That's just a more normal time cycle. So it's really by default: if you can't prove to us, you have to wait, you get into supplementary estimates (B).

Mr. Scott Simms: So it's just the time that it falls in more than anything else. I get it.

I want to ask about VIA Rail. It's not really about VIA Rail per se, but the concept of solvency issues when it comes to the pension plan. This is a grave concern in many provinces right now. Are we talking about the ability to fund our pension liabilities in this particular case? Does it pertain to that?

Mr. Bill Matthews: It pertains to VIA Rail being a crown corporation, so it must follow the same legislation as the private sector does in funding pension plans. You can't just have an unfunded pension plan liability. So when you have a funding deficit, I believe, according to law, you have about five years to make that up. This, if I recall correctly, is about the third year of five years of payments to make up a funding deficit. It's not a case of the liabilities can't be met. There are legal requirements to fund the deficit, and you have a certain timeframe to do so, and the government is effectively resourcing VIA Rail to make those legally required payments. So it's not about the individual pensions going out the door; it's actually the funding requirements of the pension liability.

Mr. Scott Simms: All right, so even at $101 million, this is an adjustment, really. Is that what you're saying?

Mr. Bill Matthews: It's an adjustment, and we'll expect it again in future years, but to be going down, because at the same time the VIA Rail pension fund has investments. As you would know, the economic recession caused pension plan assets to drop. They're now performing better again, so this amount will continue for the next year or two, but be going down.

Mr. Scott Simms: What other crown corporations are in that same scenario as VIA Rail?

Mr. Bill Matthews: I'm trying to remember.... Do we have one other one? I can't recall one off the top of my head.

Mr. Scott Simms: So not the CBC or anything like that?

Mr. Bill Matthews: No, no.

Mr. Scott Simms: And these are defined benefit plans you're talking about.

Mr. Bill Matthews: These are defined benefit plans that have had some adjustments much like the other plans to change the cost-sharing ratios, but they're still defined benefit plans.

Mr. Scott Simms: Okay, that's very interesting because I didn't realize we'd dealt with that in that sense.

What would be a round number of what we've saved from the strategic review since 2007 up until now? I know it's a broad question, and I apologize, but....

● (0920)

Mr. Bill Matthews: Maybe my colleagues can add as we go, because there were four rounds of strategic reviews. The first round generated about $604 million; the second round about $400 million; the third round about $1.6 billion; and the fourth round about $290 million. So if someone can do some quick math...? Do you need those numbers again?

Mr. Scott Simms: That's fine, I get the idea.

Ms. Marcia Santiago (Executive Director, Expenditure Management Sector, Treasury Board Secretariat): It's just under $3 billion.

Mr. Scott Simms: Okay. And this strategic review was primarily with the reductions in the workforce?

Mr. Bill Matthews: No, you're moving to the strategic and operating review, which some people call the deficit reduction action plan. The strategic review started in 2007. We brought in departments over a four-year period to look at which of their programs were performing and which weren't, and that was very much targeted at government programs. The strategic and operating review brought in the operating costs, and I think that might be the one you're talking about, which was—

Mr. Scott Simms: Yes, it is, actually.

Mr. Bill Matthews: So, if we can flip to the strategic and operating review, just give me two seconds to refresh my memory.

So that was a budget 2011 item. The goal was at least $4 billion in savings, and it was based on 2011-12 numbers. The results of that were 19,200 positions eliminated, and a good chunk of those were in the national capital region. So the broad base. The ongoing savings were $5.2 billion, to answer your question.

Mr. Scott Simms: That's from the strategic and operating review, then.

Mr. Bill Matthews: Which some people also call the deficit reduction action plan—they're interchangeable numbers.

The Chair: Thank you.

Thank you, Mr. Simms.

Now to Mr. Aspin for five minutes.

Mr. Jay Aspin (Nipissing—Timiskaming, CPC): Thank you, Mr. Chair.

Welcome to the officials.

