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• (1535)

[English]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)): Good afternoon, everyone. I call this meeting to order.

Welcome to meeting number 87 of the House of Commons Standing Committee on Government Operations and Estimates—or, as the PBO refers to it, the mighty OGGO.

Pursuant to Standing Order 81(5) and the order of reference adopted by the House of Commons on Thursday, November 9, 2023, the committee is meeting on the study of the supplementary estimates (B) 2023-24.

This is a reminder not to put earpieces next to the microphones, as this causes feedback and potential injury to our valued translators.

Today we have the PBO's office for two hours with an opening statement from Mr. Giroux. We are going to take a short suspension at 4:30, and we will welcome in Mr. Bill Robson from the C.D. Howe Institute.

As required, I'm letting everyone know all audio tests for Mr. Robson have been done and were found satisfactory.

Mr. Giroux, welcome back again. The floor is yours.

Mr. Yves Giroux (Parliamentary Budget Officer, Office of the Parliamentary Budget Officer): Thank you, Mr. Chair, and members of the committee. Thank you for the invitation to appear before you today.

We are pleased to be here to discuss our report on the supplementary estimates (B) for the fiscal year 2023-24, published on November 16, 2023. Joining me are Jill Giswold and Kaitlyn Vanderwees, key analysts on this report.

The government's supplementary estimates (B) for 2023-24 outlined \$24.6 billion in incremental spending. Parliament's approval is required for \$20.7 billion. Statutory authorities, for which the government has Parliament's approval to spend via other legislation, are forecast to increase by a total of \$3.9 billion.

Close to 50%, or \$10 billion, of the proposed voted expenditures in these supplementary estimates relate to the indigenous portfolio, with a significant portion for the negotiation and resolution of indigenous claims.

As for the forecasted increase in statutory authorities, it is largely driven by a \$2-billion Canada health transfer top-up payment to the

provinces and territories to help reduce backlogs and respond to urgent pressures, as announced by the government in June.

[Translation]

Roughly 11% of the proposed spending in the supplementary estimates, \$2.8 billion, is for 74 Budget 2023 measures. This brings the total proposed spending to date for Budget 2023 initiatives to around \$10 billion for 2023-24.

Including these supplementary estimates, the total proposed year-to-date budgetary authorities for 2023-24 are \$480.5 billion, which represents a \$37.2 billion, or 8.4%, increase compared with the estimates for the preceding year.

To support parliamentarians in their scrutiny of Budget 2023 implementation, we have prepared tracking tables that list all budget initiatives, the planned spending amounts and the corresponding legislative funding authority. These tables, which are available on our website, will be updated over the course of the year as the government brings forward its legislative agenda.

With that, we would be happy to answer all of your questions about our analysis of the supplementary estimates or any other report my office has produced.

Thank you.

[English]

The Chair: Thank you, Mr. Giroux.

Before we start with Ms. Kusie, I need about five minutes at the very end of today to go over our budget and some of the document requests—a bit of information from Dalian.

We have Ms. Kusie for six minutes, please.

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): Thank you very much, Mr. Chair.

[Translation]

Thank you for being here today, Mr. Giroux. It's always good to see you. You've shared some very interesting testimony in the past.

[English]

Thank you for being here on the supplementary estimates. I'm always very interested to get your insight into things.

Obviously, what stands out is the total ask of another \$24.6 billion in this time of economic crisis. The voted authorities are \$20.7 billion of that \$24.6 billion. It's a significant amount, but of course I'm mostly concerned about the \$24.6 billion.

I know that you are no stranger to the fact that this committee has spent a significant amount of time looking at the amount this government has spent on external consultants. In fact, last spring we were seized with the McKinsey study because of the incredible amount of expenditures we saw on external consultants.

Unfortunately, your report indicates that the supplementary estimates provide an insight into the fact that this government continues to have a reliance on external consultants. In fact, you say in your report that the amount that they are planning to save is a paltry \$500 million. This is just absolutely a drop in the bucket. Never mind the \$15 billion that my counterpart, Anita Anand, the President of the Treasury Board promised to find by October 2, but couldn't.

You indicate in your report that the spending on the professional and special services continues to increase. You state that in 2023-24, it's "at a record \$21.6 billion". I'll repeat that number: \$21.6 billion.

Why is this government incapable of letting go of its use of external consulting services? Why is there a need for them to spend these exorbitant amounts on external consultants, as you indicated in your report, with \$21.6 billion?

Mr. Yves Giroux: I don't think it's for me to explain exactly why the government needs that money.

I can say, though, that these professional services are used for a variety of purposes. For example, it can be on IT services that the government cannot do internally. It can also be for expertise that it doesn't have and it would not provide value for money to develop in-house. It can also be to provide some services to remote communities—for example, health services to communities.

If you have a specific question as to why the government keeps increasing its recourse to services, I would suggest that Minister Anand would probably be a better person to provide a justification. I would point out though, that the \$500 million in freezing voting appropriations—the \$500 million that was announced as part of the subsidy—is a small fraction of the lapse that took place last year for professional and special services. The government had booked \$21.4 billion last year and lapsed \$2.8 billion, or 12.9%. Freezing \$500 million this year does not sound like a very binding exercise.

• (1540)

Mrs. Stephanie Kusie: I'll use this as another example here.

It was recently reported that the Liberal government spent \$669,500 on a KPMG contract to help reduce consulting in the Department of Natural Resources. Again, we're seeing this obsession with external consultants in this government. They even

have to rely on consultants to determine how to eliminate external consultants.

Were there any significant reductions in consulting from Natural Resources? Can you see any positive impact from using consultants to help determine how to reduce consultants?

Mr. Yves Giroux: Probably the only benefit I would see in using consultants to look at ways to reduce consultants is maybe to get a second opinion in addition to the one that would be provided by senior public servants, who would advise ministers and cabinet on the best ways to reduce the use of consultants.

It would seem a bit risky to rely solely on the expertise of consultants in that perspective. I would see that as the only reasonable approach that would justify asking consultants for ways to reduce fees for consultants. It would be to confirm the advice that public servants would have already provided.

Mrs. Stephanie Kusie: Finally, do these frozen funds have any impact on the government's debt-servicing costs, or is there nothing to stop the government from putting more fuel on this inflationary fire?

Mr. Yves Giroux: It will have an impact on debt-servicing costs to the extent that the money would otherwise have been spent. This may not be the case, given the previous year's lapses in spending on professional and special services. The amount authorized to be spent, but which was not spent, was about \$500 million.

The Chair: Thank you, Mr. Giroux.

Mrs. Stephanie Kusie: Thank you very much.

The Chair: Go ahead, Mr. Jowhari, please.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Mr. Giroux and team. Welcome to OGGO once again.

I'll go back to the fact that you highlighted how the cost dedicated to professional and special services is to the tune of \$21.6 billion.

Does "professional and special services" exclusively mean external consulting services, such as services from Deloitte, McKinsey and all those others we've heard about?

Mr. Yves Giroux: No, it's a broad category that includes several types of services. Consultancies, as you mentioned, are a component of it. However, they are not by any means the vast majority of this.

Mr. Majid Jowhari: Thank you.

Can you give me the top five areas or services that are considered under "professional and special services"? What is the largest part of that?

Ms. Kaitlyn Vanderwees (Analyst, Office of the Parliamentary Budget Officer): The top five areas are engineering, architecture, business, health and welfare services. Of the top two, there's been approximately \$7 billion, historically. Management and consulting contribute to around 5% of historical spending on professional and special services.

Mr. Majid Jowhari: I'm sorry. Are management and consulting around \$5 billion?

Ms. Kaitlyn Vanderwees: It's 5% of the total.

Mr. Majid Jowhari: It's 5% of the total, so 5% of \$20 billion would be about \$1.1 billion. Okay.

I'm specifically interested in investment in health services.

Can you expand on that one? How much is it, and where is it going? What purpose is it going towards?

• (1545)

Mr. Yves Giroux: Are you referring to consultancies or the \$2 billion to Canada health...?

Mr. Majid Jowhari: No, it's professional and special services. There's a category under health services.

How much is that? Where is that going?

Mr. Yves Giroux: Do you know how much?

Ms. Kaitlyn Vanderwees: For this year, in your estimates, we don't have the breakdown by area yet. That only comes with the public accounts. We wouldn't know until next fall.

Mr. Majid Jowhari: Okay. How much of the \$21.6 billion is on health?

Mr. Yves Giroux: We'll know this only after the fiscal year has ended, when we get a breakdown from departments.

Mr. Majid Jowhari: Thank you.

Another area of interest to all of us here, as well as to Canadians, is inflation.

We recently heard that inflation is down from 3.8% to 3.1%. I remember, when you were here last year, we asked you where you perceive we're going to be in 2024. You said we're going to be somewhere at the upper end of 1% to 3%. We're at 3.1%, and we still have a couple of months to go. I'm going to ask you the same question.

Where do you think we're going to be in 2024, based on the new estimates and what you heard in the fall economic statement?

Mr. Yves Giroux: Our economic and fiscal outlook—I have it here—suggests we will be within the 2% to 3% range. I'm trying to find it.

We estimate that, for 2024, the average will be about 2.8%. We should be closer to 2% by the end of 2024, if there are no unforeseen events that change this forecast.

Mr. Majid Jowhari: Okay.

My colleague touched on the lapse rate. Can you comment on the lapse rate and the concern you have about it?

Mr. Yves Giroux: It's not necessarily a concern.

The lapse rate is the portion of authorities that Parliament provides to the departments. They have the capacity to spend up to these amounts. The lapse rate is the portion that ends up not being spent. It can be a concern if it means departments are unable to spend in areas of priorities. It could be a concern if there are dire needs that are not met because departments cannot implement some initiatives quickly enough. However, it can also be a good thing if it avoids wasteful spending—spending for the sake of using all the appropriation.

It has to be looked at with a specific lens. You cannot just say that a lapse is a bad thing in absolute terms or a good thing. One has to look at the reasons behind a certain amount of lapse.

Mr. Majid Jowhari: Thank you.

I would like to submit that it's more about making sure that we are using the funds appropriately.

With about a minute to go, in your report on page 5, you talked about how by this time last year, we had spent about 60% of the projected total budget of 2022-23, as opposed to this year, for which we've spent only 40% of that budget.

Can you expand on that one?

Mr. Yves Giroux: What we mean, and what I think is in the report, is that last year we were at 90% of the budget initiatives for which there were authorities provided. This year, it's closer to 60%, although after the publication of this report, we received subsequent information from the Treasury Board Secretariat that suggests the number is higher, but still lower than 90%.

This indicates that the pace of implementation of budget measures is not as rapid as it was last year and in previous years.

Mr. Majid Jowhari: Thank you.

The Chair: Thank you very much.

Now we'll go to Ms. Vignola, please.

[*Translation*]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you, Mr. Chair.

Mr. Giroux, Ms. Vanderwees and Ms. Giswold, thank you for being here with us today.

Mr. Giroux, I noticed all kinds of things in the budget, but I'd like to start with one in particular.

I see that money is earmarked to catch up on annuities paid to first nations. The compensation for Treaty 8, which was signed between 1879 and 1921, has remained unchanged since the time of signature. For the Restoule settlement of the Robinson-Huron Treaty, there has been no increase since 1875.

Does this mean that no government since then has increased these budgets for first nations, and that they have all remained unchanged, which might also explain the state in which first nations find themselves, that is, lacking both drinking water and services?

What does the fact that there's been no increase mean? What are the consequences of that now, other than the fact that the government now has to quickly play catch-up?

• (1550)

Mr. Yves Giroux: I'm not in a position to comment on consequences or specific agreements.

During my career, I've worked on certain aspects of indigenous relations, and what I've learned is that these tend to be very complex relationships, especially when there's litigation and claims involved.

As such, the fact that compensation hasn't been increased in decades—centuries, even—reflects the fact that claims tend to be negotiated over a long period of time.

That doesn't mean services aren't being provided. Those are often two separate things. That said, I can't comment specifically on those two agreements because we don't have the details. All we have is the numbers in the supplementary estimates.

Mrs. Julie Vignola: Thank you.

When I look at the supplementary estimates, I'm astounded at how many times I find myself wondering why a particular expense wasn't planned for. I make a note in the margin every time.

In your opinion, of the \$20 million the government is asking for in the supplementary estimates (B), how much could or should have been in the main estimates last spring?

Mr. Yves Giroux: That's a tricky question, too.

For example, if you look at agreements to settle specific claims or indigenous issues, it can be tricky to put them in the main estimates because the final numbers aren't known at the time. It's hard to know how much that amount will be when the main estimates are being prepared. In contrast, for departmental operating budgets for things that aren't totally new, such as budget initiatives, it's harder to see why these measures and funds weren't included in the main estimates, which should be the default to make your work as parliamentarians easier.

That's why I can't tell you exactly how much should have been in there. That would involve a lot of judgment calls and a lot of information I don't have, including each department's and each organization's detailed operational information.

Mrs. Julie Vignola: I also noticed that the supplementary estimates (B) include subsidies, and I have the same question.

Do you think subsidies are unforeseeable expenditures?

Mr. Yves Giroux: No, in this case, it's foreseeable.

Typically, they should be in the main estimates unless there were increases announced in the budget. The way the budget cycle works, the budget is released after the main estimates.

This could explain some degree of disconnect, but the idea is that normal operating expenses should all be in the main estimates.

• (1555)

Mrs. Julie Vignola: Thank you.

Today, your office released a calculation of what it would cost if the government were to extend the repayment deadline for CEBA loans from January 18, 2024, to December 31, 2024. Apparently, that extension would cost a little over \$900 million.

When we asked the Minister of Finance to extend the deadline to December 31, she said it would cost \$2 billion, but it turns out it's a little over \$900 million. That's a lot of money, but it's relatively good news.

Have you calculated the total economic cost and the costs related to all of the government supports, such as EI, that would be needed if tens of thousands of SMEs went bankrupt?

Mr. Yves Giroux: That's a good question, but it's not something we considered because it would involve all kinds of hypotheses about the number of bankruptcies that would occur if the deadline is not extended. It would depend on a lot of hypotheticals.

Survey results indicate that some businesses will find it a lot more difficult to continue their activities if the repayment deadline isn't extended. However, it's hard to tell if all or even many of those businesses would actually close their doors.

Mrs. Julie Vignola: Thank you.

[English]

The Chair: Thank you very much.

Mr. Johns, please go ahead.

Mr. Gord Johns (Courtenay—Alberni, NDP): Thank you for being here.

I want to go back to the outsourcing conversation.

Right now, it's predicted that the government is going to spend \$21.6 billion in highly paid consultants and outsourcing services for Canadians.

My understanding is that they intend to cut 15% of what they've allocated for outsourcing, but that still doesn't even bring us back to 2021-22 levels. Would that be accurate?

Mr. Yves Giroux: If they do reduce these outsourcing contracts by 15%, it would certainly contribute to bringing this funding back to the authorities or the actual spending in 2021-22. What we have seen so far is a reduction of \$500 million split between travel expenditures and consulting fees, and that is not sufficient to bring down the level to the actual expenditures in 2021-22.

Mr. Gord Johns: What I find really alarming is that you just did a report looking at the CEBA loan and the cost of the CEBA loan. Right now, we have 250,000 small businesses that have taken out a CEBA loan, businesses that closed their doors to protect the public health of Canadians. They took a huge hit. Clearly, the refundable portion would not be able to absorb the hit they took, especially when it comes to the hospitality industry, where very few businesses have been able to make any sort of payment, even a small portion of that.

CFIB stats tell us that one-third of those people literally don't have the money and can't secure a loan. Would you not agree that, if the government cut more on outsourcing, they could afford the money that you've projected—\$904 million—which is quite large in your prediction, given the fact that it doesn't account for businesses paying down their loans over that period. Could you speak a bit more about your report?

For me, I find it very difficult that these businesses are going to take another hit on the chin, yet we're paying this exorbitant amount of money for highly paid consultants who are making a profit. We are also learning that a lot of them are making commissions while they're subcontracting out in the pyramid scheme that they've designed, which is going on in a lot of these corporations.

Mr. Yves Giroux: It's certainly a decision that the government could decide to make, to extend the deadline for CEBA repayments and finance that through a reduction in outsourcing and professional services. However, reductions in outsourcing services could potentially have an impact on the delivery of some services, depending on the areas that would be cut. It's a decision that would be best left...

I cannot say whether it's feasible without affecting services. It would depend where the cuts or the reductions would take place. It certainly is an avenue for the government if it were to decide to extend the deadline for CEBA repayments.

Mr. Gord Johns: I would imagine that if they changed their commission set-up and put a cap on all commissions on outsourcing, they'd be able to cover the extension of the CEBA loan, which is something I am really disappointed the Liberals aren't supporting and the Conservatives have not been active on.

In terms of the indigenous services funding, you cite the increase, but we're hearing from indigenous communities about the cuts to indigenous languages, which are critically endangered. There is an urgent need for immediate action to ensure that these culturally rich languages are not lost forever.

Funding would allow indigenous communities to develop and implement intensive immersion programs that have proven effective

for creating new high-level intermediate language speakers in just a few years. I'm hearing this from Tseshah First Nation in my riding and from Ahousah Nation in my riding. These are languages that were stolen through residential schools.

Do you see anything in your report that...or the government's failing to fulfill its promises when it comes to reconciliation?

• (1600)

Mr. Yves Giroux: What we have seen in the supplementaries are significant increases in funding to settle claims that have been outstanding, but I don't see any funding that would be related to indigenous languages.

We have done reports in the past that looked at performance indicators for both departments—Indigenous Services and Crown-Indigenous Relations—and we found that slightly more than half of the performance indicators were met over a certain period of time, which suggests that there is still room for improvement in the delivery of services for indigenous Canadians by these two departments.

Mr. Gord Johns: Slightly over half seems pretty far from what's needed. You can imagine that, as New Democrats, we're pretty happy to see the government finally introduce new anti-scab legislation, legislation that we've fought for. It still needs to pass. If it does, workers would have far more power since companies could not replace them with scabs during labour actions. However, the new legislation would significantly increase the responsibility of Employment and Social Development's regulatory board, the Canada Industrial Relations Board, which will need to make a determination on every strike.

The board is already overburdened, so I would expect this massive new workload to come with new resources, but the opposite seems to be the case. The government wants to reduce ESDC's funding by \$3 million. How important is it for the government to make sure that new initiatives like this are accompanied by corresponding increases to funding?

The Chair: I'm afraid that we're out of time, but maybe you can offer a very brief answer, Mr. Giroux.

Mr. Yves Giroux: It's not something that we have looked at, the anti-scab legislation or the replacement workers legislation and whether there is associated funding with that legislation for ESDC to fulfill the obligations that would be imposed on it by the legislative provision.

The Chair: Thanks very much.

Mr. Chambers, go ahead, please.

Mr. Adam Chambers (Simcoe North, CPC): Mr. Chair, it's a pleasure to be at the mighty OGGO, as I understand we are to refer to it.

Thank you for coming again. Welcome to your team. It's nice to see you. I expect we'll see you, hopefully, one more time at the finance committee before we break for the holidays.

I was looking at the supplementary estimates, and there were a couple of things I didn't see. I'm wondering if maybe I just missed them. I didn't see any money set aside for the new disabilities benefit, any money allocated for implementing pay equity legislation, or any adjustments or additional money set aside for the dental care cost overruns. I understand there are some accruing.

Am I mistaken in not seeing those?

Mr. Yves Giroux: I certainly have not seen anything related to Bill C-22, which could be significant if or when we see regulations that will implement or operationalize the disability benefit. I don't remember seeing anything on pay equity in the supplementary estimates or anything for dental care.

Mr. Adam Chambers: I've had a bit of trouble getting an answer from the Treasury Board, Health Canada and the Department of Finance. No one really wants to give an answer to the question about the methodology that the government used to determine how much the dental care program will cost.