I first have a question with regard to the new department, ESDC, or Employment and Social Development Canada. On slide 7 of your presentation, Mr. Matthews, you mentioned the major voting item of $499.2 million for Employment and Social Development Canada, which is, I think, an increase of $9 million over the previous year. This increases the participation of Canadians in the labour force with the job fund as announced in the 2013 federal budget.

I'm told here there are three streams under the Canada Jobs Fund: the Canada jobs grant, which provides a maximum of $15,000 in training for each participant; the employment-sponsored training; and thirdly, the employment services and supports.

Could you tell me, sir, how many Canadians will benefit from the Canada Jobs Fund as a result of the additional funding of $9 million?

Mr. Bill Matthews: Thank you for the question.

Just by way of background, this is the Canada Job Fund, and it does replace the labour market development agreements. What you have in here is roughly $500 million of spending, of which $8.9 million is for the operations of the departments. The balance of $490 million is actually funding that will go out to recipients, jointly managed with provinces and employers. If we get good take-up you will see up to 50,000 Canadians each year benefiting from this spending. Again, it would depend on take-up, but that's the goal.

Mr. Jay Aspin: Can you specifically tell me how many additional Canadians will benefit?

Mr. Bill Matthews: Over the previous regime, I cannot. I'm sorry, I don't have that information for you. But you did properly articulate the three streams related to this. There's the Canada job grant, which is cost-shared between the government and the employer. There's employer-sponsored training, where you would see no requirement for contributions by the employer. The last bit is the employment services and support, which is very much a continuation of activities that you would have seen under the labour market development agreements. It's that type of thing.

I can't give you stats on what the delta is in terms of the number of Canadians.

Mr. Jay Aspin: Can you tell me what is the targeted percentage of Canada Job Grant recipients who will secure jobs through this initiative?

Mr. Bill Matthews: I'm sorry, Mr. Chair, those are very good questions, but they're probably better answered by the department responsible. I don't have a good handle on the labour market requirements.

Mr. Jay Aspin: What is the annual transfer to each province and territory under the Canada Job Fund?

Mr. Bill Matthews: It's per capita-based. I believe they use the 2012 census, if I'm recalling correctly. It's based on population. I'm sure we can get that information for you based on those, but I don't have that one with me.

● (0925)

Mr. Jay Aspin: Would you mind sending that to us?

Mr. Bill Matthews: That one we could do.

Mr. Jay Aspin: With respect to Foreign Affairs, Trade and Development Canada, it is requesting almost $134 million in vote 5 (a) to support the consolidation of the Canadian High Commission at Trafalgar Square in London, England, which you mentioned. This amount includes renovations of the new High Commission and official residence and leasehold extension on Canada House.

Could you tell us when the Canadian High Commission operations will be moved to the new High Commission?

Mr. Bill Matthews: I believe Macdonald House was sold just before the end of the fiscal year. What's happening now is renovations related to the two properties, but I believe they're actually functioning now.

I'm looking to Marcia to see if she knows.

Ms. Marcia Santiago: I remember something about an announcement of their opening formally in the fall, but I couldn't be sure.

Mr. Jay Aspin: How much of this funding respectively will be devoted to renovations of the new High Commission, to renovations of the official residence, and to leasehold extension of the Canada House?

Mr. Bill Matthews: My understanding, Mr. Chair, is that this amount is for those three items. It's $133.6 million, and it relates to the renovations of the High Commission and residence and the leasehold extension. That's what this funding is for, those items. I don't actually have the split between the two.

You'll recall, Mr. Chair, that the intent here was to sell Macdonald House, which was done, and then buy a piece of property adjacent to the current property so they could expand or put all their activities in one place. That's what's going on here.

Mr. Jay Aspin: Thanks, Mr. Chair.

[*Translation*]

The Chair: I will now give the floor to Mr. Martin for five minutes.

[*English*]

Mr. Pat Martin: Thank you, Mr. Chair.

I want to continue on the theme of the amount of resources allocated for environmental clean. I see at least three different categories: the nuclear, the Faro Mine and the Giant Mine, and Lac Mégantic.