Specifically, did the government assume a certain percentage of uploading from the private sector and public sector plans, in which case it has admitted that there will be some crowding out of the private sector, or did it not make any assumptions at all, in which case there will be significant cost overruns as private sector plans and various provincial governments are actually now kicking people off their plans so that the federal government can pay for it? I'm just wondering if you have the same concerns, or maybe you can help us get some of that transparent information in your work.

• (1605)

Mr. Yves Giroux: When we did the costing of the dental care program, we consulted with Health Canada. I don't remember off the top of my head whether they have included some.... I know that we certainly have included some behavioural impact, but I don't know if they have included some potential off-loading by currently insured individuals and families. I'd have to get back to you on that.

Mr. Adam Chambers: Thank you very much.

There's another area that the government outlines in every budget. It's called the non-announced measures, and what happens in this provision is that, in every budget, the government is transparent about the changes in that account. For example, money comes into that account and money goes out of that account, and they're very light on the details about what it's for. It's understandable. There are some very legitimate reasons for which they would have some secrecy.

Parliamentarians don't know the total dollar value of the provision that's set aside in the fiscal framework. It's my understanding that you would have to go back, basically to the beginning of time, to add up and then track the changes in that account.

I'm wondering if you may be able to provide some assistance so that parliamentarians could understand the total amount of the government's provisioning for future expenditures that they haven't announced yet, because we just listed a few that have not been ac-

counted for publicly, but pharmacare's nowhere to be seen. We have no idea whether the government's put aside enough money for the liabilities that it's created.

Mr. Yves Giroux: It's information that we sometimes try to get. We see the line, a provision for unannounced measures or to-be-announced measures. Every time we see that in a fall update or a budget, we ask and we're told the same answer over and over again: We can't provide you the details because some of these are for anticipated cabinet decisions, and others are for commercially sensitive contracts or negotiations. We would probably face the same wall.

I can understand that there are very valid reasons to want to provide not too much detail on that, but on the issue of going back several years, I think that would be a mission impossible.

Mr. Adam Chambers: Surely, though, it wouldn't be secret what the total dollar value is of the provision in a gross number that the government set aside for future liabilities.

Would you agree with that?

Mr. Yves Giroux: Yes, that should be doable.

Mr. Adam Chambers: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Chambers.

Mr. Sousa, please, you have the floor.

Mr. Charles Sousa (Mississauga—Lakeshore, Lib.): Thank you, Mr. Chair.

Thank you for being here again today.

The Governor of the Bank of Canada indicated recently, after the fall economic statement, after the update.... I think he said that the federal government's new fiscal guardrails are helpful for monetary policy in regard to how we move forward and weather through international challenges that affect us here at home.

As we go forward and we look at some of these measures and some of the things that we put in place, he commented that some of these steps are helpful. Can you comment? Do you agree?

Mr. Yves Giroux: Yes, I agree that having a fiscal anchor is very helpful. It's helpful for Canadians and it's helpful for financial markets, but first and foremost, it's helpful for the government itself when it has to make significant decisions and trade-offs when faced with various demands. It's something that is very helpful.

One thing that is important with a fiscal anchor is that, once you decide on one, you keep committed to the same to ensure that the credibility of that fiscal anchor is maintained.

Mr. Charles Sousa: Thank you.

In the Treasury Board Secretariat, there are contained some settlements, votes 1b and 10b, that we're discussing related to the Phoenix pay system. As you know, this saga seems to continue—it's never-ending—from a previous government as well.

Can you comment on what these payments are for and how long you foresee this being an issue?

Mr. Yves Giroux: I don't have the numbers off the top of my head.

As to how long these payments should continue, I would hope that we are close to seeing the end, but I would be very optimistic, I think, if I were to say that based on past experience.

Mr. Charles Sousa: As we look at and consider our future economic position, it's one thing to look at this point in time. The Auditor General looks into things that have taken place in the past, but your role is very much forward thinking. It's a proactive situation. You're looking at what it is that we're going to be doing and how we're going to be able to withstand and prepare in regard to what's happening in the future.

I'm now thinking about the benefits to the elderly, specifically in the medium term. There were increases in cost as a result, because of the aging population, and it's had an effect on our long-term projections. Do you see that effect?

• (1610)

Mr. Yves Giroux: Yes, we see expenditures related to old age security and the guaranteed income supplement rising as the population gets older, and with inflation, of course. However, the main driver is an aging population. We also see the need for expenditures in the health care sector to increase as the population ages.

However, given that, at the federal level, most of the government's expenditures consist of transfer payments to the provinces that are set in legislation and grow in line with inflation, or GDP growth. It is the same with old age security, which grows with population growth and inflation.

We see that the government's fiscal position, in the absence of further measures, should still be sustainable in an environment where interest rates would return to a more normal level.

Mr. Charles Sousa: Would the credit agencies agree with you?

Mr. Yves Giroux: They seem to be in agreement, so far, with the credit rating being very solid.

Mr. Charles Sousa: Thank you.

When I look at accounting—and it is getting a bit more convoluted here—it's worth discussing the different methods of accounting for the budget and public accounts, where you use accrual accounting. In estimates, we use the modified cash accounting.

Can you briefly explain the two different methods, and why they apply here?

Mr. Yves Giroux: Accrual accounting, for people who may not be familiar with this method, recognizes the expenditures as they materialize. It's not necessarily when you write the cheque, but if you know that you owe amounts to a specific provider or you have a liability, for example, with respect to future benefits, you have to recognize that expenditure.

When you get an asset.... For example, when you know you are buying warships, you transfer cash and you get an asset. It doesn't affect the bottom line, the deficit, in the first year you transferred.

You paid for the warship, but you got an asset, so it does not affect the deficit or the surplus.

Modified cash accounting means that, when you have to pay an amount, you have to seek funding, which is—

The Chair: I apologize, Mr. Giroux. I realize you probably need two more weeks to try to explain our estimates process, but we're out of time.

Next, we have Mrs. Vignola for two and a half minutes, please.

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

I'd like to get back to my question about the Canada emergency benefit account, or CEBA.

I know it's hard, but I'd like you to tell me if you think tens of thousands of bankruptcies would ultimately have a greater impact on the economy than extending the CEBA deadline to December 31, 2024.

Mr. Yves Giroux: I'll give you an economist's answer that you may not find entirely satisfactory.

The repercussions depend on the situation in which we find ourselves. In a full employment situation, business bankruptcies are painful for both the business and the employees, no doubt about it. Macroeconomically speaking, for the economy as a whole, there are losses, of course. However, as I said, if there's full employment, the affected employees can find new jobs within a reasonable period of time.

In contrast, if unemployment is higher than what would be normal in a dynamic economy, there may be consequences for those affected. They may face a longer period of unemployment than would be expected in a very dynamic economy with full employment.

Yes, it's possible and even probable that tens of thousands of bankruptcies would engender significant costs.

Mrs. Julie Vignola: Thank you.

I see that this budget is higher than last year's, which was kind of a relic of the pandemic period budget. The last more or less normal budget we had was the 2018-19 one.

Compared to the 2018-19 budget, is this one similar or significantly higher? If it's higher, why would that be, given that we're at the end of the pandemic?

• (1615)

Mr. Yves Giroux: Spending is much higher than in budget 2018-19, even taking inflation into account.

There's more spending within the federal government itself. Much of it is related to staffing, but there are other reasons. Conscious decisions were made to increase the number of programs and fund them more generously, as well as to grow the public service. That's the main reason for the bigger budget.

[*English*]

The Chair: I apologize for interrupting again, but we're past our time.

I have Mr. Johns, please.

Mr. Gord Johns: I cannot actually comprehend the fact that we're post-COVID and the out-of-control consulting is still skyrocketing. The government can find more money for highly paid consulting firms than for small and medium-sized businesses that closed their doors to protect public health and can't access CEBA loans. I just find it absolutely unbelievable.

I'm going to talk about Phoenix.

The Conservatives started this Phoenix pay system that was supposed to save us \$80 million a year. It's over \$2.3 billion. Hopefully, you can provide the amount that it has really cost Canadians through their highly paid consulting regime of their own that was carried on by the Liberals. Do you have an updated number on the total amount the Phoenix pay system has cost us?

Mr. Yves Giroux: I don't with me right now, but it's something that we could probably provide in writing to the committee.

Mr. Gord Johns: That would be fabulous.

Shared Services Canada is asking for another \$34 million to fund the next generation human resources and pay initiative, but there's no funding here for the Phoenix pay system.

In June, you shared that the Department of Finance told your office that hundreds of millions were allotted to fixing Phoenix, and that would fix it once and for all. Now I want to ask you if service delivery has improved. Clearly, it didn't. They're focusing on going after people for overpayments instead of paying the people who did work and did not get paid.

Almost a million transactions with financial implications are currently waiting in the pay centre's queue. What do you see is needed to fix this? What resources are needed to make sure everybody who's owed money gets paid?

Mr. Yves Giroux: Honestly, sir, I have no idea what's needed at that point, because it's been going on for a long time. If I knew exactly what was needed, I would probably quit my job and sell it at a high price and fix it for good.

Voices: Oh, oh!

Mr. Yves Giroux: I'm sure I—

Mr. Gord Johns: Some highly paid consulting company would hire you in a heartbeat to do that, but the next generation initiative is supposed to save tax dollars and improve pay administration.

There's \$23 million here to fund a settlement related to Phoenix, but specific settlements, like PSAC's agreement with the Treasury Board, haven't applied to damages since 2020. Anyone harmed since 2020 isn't protected and can't claim damages.

Have you costed extensions for any such agreements, and does it make sense for the government to be periodically allocating funds to various damages or would laying it out up front and all at once be more effective and transparent?

The Chair: I'm afraid we're out of time, Mr. Johns, but I do see Mr. Giroux writing down your question. I'm sure he'll get back to us.

We have Mrs. Block, please.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Thank you very much, Mr. Chair.

I join my colleagues in welcoming you today. I also appreciate your analysis on the supplementary estimates (B).

Mr. Giroux, at a previous meeting, you commented on the amount of spending that's finding its way into the supplementary estimates. If my memory serves me correctly, you were concerned by the amount that was finding its way into the estimates and characterized it as a lack of planning.

How do the estimates that we are looking at today compare to the estimates that would have given you that sort of concern previously?

Mr. Yves Giroux: That's an interesting question that I did not expect.

I would say that this one is probably less concerning to me, because it involves a series of settlements for claims related to indigenous people, which are hard to predict in advance. Even if they were predictable, it would be disingenuous on the part of the government to reveal how much it's prepared to put on the table before everything is finalized.

From that perspective, it is normal and expected that funding for these agreements would find its way into supplementary estimates, and given that it's a significant portion of the supplementary estimates—the other part being, of course, budget initiatives—I've less concern with the amount in these supplementary estimates (B) than I would have if it were not related to these specific items.

● (1620)

Mrs. Kelly Block: Thank you very much.

I do appreciate the role that you and your office play in supporting parliamentarians by providing us with the economic and financial analyses that you do, and I understand that it really is intended to raise the quality of the debate that we have here in committee when we're looking at estimates but also in the House. It promotes greater transparency and accountability for the government.

We also have noted in previous committee meetings that it is oftentimes difficult to scrutinize the estimates, mainly because we are not given a lot of detail in some of the lines or itemized lists for the purposes of certain amounts of money. Would it be feasible to require departments to provide more detailed accounting or those lists that would provide more specificity on their planned spending?

Mr. Yves Giroux: It certainly would be feasible, and there are a couple of ways to make the job you have easier. One example is having a budget that is tabled sooner in the cycle, so that most of the items find their way into the main estimates, as opposed to having the main estimates and shortly thereafter supplementary estimates (A). Also, as was asked yesterday at the Senate national finance committee, when there are agreements for which funding is sought in supplementary or main estimates, indicating the year in which the liabilities were booked gives us a sense as to how long they have been on the books of the government.

I'm sure I'll be running out of time soon, but those are a couple of ways to make your jobs in scrutinizing government accounts easier.

Mrs. Kelly Block: Thank you.

Do I have enough...?

Mr. Yves Giroux: If I have—

The Chair: You have a minute.

Mrs. Kelly Block: Did you want to add something to that?

Mr. Yves Giroux: I was going to say that we take all the credit if our work elevates debates in Parliament, but none of the blame if it doesn't.

Mrs. Kelly Block: Thank you.

Really quickly, I want to ask about the purpose of the one dollar allocated "to authorize the amendment to the Revolving Funds Act for the Optional Services Revolving Fund". Can you explain that?

Mr. Yves Giroux: I cannot, because I still have not figured it out. We have been working on the supplementary estimates and the fall economic statement. We haven't gotten to that point. Unless Kaitlyn or Jill know more, I certainly cannot explain that specific area.

Mrs. Kelly Block: Okay. Thank you.

Mr. Yves Giroux: Can you...?

The Chair: Very briefly.

Ms. Jill Giswold (Senior Analyst, Office of the Parliamentary Budget Officer): Sure. I'm happy to add a little bit.

With the estimates, the votes are on dollar amounts, so the purpose of a one dollar often is to change something within the vote, but they have to put a dollar, so it's changed when Parliament votes on it.

Mrs. Kelly Block: Thank you.

The Chair: We have Mr. Bains, please.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair.

Thank you to Mr. Giroux and to our analysts for joining us today again.

I'm going to pick up a little bit on what my colleague Mr. Sousa was asking about on the different methods. In your view, of the accounting methods you were talking about, which one is more appropriate for federal financial documents?

Mr. Yves Giroux: I think the accrual accounting method is much better. It's a better reflection of the actual flows and responsibilities, financial obligations and revenues of the federal government, but it's confusing in the sense that it does not always reflect the cash needs of the federal government.

Mr. Parm Bains: Would it be feasible to use the same accounting approach for all financial cycle documents?

Mr. Yves Giroux: I think it would lead to huge discrepancies. For example, in a year where we buy warships or fighter jets, then there would be a huge hit on the fiscal bottom line if we were to use a pure cash approach to the government's books. The comptroller general would be in a much better position to explain the pros and cons of different accounting methodologies.

• (1625)

Mr. Parm Bains: You mentioned fighter jets. I have a quick question on that. On the F-35 life-cycle cost estimates, do you have them available from other nations, and if so, are Canada's in line with other partners?

Mr. Yves Giroux: Yes, they are roughly in line. We looked at the Americans, and I think we also looked at other countries. However, the Americans have good historical records, because they have by far the most of these fighter jets in use, so there's good data on that. I think our costs overall are fairly in line with the Americans. The variable that drives some of the life-cycle costs is the number of hours flown per year and per aircraft, which is taken into account in our estimates.

Mr. Parm Bains: I was visiting recently the Seaspan Vancouver shipyard and was able to see the icebreaker. There were some cost savings there. Have those been indicated in the supplementary estimates?

Mr. Yves Giroux: Yes, we usually use comparable and historical data based on specifications that are proper to the ships the government is procuring and also look at the experiences of other countries.

Mr. Parm Bains: You've mentioned how higher than projected spending by provincial governments also poses an upside risk, so if provincial governments step up to help Canadians the way we have, how much could that positively impact our federal finances?

Mr. Yves Giroux: That's a good question. It depends on which areas specifically you are looking at. For example, if it's assistance to help the unemployed, it could relieve pressure on EI, but usually provincial spending is more in the area of training, with contributions from the federal government. It could also be in terms of education, so post-secondary education, which helps people become more easily employable in areas that are in high demand.

These are a few examples where provincial spending can alleviate pressure on federal spending.

Mr. Parm Bains: Just on that then, in Alberta, with the CPP, how much do you think that could impact...?

Mr. Yves Giroux: It would depend on the comparability with the Canada pension plan.

If an Alberta pension plan were to happen, if it were to be significantly more generous than the Canada pension plan and cost more, it could have adverse impacts on the labour market and on the competitiveness of businesses. On the other hand, if it were to be less generous and less expensive in terms of contributions from employees and employers, then it could have positive impacts on the labour market and the competitiveness of businesses, but at maturity, it would also provide lower replacement rates for workers who contributed to an Alberta pension plan. It depends on the design of the Alberta pension plan, were it to be created.

The Chair: Thank you very much. We're going to suspend briefly to bring in Mr. Robson from C.D. Howe.

• (1630) _____ (Pause) _____

• (1630)

The Chair: Colleagues, we are back in session.

Mr. Robson, welcome back to OGGO. I recall that you were with us a few years back. We were talking about pension liability.

It's wonderful to have you back with us. Thank you for all the work you do at C.D. Howe.

We will turn the floor over to you for a five-minute opening statement, sir.

Mr. William Robson (Chief Executive Officer, C.D. Howe Institute): Thank you.

I will try not to run over five minutes. Of course I'm happy to answer questions on anything else the C.D. Howe Institute has done, though I do want to say that, on the work I want to profile for you, the work on fiscal transparency, a big motivation is to really raise the profile of the work you're doing in this committee and similar work in Parliament. It's rather foundational to representative democracy that elected representatives should approve the Crown spending and taxation.

We do have a strong tradition in this regard in Canada. Most countries would trade places with us if they could. Particularly pertinent to what I'll say is that we do have well-developed public sec-

tor accounting standards, and along with the legislative auditors—the federal Auditor General and her colleagues across the country—we have strong mandates there and independence and capable staff.

The best way for me to cut into my opening remarks is to say that, notwithstanding these advantages, most people find that public finance is obscure. When I taught public finance, I quickly learned that most students just wanted to learn how to follow the money. These were smart, motivated students, but most of them did not really know how to get started on it. Many of you will have heard constituents expressing skepticism about not just how government manages their money but also the numbers they see and hear.

I think there are some in the group with backgrounds in municipal governments. You'll know that the situation at the local level is often quite bad. I've had more than one former municipal councillor say that they didn't understand their city's budgets but that, while they were in office, they hadn't wanted to admit that. That just shouldn't be. It seems to me that anybody who is motivated and who can add and subtract really ought to be able to make a start at finding the key numbers.

Certainly elected representatives need to be able to find them. In the case of elected representatives, timeliness is an important issue as well—before the fiscal year begins, early in the fiscal year and then after it closes.

This is essentially the goal of the institute's annual fiscal accountability report card. I think you have a copy available to you. I hope so. If not, I'll just say we're trying to put ourselves in the position of someone who is motivated and numerate but not necessarily expert, and who is possibly time-constrained, as a member of Parliament would be. How easy is it for that person to confidently find and identify the key numbers either at the beginning of the fiscal year to understand what's planned and approve it if necessary, or afterwards to understand what happened and correct any problems that we find?

In that report, we have a large table that summarizes the performance of the 14 senior governments using 16 individual criteria. I will not take you through that in detail. I'm happy to take questions. If you look across the top of the table, if you do have it in front of you, you'll quickly get an overview of what we think matters most to parliamentarians and citizens.

With respect to budgets, we have timeliness, particularly before or after the fiscal year has started. We ask about the placement and nature of the key numbers—consolidated revenue, expenses and surplus or deficits—consistent with public sector accounting standards. We look at whether the budget provides comparisons to actual estimated results for the year. Also, contingency reserves are something that came up earlier in the discussion.

I'll move over to the public accounts block of the table, in which a lot of what we ask about is similar: timing, placement of the key numbers, and comparison to budget. We ask if the legislative auditor gave an unqualified opinion and, if not, how much money was at stake. We also look at below-the-line adjustments.

I'll skip that now and close on the estimates block of the table. In that we also ask about timeliness, with higher marks if you're ahead of the beginning of the fiscal year and bonus points for main estimates presented simultaneously, where the federal government tried and had a misfire. We also ask whether the estimates are consistent with public sector accounting standards or clearly reconciled with them.

I'm sorry that Mr. Giroux did not have time to finish his comments, but we do think the estimates should contain numbers that are consistent with public sector accounting standards and accrual accounting so that parliamentarians can easily see whether or not what they're voting on is consistent with the framework they previously saw.

We've had a lot of excellent feedback on this from elected representatives, legislative auditors, members of public accounts committees and the Public Sector Accounting Board. I'd welcome thoughts from this group, both in this meeting and afterwards.