Starting with the mines, I think Giant Mine operated profitably for 70 or 80 years, and Faro Mine for 40 or 50 years. Why are we left with the liability to clean these up? What efforts are made to go after the former owners? Have they taken any steps to preclude us from being left holding the liability for current operating mines?

Mr. Bill Matthews: Thank you for the question.

You're quite right, those two mines were operated profitably for a number of years.

What's changed from a corporate culture perspective? Let's be honest, environmental liabilities were not of concern, if you go back far enough. Certainly, it's more of a concern for ongoing activities.

Mr. Pat Martin: But Faro was shut down a year or two ago.

Mr. Bill Matthews: Yes, and basically the government has environmental liabilities related to things that the government actually didn't cause, and we're often left holding the bag. We have identified 16,300 sites as possible liabilities. You've mentioned two of them. I believe that every effort was made to go after the corporations, but in the end, the government owns that land and is responsible for the cleanup. As for how we got there, I really don't have the knowledge to speak to that.

Mr. Pat Martin: No, and it isn't fair to put you on the spot either, Bill. You're sent in here to explain and to defend a lot of this spending.

Moving on to the nuclear stuff, I remember the debate around whether SNC-Lavalin would take over AECL, and I don't remember it just being the profitable part of the company. I thought the whole deal.... As for the reason they didn't buy it, we actually paid them to take it over. We gave them a positive amount of money to take over AECL, and the public assumed—at least I did—that included the liability. You don't privatize the profits and socialize the losses. That's not in the best interests of Canadians.

How did we end up with this incredible nuclear waste liability when I think the public assumed that we were farming that out?

Mr. Bill Matthews: The division that was bought or sold to SNC-Lavalin was indeed the nuclear reactor division, the CANDU reactor.

● (0930)

Mr. Pat Martin: Chalk River is the nuclear reactor—

Mr. Bill Matthews: It is, but the government retained those facilities and the related liability. There were some liabilities that went with SNC-Lavalin. They were related to liabilities attached to current projects that were ongoing and either were behind schedule or had some challenges. SNC-Lavalin took on those projects, but the actual environmental liabilities themselves have remained with the government, as do the facilities at Chalk River.

Mr. Pat Martin: Okay.

Well, the third one out of 16,000 or whatever contaminated sites is Lac-Mégantic, the most recent one. What kind of cost-recovery efforts is the government making now? We're putting in $95 million up front to make these people whole and try to put their community back together, and I don't disapprove for a minute. But are we going to be able to go after and recover that outlay of money?

Mr. Bill Matthews: In this case, the outlay from the government went to the Government of Quebec. It was the federal share. I believe it's the Province of Quebec that is going after the company itself, but I'm not positive of that. This liability is not a federal government contaminated site liability. The government is making a contribution to help the municipality and then the province clean up the area. This is a bit different. It's not a Government of Canada liability per se.

Mr. Pat Martin: On the $44 million that you say is loaned to first nations so they can take legal action regarding land claims, in your experience, is that then deducted from the amount of the land claim? Or if the first nation is successful, do they get awarded the land claim plus their legal costs?

Mr. Bill Matthews: It is funded as a loan to allow them to participate in negotiations. I believe there is a vehicle such that under certain circumstances the loan can be forgiven, but that's kind of down the road. The normal course of action is that it's a repayable loan, regardless of the outcome.

Mr. Pat Martin: Regardless of the outcome? That's interesting.

[*Translation*]

The Chair: Mr. Martin, your time is up.

I will now give the floor to Ms. Ablonczy for five minutes.

[*English*]

Hon. Diane Ablonczy (Calgary—Nose Hill, CPC): Thank you again, Mr. Matthews. You're lucid as always, and that's always a good thing.

I've plugged the change you made—to Infobase instead of “expenditure database”—and I'm wondering whether there's any further modernization of nomenclature in the works. As you know, I have a bee in my bonnet about supplementary estimates, which is really newly approved spending. Are you going to clarify any of those things? Or is there anything we can do to move that along?