● (1635)

The final column is a new one this year. It is our attempt to capture the main estimates approval process. You will know more about this than I do.

Coming at it for the first time, we simply looked for published schedules and whether there was one available or not. The federal government got two out of three on this. Perhaps that's generous. Perhaps we should be looking at the proportion of dollar amounts actually voted, but that's our attempt to start it. I do welcome the feedback.

That concludes my opening remarks. I hope I was within time.

Again, I hope the C.D. Howe Institute's work in this area is helpful to you and helps to make some of these documents a little less daunting to your constituents and to Canadians in general.

Thank you for your time.

The Chair: Thank you, Mr. Robson.

Let's start with six minutes with Mrs. Kusie.

Mrs. Stephanie Kusie: Thank you very much, Chair.

Thank you very much, Mr. Robson, for joining us here today at the government operations committee. It's a pleasure for me to see you out of the Civitas environment. Again, welcome. It's really nice to have you here. Thank you so much.

You mentioned the main estimates. You mentioned the supplementary estimates. I'm going to add another document here. When the President of the Treasury Board—my counterpart, as shadow minister for the Treasury Board—came into the House and was really proud to lay down this huge pile of documents, which were the supplementary estimates, she also presented with them the departmental reports.

Now, I recognize that a major theme in your report card is that the government should be significantly more proactive in its publication of financial documents and have greater transparency, yet in the most recent Treasury Board Secretariat departmental results report, it stated that it has “changed the cycle for updating departments' frameworks from every year to every third year.” It claims that this change will increase accountability and transparency.

Would you agree, Mr. Robson, that changing this reporting cycle from every year to every three years will increase government accountability?

Mr. William Robson: I'm not familiar with the change you just referred to, so I'm answering a little on the fly. I stand to be corrected if I'm misunderstanding what's behind this change.

In general, I would have thought it makes sense to have a tighter reporting cycle. If I go to some of the considerations that lie behind our report, we spent quite a bit of time talking about the speed with which different governments produce their financial statements.

Speed is a good thing. It's good for accountability. You don't want results out at a point when it sort of feels like old news and when, if there was a problem to be corrected, it might be too late to correct it. The speedy collection of information is valuable for all kinds of other reasons. If you're slow collecting your information for the year, you're naturally on your back foot when it comes to preparing your budget for the next year, because the natural place to start with many plans is to understand where you are and what just happened.

My quick reaction—and I admit it's not after having studied it—is to say it's better to have tighter reporting cycles. It's better to have more frequent reporting cycles. There's real merit in collecting and releasing information quickly.

● (1640)

Mrs. Stephanie Kusie: I couldn't agree with you more. I do believe more frequent reporting leads to a higher level of accountability and transparency.

You state in your report that you feel more optimistic about the federal government's financial reporting in the future. This is a two-part question.

Why would you state that you feel more optimistic about the federal government's financial reporting in the future? Maybe it is because it might be a different government. Secondly, did the most recent estimates that were tabled reflect this optimism, or does the government continue to fail on many accounts, would you say?

Mr. William Robson: The federal government's performance in our report card has recently been very bad. The failure to produce a budget at all in 2020, as everyone in this group will know, was unprecedented. It was a dismaying thing to see happen, because it appears as though there weren't the kinds of consequences that one would hope for. World wars and other disasters have not prevented governments from presenting budgets.

Relative to the “F” that we awarded that year, the federal government's performance is improving. When we look ahead in the report, we're able to look at the most recent budget cycle to get a sense of how things are developing, and the federal government, in some respects, did improve its performance relative to where it had been.

I would love to see the federal government do more. I made a quick reference in passing in my opening remarks to the aborted attempt. It was part of the 2015 election platform, and for a fiscal policy wonk like me, my heart beat faster when I saw the commitment to release the estimates along with the budget. Even after having spoken at some length to Scott Brison about what happened then, I don't understand it.

As you can see, if you have the table in front of you and scan down, there's really no reason not to be able to do it. The Maritime provinces all do this. Clearly, if you release your budget well in advance of the fiscal year with the main estimates, then the work of the parliamentarians in understanding the fiscal framework and being able to scrutinize it before money starts getting spent at the beginning of the fiscal year is greater.

In the case of the federal government, since I'm on the topic of timeliness, I will also add the importance of federal transfers and other federal programs to the finances of other governments in the country, particularly the provincial and territorial governments. It really is incumbent on the federal government to get their numbers out early so that other governments have a chance to see them before they put their own plans in place.

It's kind of silly, if you look at the recent budget cycles, that we have a number of governments in the country... New Brunswick is a standout. It always produces its budget well in advance at the beginning of the fiscal year. New Brunswick gets a lot of federal transfers. It's not easy for them, and it should be a lot easier. The federal budget should precede the New Brunswick budget so that they have a firmer basis for planning.

There are all kinds of reasons for the federal government to produce its budget and its estimates in a more timely way, and I'm not clear on why that isn't happening.

Mrs. Stephanie Kusie: Thank you very much, Mr. Robson. I agree with your comments regarding Mr. Brison. My understanding is that he attempted to significantly change the public accounts but was prohibited from doing so. I'd like to know why, and I'd like to know what he would have done.

Thank you very much, Mr. Robson.

Mr. William Robson: I can't speak for—

The Chair: I'm afraid I'm going to interrupt you, Mr. Robson, because there is no time left. Perhaps Mr. Powlowski will ask the same question.

You have six minutes, sir.

Mr. Marcus Powlowski (Thunder Bay—Rainy River, Lib.): No, I'm not going to ask the same question.

Mr. Robson, appropriately, I'm asking you a question. I am the member of Parliament for Thunder Bay—Rainy River. I would note

that C.D. Howe was from Thunder Bay, so maybe it's good I'm asking you a question.

You talked about the importance of speed in the government's release of financial reports. With that in mind, I'll ask you for your reaction to the 2023 fall economic statement. It certainly included a lot of numbers in terms of how the government is doing in financing. Is that not the kind of thing that you're interested in with regard to government financial reporting?

Mr. William Robson: Since you gave me the opening, I will say that in our report there is a column that looks at in-year updates, and I think those are good things. In fact, the federal government, with its monthly fiscal monitor, provides a service to people who want to keep tabs on what's happening. There are some accounting issues as you go month by month, reconciling it to the year.

I think the tradition of a fall economic statement is a very good one for everybody who's looking ahead to the spring budget. What it can do is give a sense of what happened in the economy, whether revenues are coming in more or less as projected and what's happening to the spending track.

What concerns me is that we live in a world of constant campaign communications and everybody feels there have to be announceables every day of the week, so that has caused fall economic statements—not just federal but in the provinces that issue them as well—to sometimes be a bit like mini-budgets, where you're getting all kinds of potential legislative changes introduced partway through the year. I think that's unfortunate. I think it jams the legislative process. It's much harder, similar to when you're considering estimates late in the year, to really feel confident that you understand how what you're being asked to vote on fits into the framework—or if it doesn't, what kind of a change it's going to make.

I guess I've implicitly criticized the fall economic statement for having introduced some policy initiatives, as opposed to just telling us how things are shaping up relative to what we expected. Of course, certain types of initiatives might well be necessary. If you have a natural disaster or if a war breaks out, it's natural that you're going to have to change your plans, and you want to put those into the statement so that people can understand it's not necessarily just the GDP growing more quickly or more slowly, or what have you.

In general, I think the fall economic statement is a good tradition, but I think we should also be very careful about not expecting it to be full of legislative changes and program changes that, as I say, jam the parliamentary process and undermine the credibility of the budgeting process at the beginning of the year. If you know that, after a few months, there's going to be a very significantly different fiscal plan, not because of circumstances beyond the government's control but because they changed their minds about what they're going to do, what that does is really cast a bit of existential doubt on the whole budget process.

It's supposed to be the foundation of representative government in the financial sense, whereby parliamentarians consider it, it's taken very seriously, it's voted on and governments stand or fall on it, but then a few months later, you might discover they're planning to do something quite different.

I like the institution, but I'm not sure we're using it wisely.

• (1645)

Mr. Marcus Powlowski: Mr. Robson, I am a Liberal member of Parliament. Certainly, for the Liberals, it's in our best interest to portray a rosy view of the economy, but I would say the Minister of Finance, in presenting the fall economic statement, had a lot of good things to say about the economy. There's the fact that we have the lowest deficit in the G7 and the lowest debt-to-GDP ratio. We're third-highest in terms of direct foreign investment—which certainly looks good—suggesting that companies around the world want to invest in Canada. We have a low unemployment rate. We have a deficit of \$40 billion. I think that's the projected number.

Do you disagree with any of that? Certainly, the Minister of Finance tried to—and I think she did—portray a fairly rosy view of the economy. Do you disagree with those numbers or that outlook?

Mr. William Robson: The comparisons internationally are certainly favourable to Canada, so I agree with that.

I will point out that when you are netting assets of the Canada and the Quebec pension plans, or some of the big public sector pension plans, against the liabilities of governments when that money is already spoken for for other reasons, you're not misrepresenting the picture as it would appear to a foreigner, but you are overstating the degree to which the federal government might be able to service its obligations, so there are some nuances there.

Comparing ourselves to some of the fiscal problems abroad makes us look better, but sometimes I think that if the rest of the world is in tough fiscal shape.... Maybe the U.S. is in worse fiscal shape than us, and it certainly is, but when we're all trying to finance ourselves, it may be that they are a little more easily able to attract the financing.

When I step back to look at the big picture, I don't disagree with some of the specific comparisons that were made in the fiscal update, but I think it understated the economic and fiscal challenges in front of us. You'll recall that in the spring budget there was a projection from the OECD—as it happens, a former C.D. Howe Institute person who I think very highly of was one of the authors of that study, so it carried a bit more weight with me—showing Canada, in terms of—

The Chair: I have to cut you off there, Mr. Robson. I apologize.

• (1650)

Mr. William Robson: I'm sorry. I was digressing a bit, so please excuse me.

The Chair: Next, we have Mrs. Vignola, please.

[Translation]

Mrs. Julie Vignola: Thank you, Mr. Chair.

Mr. Robson, I poked around on the C.D. Howe Institute website to find the latest report. It looks like it was published in English only.

Do you have a copy in French?

The institute may have been founded in Montreal, but aren't finances and the economy of interest to francophones, too?

[English]

Mr. William Robson: No, that is not my intent. It's a matter of resources. The C.D. Howe Institute has a very small budget. As a result, we are not easily able to publish everything in both languages, as we would certainly like to do. I apologize for that. If you would like anything in particular to be rendered in French, we would be pleased to do it. I'm hoping that with advances.... We have a large francophone staff. Our VP of research, and my frequent collaborator on fiscal policy is also a francophone.

[Translation]

Mrs. Julie Vignola: Thank you very much.

[English]

Mr. William Robson: We should be able to do better in the future.

[Translation]

Mrs. Julie Vignola: Thank you very much.

It seems to me that bilingualism is often essential for francophones, but not for anglophones. That's a personal comment.

Let me go back to Mr. Giroux.

Earlier, you said that the current 2023-24 budget really is a lot bigger than the most recent normal budget, the 2018-19 one. Apparently, the increase is due to new programs being added and funding for certain programs being increased.

That piqued my curiosity because Quebec and the Canadian provinces have been complaining more and more about federal interference in areas under their jurisdiction. For example, the feds are negotiating directly with municipalities even though that is within the purview of Quebec and the Canadian provinces.

Could the growing number of programs interfering in jurisdictional areas that are clearly set out in the Constitution explain, in whole or in part, the bigger budget?

Mr. Yves Giroux: That could explain part of it. One example is transfers for \$10-a-day child care, which was included in the previous budget and therefore contributed in part to higher spending.

There are also other upcoming expenses, such as a national pharmacare program. We can look at all of the federal government's recent initiatives and see which ones might be considered provincial in terms of jurisdiction.

There have certainly been transfers for sectors usually considered to be provincial. Infrastructure is another example of a sector in which the government increased transfers to the provinces and, in some cases, municipalities.

Mrs. Julie Vignola: Thank you.

According to figure 2-3 of your report, in 2018-19, personnel spending dropped by 1.2%. The following year, it was up almost ten-fold.

Why such a dramatic jump?

Is it healthy to increase current personnel spending by 6.5%, or is that still pretty high?

Mr. Yves Giroux: That's the increase in personnel spending, not in the number of FTEs, or employees. The decrease followed by an increase in 2017-18 was probably an anomaly. There may have been one-off factors. The thing we need to pay attention to is the trend.

Is it worrisome? Yes and no.

It's not worrisome if services provided by the public service are getting better. It is worrisome if those services aren't getting better, that is, if there aren't more services or if the quality of the existing services doesn't improve or deteriorates. That's something we would have to look at along with the results that the government and Canadians are getting for that money.

• (1655)

Mrs. Julie Vignola: Thank you.

From a budget—

[*English*]

The Chair: Thank you. That is our time.

Mr. Johns, please go ahead for five minutes.

Mr. Gord Johns: I'm going to go back to the CEBA loan. I want to understand this. Right now, it's projected that there's going to be \$21.6 billion paid out to highly paid consulting companies, and let's face it, six of those highly paid, profitable companies are going to benefit the most.

I did the math. It would cost \$904 million for the government to help protect 250,000 businesses, which closed their doors to protect public health, by extending the CEBA loan for one year. The math says that's about a 4.2% cut to highly paid outsourcing that would be required to cover the CEBA loans. Does it sound about accurate to you that, if we cut outsourcing by 4.2%, it would cover the costs of helping to save 250,000 businesses? A third of those businesses have identified that they cannot borrow from the bank, and they will not be able to pay the loan and will lose the one-third forgivable portion.

Mr. Yves Giroux: Your math seems about right if you look at \$904 million, which is the cost we estimate for an extension of the CEBA loan repayment period. That seems to be, roughly speak-

ing, the right proportion of the overall spending on professional and special services. That seems to be, roughly speaking, the right percentage and proportion.

Mr. Gord Johns: What I find just absolutely incredible is that we've had more and more of these consulting companies appear before committee. We're learning that a lot of them don't even do the work, and they charge between 15% and 30% for commission. We've had IT specialists show up who don't even understand IT, or who aren't really experts in IT, but they're experts in finding people to do the work. Some of them don't have offices, and some of them don't have staff.

By reducing just the commissions by 4.2% on the \$21.6 billion, we could cover the CEBA loan extension for 250,000 businesses. Does that sound about right?

Mr. Yves Giroux: I'm not sure what the commissions themselves represent as part of the overall spending on professional and special services. We haven't looked at that specific component as part of the overall spending in that category.

Mr. Gord Johns: I bet you can't, because we can't even get to the bottom of how much is actually going into commissions, despite the many questions we've asked here at this committee.

My colleague from Nunavut wrote to the Speaker yesterday to request an emergency debate regarding the government's upcoming failure to meet its deadline to close the infrastructure gap for indigenous peoples by 2030. We now know the infrastructure gap for indigenous communities is about \$350 billion. Behind that number are communities across Canada where homes are overcrowded and unsafe, including in my riding. Schools are crumbling, and there are no functional ports. There are 28 communities still under long-term boil water advisories. The government promised there would be none by March 2021, but here we are in 2023, and there are Canadians who still don't have clean drinking water.

We all know that would never happen in Toronto or Vancouver. The government will not meet its deadline. Since 2016, it has spent less than 3% of what's needed to close the gap. Now, we see the government is planning on sunseting many critical programs and services that indigenous peoples rely on. At the end of this fiscal year, funding for mental health and wellness will sunset. We're facing a decrease in funding for indigenous infrastructure projects, and for the health and safety of first nations on-reserve housing, water and community infrastructure.

Do you see any possibility that the infrastructure gap, which is really a quality of life gap, a health and safety gap, can be closed with only 3%, right now, of the necessary spending that's been allocated? Can you speak to the importance of that actually being closed and how we're going to get there?

Mr. Yves Giroux: I have no knowledge of the first nations infrastructure gap—no knowledge of a quantifiable gap. We have not looked at that specific issue ourselves. However, we did look at the water and waste-water issue a couple of years ago. We found there was no gap in the capital spending itself but a significant gap in the operating funding for the operations of water and waste water. I can only speak about that specific aspect, not the overall infrastructure gap, unfortunately.

• (1700)

Mr. Gord Johns: Can you speak about the operating in terms of renewing programs like that and how long before the funding is set to end before they announce its renewal on the operating side?

Mr. Yves Giroux: Yes. If memory serves me well, there was sufficient funding for infrastructure for waste water and water, but insufficient funding to ensure the continuous operation of water and waste-water treatment plants in first nations communities.

The Chair: Thank you very much.

Mr. Chambers, go ahead, please.

Mr. Adam Chambers: Thank you very much, Mr. Chair.

Welcome, Mr. Robson. It's a pleasure to have you here.

When you mentioned how your heart was skipping a beat about some changes in public accounting, I recalled that when I tell my wife how some things make me excited about public accounting, she tells me to get a life. Making no comments about the things that make you excited, it's nice to be in a room with others who get excited about the same things.

You did an interview yesterday where you said you were concerned that the government's budget numbers would deteriorate over the next short period. Could you expand on that briefly?

Mr. William Robson: It's partly a matter of concern about the economy. There's nothing unusual in that and nothing dramatically different from what the government showed in its numbers.

It's worth commenting quickly, though, on the reliability of the projections. One of the comments I made at the time of the fall economic statement was that we are now on the verge of the 2024-25 fiscal year, which was the final year of the projections in the government's fall economic statement in 2019. The projected spending has gone up by more than \$100 billion over that period—so on average, every year, \$25 billion more.

Now, partly that's inflation. We can debate the degree to which the inflation was actually caused by fiscal policy. I think it certainly bears some responsibility for it, so you don't get a total pass on that. The other thing that's happening is that we are getting fiscal frameworks delivered with very straightforward knowledge that there's more spending to come that's not in them.

I do have concerns along the lines of what I expressed earlier, that we're kind of being trained not to take these things seriously. If

a fiscal framework is announced, a formal budget presented or a fall economic statement, and then days later there's an announcement of a significant new program that wasn't in it, then it kind of undermines the value of the process itself, and our hearts should all beat faster when that happens.

I mean it not just as flattery to this group when I say that the work of parliamentarians in forums like this is absolutely critical to holding governments to account. When you see a framework that's laid out as though we should take it seriously and you know there are significant spending programs that are not yet accounted for in it, you have to put up your hands and object and say you're not getting the numbers that matter.

The other thing I'll quickly say, if I haven't run out of time, is that we have the debt-to-GDP ratio as a very hard indicator. It's widely accepted as a measure of fiscal prudence. It should be going down and it's not. It's going up. That's just the wrong direction of a very basic number.

Mr. Adam Chambers: Thank you very much, Mr. Robson.

The Bank of Canada has been pretty clear in recent times that it's recommending all governments restrain spending to 2.5% growth year over year. When asked after the fall economic statement what the spending growth rate increase was, the Department of Finance had no answer for that number. There is some confusion about whether it's a nominal growth rate or real.

The Department of Finance did not calculate that number. Do you find it weird or bizarre that the Department of Finance isn't tracking to a recommendation that the Bank of Canada has made in order to bring inflation down?

Mr. William Robson: I haven't done the calculation you mentioned in that exact way, but let me reinforce the point I think Governor Macklem was making: The economy is operating at capacity. If governments are increasing their spending at a rate that's faster than the productive capacity that the economy can grow, then it's making the job of monetary policy more difficult because the economy is running too hot.

The other thing that's important to mention is that, if you're increasing your share of GDP that's going to the federal government, something else has to shrink. Right now, we are in a pretty severe housing crunch. We need at least to be maintaining the share of our GDP that we are putting into housing or the shortage is going to get worse. We also need to raise the share of our GDP that's going to into capital investment, because it's too low. Capital per worker is falling, and that's why productivity is falling and living standards aren't rising. It's a problem if the federal government is projecting its share of the economy that it uses directly to increase...and it's a problem if the rate of growth in government spending is exceeding what the economy can produce.

• (1705)

Mr. Adam Chambers: I believe that's my time.