Mr. Bill Matthews: Thank you for the question.

We are not at this stage contemplating name changes to the estimates documents, but that being said, if there are suggestions from the committee—and we have taken on board many of the suggestions from this committee in the past on how to improve—please feel free to make recommendations. We'll certainly take them under advisement.

Hon. Diane Ablonczy: Well, I think the parliamentary secretary is going to have some lobbying from one of his members along that line.

I too am worried about AECL. That's been a black hole of hundreds of millions of dollars. I would have thought that after all these years this would have at least achieved some kind of balance and stability. From your examination, is there more spending coming down the pike on this outfit? At some point, are they going to be at least self-sufficient?

Mr. Bill Matthews: The AECL annual operating budget that you would see in the main estimates is not sufficient to fund their annual cost, which is why we often see them in supplementary estimates. They are in the process of setting up what's called a GOCO, which is a government-owned corporation operated organization, to effectively move the AECL employees into the private sector. Eventually, we will see a private sector organization operating AECL. The government will still own it.

Hon. Diane Ablonczy: Eventually, as in…?

Mr. Bill Matthews: They're setting it up. There are procurement plans. It will have to go out to tender. The actual payments to that organization, the eventual winner, will be based on performance. Basically, the procurement process is ongoing. The request for proposal is out. Bids are due back in early August. You'll see bids in from private sector organizations wanting to run this thing. When all is said and done, if all goes as planned, you'll see about 50 to 70 workers left in AECL who will do things like oversight and governance, but the actual book of the employees will be transferred over to this private sector organization that will operate AECL as opposed to having the government operate it.

● (0935)

Hon. Diane Ablonczy: Shall we say it is a step in the right direction, or we certainly hope so.

With respect to the jobs grant, there seems to have been some delay in getting that money, the agreement for all the parties, on that money. I'm interested in when this money will be spent. Is it being transferred directly to young workers, or is it going to the provinces?

Mr. Bill Matthews: There's matching for the bulk of it. It goes from the federal government, I believe, and comes from the employer as well, and the provinces play a role in this as well. I think it goes…and I don't want to speculate.

Do you actually know how this goes?

Ms. Marcia Santiago: The intention is for the funds to go through the provinces, provided that the agreements are signed. If the agreements aren't concluded, there is another set of options available to the organization to deliver the grant.

Hon. Diane Ablonczy: Okay.

There seems to have been a little lack of, shall we say, cooperation in that, but if it goes through the provinces, then I'm assuming that the agreements will be signed soon.

Ms. Marcia Santiago: At the beginning of May, I believe four agreements had already been concluded. There are key milestones for the other remaining negotiations that occur in May and June.

Mr. Bill Matthews: I think we do have agreements in principle, or MOUs, with all provinces and territories, so we're on the right track.

Hon. Diane Ablonczy: Okay, thank you.

[*Translation*]

The Chair: Thank you, Ms. Ablonczy.

The members of the committee seemed interested in discussing an out of court settlement under people management, but it was not possible to discuss it earlier. If the committee so wishes, I suggest that we continue the meeting in camera to spend a few minutes on this issue. That is what the members of the committee seemed to want.

[*English*]

Hon. Gordon O'Connor: He was the guy that wanted it, and he's not here.

[*Translation*]

The Chair: I will therefore suspend our work for a few minutes to continue the meeting in camera. We can then discuss that issue.

●

(Pause)

●

● (1005)

The Chair: We'll reconvene the meeting.

I will now put forthwith the question on vote 1a of the supplementary estimates (A).

TREASURY BOARD SECRETARIAT

Treasury Board

Vote 1a—Treasury Board—Program expenditures and the payment to each member of the Queen's Privy Council.......... $74,920,000

(Vote 1a agreed to)

The Chair: Shall the chair report vote 1a under the Treasury Board Secretariat to the House?

(Motion agreed to)

The Chair: That brings us to the close of our meeting. We will meet again on Thursday, at 8:45 a.m.

Thank you all for being here.

The meeting is adjourned.