The Chair: Thanks very much. That is our time.

Mr. Kusmierczyk, you have the floor.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you so much, Mr. Chair.

I want to pick up on a point that Mr. Robson raised about productivity.

Some folks talk about spending. I like to call it investment. What we have seen in the last three years is over \$30 billion of foreign direct investment. Canada is number three in terms of attracting foreign direct investment. We've seen \$30 billion of investment in the last three years in the clean-tech sector. You have incredibly innovative companies, global and world-class companies, setting up shop here in Canada.

Obviously there is Stellantis, and LG is building batteries in my hometown. LG is a world leader in battery manufacturing. There is Volkswagen in St. Thomas, which is, again, a multi-billion dollar investment. There is Northvolt in Quebec. Then you have a number of other companies up and down the supply chain like Umicore, which is going to build cathodes. There are POSCO and GM. Again, these are all incredibly innovative companies.

Do you see the potential, the opportunity, for productivity gains with these companies setting up shop in Canada, highly innovative companies, especially if it's through tech transfer or knowledge transfer? I'm just curious if you could maybe speak to that.

Mr. William Robson: I tend to be an optimist when it comes to the ability of emerging technologies to let us all earn better livings in jobs that are safer, cleaner and more rewarding. I am fundamentally optimistic about that.

The trouble is that, when I look at Canada over the last number of years, I'm just not seeing the kind of investment performance here that we're seeing in the United States and in other OECD countries. When you compare investment per worker in Canada over the last few years to that in the United States and the OECD countries, we're falling behind. We had closed the gap with the United States considerably. We were never all the way there. They are a very high-investment economy.

In the middle of the last decade, we closed the gap entirely with the rest of the OECD, and lately it's off a lot. What's particularly concerning is that we're falling behind the United States most in the

areas we would most like to see high investment rates in. You touched on the sectors. I'm not talking about the particular companies, but when it comes to machinery and equipment investment, the average Canadian worker is now getting less than 60¢ on the dollar per investment dollar enjoyed by the typical U.S. worker. The situation with respect to the OECD is a little better, but we're nowhere close to them.

When it comes to intellectual property products, which are software and the intangibles that a lot of us expect are really going to drive progress over the next little while, investment per worker in Canada is barely a quarter of what it is per worker in the United States. This is quite a recent development, so I'm encouraged when I hear—

Mr. Irek Kusmierczyk: If you don't mind, Mr. Robson, I want to interrupt you for a second. Again, with the Inflation Reduction Act in the U.S., the Canadian government had to respond, but these companies have a choice. These are international global companies: Volkswagen, Stellantis, LG and Northvolt. These companies could go to the United States and get the same deal financially that they're getting in Canada. Why are global companies confidently investing in Canada? We're seeing that.

Mr. William Robson: Partly it's because we have a dynamic automotive sector, so the infrastructure is there. It's an attractive place to be. It has a trained workforce. There are a lot of good reasons to invest in Canada. I worry that a little bit too much of it is related to government subsidies when you have long-term fiscal pressures, and we've already heard a little about that.

• (1710)

Mr. Irek Kusmierczyk: The subsidies are the same, so Canada and the U.S. are in direct competition, and we're beating the United States in terms of major global investors here. Is it outside the realm of possibility that the investments we're making, for example, in child care and health care, are the things that are making a big difference when companies decide to locate on this side of the border and not on the U.S. side? I mean, the numbers are indicators. We're the number three destination in the world for foreign direct investment, and it's only going higher.

Mr. William Robson: The numbers on capital investment generally tell a totally different story to what you've just said. Canada is getting cents on the dollar per dollar invested per typical U.S. worker. In Switzerland, investment per worker is double what it is in Canada. We are simply not equipping our workers as well. I'm glad of the individual success stories, but when you look at the numbers across the board, they're not so encouraging.

I think Canada should be doing more to incent investment of various kinds. We do have to match the United States when it comes to depreciation. It's possible that we could do a lot better on some of the intangible investments if we had a special lower tax rate for intellectual property, a derived income, as a number of countries, including the United States, have done.

There are things we could be doing, but in general, right now, when I look at the numbers on investment, I see the capital stock falling per worker as it has now done for seven years. That has not happened since the 1930s and the Second World War. I do not think that the prospects for turning our performance in terms of real wage growth and living standards are good if we do not get those global investment numbers out.

I'm happy to hear about the individual stories, but when you tot it up across the board, there's something—

The Chair: I'm sorry, Mr. Robson, but I need to cut you off there.

Mr. Irek Kusmierczyk: Mr. Chair, I'd like to put forward a notice of motion, if that's okay.

The Chair: I'm afraid your time is up. Can we wait until the end to take care of that, Mr. Kusmierczyk?

Mr. Irek Kusmierczyk: Sure, we can do that.

The Chair: Ms. Vignola, please go ahead for two and a half minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

Mr. Giroux, over the past few months, there's been a lot of talk about consultants and the need to respect public servants and make better use of their expertise. Regarding the School of Public Service courses, it looks like the budget isn't changing despite the need to invest in training to improve public servants' knowledge and expertise. They have a lot already, but it's always good to invest in more.

People say that they want a better public service, that they want to support public servants' training and their interests, that they want to reduce the number of consultants, but then they don't invest in training those people. Do you see a disconnect there?

Is there money for training other than the School of Public Service budget?

Mr. Yves Giroux: There are other budgets for training in the public service. Each department has an envelope for employee training. It falls under operating expenses, personnel expenses or the purchase of goods and services. They buy training from other suppliers.

The School of Public Service also operates in part on a cost recovery basis. That may explain why its budget doesn't seem to be going up. It sells its courses and services to departments and agencies, including my own office. Our employees have access to some of the courses offered by the School of Public Service.

Mrs. Julie Vignola: If I understand correctly, it's pretty hard to find out the exact amounts the government invests in personnel training for each department and for the School of Public Service. You'd literally have to create a new line item.

Mr. Yves Giroux: We'd definitely have to ask each and every organization what they spend on employee training. We'd also have to separate training and language training, which is a big part of the training budget for many organizations.

Mrs. Julie Vignola: Thank you very much.

[*English*]

The Chair: Thank you very much.

Mr. Johns, go ahead, please, for two and a half minutes.

Mr. Gord Johns: Mr. Giroux, as you reported, spending on professional and special services continues to increase, and it will likely keep increasing for the rest of this fiscal year.

Have you developed any formula or analysis that could explain to us how much the government could save by moving public sector work and services from consultants to the public service?

• (1715)

Mr. Yves Giroux: It's not something we have developed.

We know, by talking to certain senior public servants in specific areas—notably IT—that the use of consultants is much more expensive than doing the same work in-house with public servants. In that case, the issue is the availability of the skills and the expertise. In many areas, even if the public service wants to recruit more IT specialists, it cannot. That's why, in large part, it's relying on consultants.

However, we have not done this study.

Mr. Gord Johns: If we cut a billion dollars in IT consulting, how much would we need to spend on the public service to move that capacity in-house? That's kind of where I'm going. Would the savings get even better over time, as the public service's capabilities increased? Might we save it there?

Is that something you believe would be a cost savings to taxpayers?

Mr. Yves Giroux: In IT, it certainly would be the case, because we hear from senior public servants that, when they have to go through consultancies, it costs significantly more than if they were to do it in-house with public servants. The issue is that they can't find the bodies to do the job in-house.

If that were possible, it certainly would be significantly cheaper. That's what we've heard from senior public servants.

Mr. Gord Johns: Even the recruitment, the head hunters.... We hear of companies that aren't even IT experts making \$11 million in commissions. They are just good at finding companies to do the outsourcing work.

Do you believe we could save money by bringing that role in-house and saving on those commissions?

Mr. Yves Giroux: It's not an industry with which I'm familiar, so I could not comment on that specific aspect.

Mr. Gord Johns: Sadly, we're becoming too familiar with it.

The Chair: Thanks, Mr. Johns.

We have Mrs. Block, please, for five minutes.

Mrs. Kelly Block: Thank you very much, Mr. Chair. I'll see if I need to use all of my time, because I know you need some time at the end.

Mr. Robson, in the brief you sent our committee a couple of weeks ago, you did raise the concern about the average citizen's ability to follow the government's spending and how this actually has an impact on their ability to know how their tax dollars are being spent. We've also talked about the need for legislators to understand the financial statements. I did appreciate the report card when it came to the various provinces across our country, and I'm very pleased to see where my province of Saskatchewan landed on your report card.

I also want to refer back to something you said in your opening remarks. You indicated that Canada is in a good place in relation to some other countries, and Mr. Giroux, earlier in the meeting, agreed that it was feasible to ask for more detailed information from governments.

I'm going to pose a question for both of you. I'm just wondering if you could point us in the direction of any other jurisdictions we should be looking at for perhaps some best practices, or better practices than we are using today, to ensure we are getting the kind of information we need as legislators and our citizens actually know how their tax dollars are being spent.

Mr. William Robson: Chair, shall I go first?

The Chair: Go ahead, Mr. Robson.

Mr. William Robson: Canada, being at the forefront when it comes to the quality of our public sector accounting standards, can't as easily import from abroad as we could if we were in a worse position. What I would respond by way of what I hope is a constructive answer to your question is to say that, if you look across the jurisdictions in Canada, if you look across the senior governments and in fact even the municipal governments.... I criticized their budgets, but when you look at their financial statements, you'll see something that you see in the good senior governments as well.

You will see that when they publish their results at the end of the year, it's the entire statement of operations. All of the revenue and all the expense is on one page, a clean audit opinion, and in just about every case they have the comparison to the budget. Ideally, it is not restated budget numbers, which are a bit of a thorn in the side of people who are trying to go back to the budget to see if they actually did what they said they were going to do. In every case, just about, for the major cities in Canada, you will see the financial

statements so cleanly laid out that way and, as I say, they get clean audit opinions.

I am happy, since you mentioned Saskatchewan, to say that Saskatchewan and Alberta produce their public accounts within three months of the end of the fiscal year. There's no reason that other governments can't do the same thing.

If you like our table, if you simply look across the governments in each criterion and ask what would happen if we were able to level up across the governments.... If Yukon can put the key numbers on page 8 of its budget—I don't have it in front of me right now, but it's something like that—if they can do it, anybody can do it. Anybody could do it. The federal government could do it in the upcoming spring budget. We can do a lot simply by looking across the country.

• (1720)

Mrs. Kelly Block: Thank you very much. I appreciate that.

Go ahead, Mr. Giroux.

Mr. Yves Giroux: If you're looking at jurisdictions where it's easier than in Canada to reconcile the budget and the estimates process, I think Australia is a good example, where they have an integrated finance and Treasury Board equivalent. It's one department, so it facilitates the construction of their budget and the estimates process, making the job of legislators easier.

Mrs. Kelly Block: Thank you very much.

Mr. William Robson: I'm sorry, but if I may, I'll just say that we have provinces that do the same, so it's not even as though you have to go to the other side of the world. You can look right next door.

The Chair: Thanks.

Is there anything else, Mrs. Block?

I will note for my colleagues around the table that then minister Scott Brison, when we were studying the estimates about seven years ago, suggested that we actually go to Australia to study it, but we didn't.

We have Mr. Sousa, please, for five minutes.

Mr. Charles Sousa: Thank you, Mr. Chair.

I would like to share a bit of my time with my colleague, Mr. Kusmierczyk, before I go into questions.

The Chair: Mr. Kusmierczyk, are you reading this into the record?

Mr. Irek Kusmierczyk: As I understand, it was distributed by the clerk. Does it need to be read into the record? This is just a notice of motion.

The Chair: Please go ahead.

Mr. Irek Kusmierczyk: It reads:

That the committee hold one meeting on the Parliamentary Budget Officer's report entitled, "Costing Support for EV Battery Manufacturing", published on November 17, 2023, and that the Parliamentary Budget officer, Yves Giroux, be invited to appear for the first hour, and Flavio Volpe also be invited to appear for the second hour.

Flavio Volpe is the president of the APMA.

The Chair: Thanks very much.

We will turn it over to Mr. Sousa now.

Mr. Charles Sousa: Thank you, Mr. Chair.

Mr. Robson, it's good to see you again. It's been some time. I've always appreciated your input and engagement in preparations of provincial and federal budgets and economic forecasts. You are always a great help.

I want to acknowledge some of what you said today in regard to the fiscal stimulus and the counter-cyclical engagement of the government fiscal plan when it is going through times of crisis like we did with regard to the pandemic and our ability to sustain some of our spending in order to make certain it's by way of investment, like infrastructure—I think you captured that very well—or capital engagement, to ensure that we attract investment and growth in business and enable economic vibrancy.

Some of that input, of course, is via provincial matters. The provinces play a role as well as the federal government. The federal government has done quite a bit, but at the same time the provincial governments, especially during the pandemic, cut back quite a bit to the point that even prior to the pandemic a number of those provinces had their current ratings reduced. Here we have a federal government with a strong credit rating, and it has continued to maintain it. Some provincial governments have gone forward, and some revenue cuts were made. I'm thinking of Ontario, particularly, which I was part of and which reduced its credit rating. Consequently, it's been downgraded.

Mr. Robson, before I get into my real question, which is something separate around the pension plan, can you just reaffirm the direction and the priority that you feel is important for us to continue? Should we continue to invest in infrastructure and capital investment and secure, as my colleague has mentioned, Canada as a top destination of foreign direct investment?

Mr. William Robson: I think the federal government has a strong role to play in investing in infrastructure under its jurisdiction. I would never quarrel with that. The topic of the federal government's spending in areas of provincial jurisdiction came up earlier. One of the things that does concern me is the federal government's expanding of its fiscal footprint. It is both crowding out the future revenue sources that the provinces might need and also exposing them to the cutbacks that may well occur at some point in the future when the federal government feels itself to be a little fiscally overextended, with interest payments growing and so on.

Having been a provincial finance minister, you know what it's like seeing the federal government not come through with the money you were expecting, or finding out that you are constrained in raising the revenues that you needed as a result of the federal government's already being in the field.

I would like to see the federal government spending smarter, and in a more focused way, because the provinces, in the long run, are the ones that are carrying the can when it comes to health care and many of the other infrastructure needs that the country has, so each in its lane.

● (1725)

Mr. Charles Sousa: I appreciate your comments in that regard. We want transparency by way of our transfers to those governments. Certainly, I always wanted that to be the case when we were looking at health transfers to ensure that we were held accountable as to where some of that spending would occur, and sometimes that doesn't necessarily happen. When you look at the Province of Ontario having a cap and trade system exempt from the carbon pricing and enabling another \$1.2 billion or \$1.5 billion in revenues, which was eliminated, that seems a little careless and a political decision.

The other question I want to get to, because I know we're out of time, is with regard to Alberta. You're big into the pension plans, and we've had a lot of debates, you and I, over the past years. They were very fruitful for me, because they were very enlightening. When Ontario was looking forward to putting the Ontario pension plan as an add-on to the CPP, we were able to initiate that and leverage the enhancement of the CPP, which I think was better for all of Canada, not just looking only at Ontario.

What is your take on Alberta putting at risk, if you see it as such—

The Chair: That is our time.

Mr. Charles Sousa: It's a good question.

The Chair: I appreciate your dragging provincial politics into this.

Mr. Charles Sousa: Can you send that in writing?

Mr. William Robson: I'd be happy to take it up later.

The Chair: Perhaps we need to, as Mr. Robson says, stay in our lane, but I appreciate your attempt.

We are done here. Before we excuse the witnesses in order to deal with a few minutes of committee business, I want to thank Mr. Giroux and his team, as always, for being with us. As I've mentioned before, you are like George Martin, the fifth Beatle. You're the extra member of OGGO. I truly appreciate that.

Mr. Robson, thank you for your time. We wish we could have seen you here in person, but perhaps another time.

Mr. William Robson: I hope so.

The Chair: We certainly appreciate your being with us today.

Before you go, Mr. Giroux, using the chair's prerogative, I have just a quick request.

In the spring the government appropriated x amount of money for specific programs. I'm thinking they should report now on the programs that they're not going to spend the money on, but for which they have appropriated.... We've seen them come forward with \$500 million in announced reductions, in money that has already been approved. I'm wondering if your office would perform an analysis on the cuts and services to the programs with the \$500 million, similar to the one that the PBO did in 2012. It would be specifically on the \$500 million.

Mr. Yves Giroux: If it's the desire of the committee, through a motion, I'd be happy to do that.

The Chair: Colleagues, do I have your agreement for a rather simple request?

A voice: I hope you don't take the government to court, though, like last time.

Some hon. members: Oh, oh!

The Chair: Are there any objections?

Mr. Majid Jowhari: No objection, but can we just have the text of what you're specifically asking? I'm sure we'll support it.

The Chair: Sure. It's for the PBO's office to perform an analysis on cuts and services to programs with regard to the \$500 million in savings announced, similar to the one performed by the PBO in April 2012.

Mr. Majid Jowhari: Basically, we want to understand the nature of the \$500 million in savings.

The Chair: Yes...whether it's lapsed or what it is.

Some hon. members: Agreed.

The Chair: Ladies and gentlemen, thank you very much.

Mr. William Robson: Thank you for the work you do.

The Chair: Thanks very much. You can hang around and listen to the real fun stuff now, if you wish.

Just very quickly, everyone, we need to approve the budget. I know it's a large amount, but we'll lapse probably 90% of it.

Do I have approval for \$6,000 for the supplementary estimates studies?

Mr. Majid Jowhari: For a bunch of muffins...?

Some hon. members: Oh, oh!

The Chair: As I suspect, we will lapse.

Mr. Majid Jowhari: I'm just bugging you.

The Chair: Are we fine with that, colleagues?

Some hon. members: Agreed.

The Chair: Wonderful.

If you recall, when we had Dalian and Coradix here, we had a fair number of requests for documents. One was from Mr. Genuis for documents he was asking the government to provide, but we kind of need to restate it for Dalian's benefit.

On October 26, the order for production of documents that was adopted was ambiguous as to who was tasked to provide the documents to the committee, Dalian or the government. It is the government, but Dalian is just looking for us to confirm that. They have some concerns about being held in contempt for not providing it. To do so, though, we need to discharge the original order and replace it with one that is more specific, indicating who we want to oblige with providing the committee with the documents.

The original motion was as follows:

That the committee send for all contracts between a government department, agency or Crown Corporations and GC Strategies, Dalian, or Coradix going back at least twelve years; and that the unredacted documents be submitted to the clerk of the committee in both official languages in three weeks.

I have proposed new wording here from our wonderful clerk:

That the order pertaining to sending for contracts between a government department, agency or Crown Corporation and GCstrategies, Dalian or Coradix, adopted by the committee on Thursday, October 26, 2023, be discharged and replaced with the following:

ORDERED: That the clerk of the committee inform government departments, agencies or Crown Corporations that the committee sends for a copy of all contracts between said departments, agencies or crown corporations and GCstrategies, Dalian or Coradix going back at least twelve years; and that the unredacted documents be submitted to the clerk of the committee in both official languages three weeks from Thursday, October 26, 2023.

It's the same motion. It's just specifying that it's the government in order to alleviate Dalian's concerns about responsibility.

Are we fine with that, colleagues?

I do need unanimous consent.

● (1730)

Mr. Charles Sousa: I'm sorry. Could we just take a few minutes to review this? Would that be okay?

The Chair: We will suspend for a couple of moments.

● (1730)

(Pause)

● (1735)

The Chair: Thank you for your patience, colleagues. We are back in session.

Do we have consent for that please?

Some hon. members: Agreed.

The Chair: Thanks very much I appreciate that.

The second item orders for the production of documents. Dalian and Coradix are requesting that the committee turn all of their questions taken as notice during the meeting into an order for the production of documents. Instead of when we've asked them to provide items, Dalian is asking that there be an official motion from the committee. It's rather simple and straightforward—we have an official order of the committee. They are just requesting that.

It is ordered:

That the clerk of the committee inform Dalian/Coradix that the committee sends for a copy of the contract for the Botler AI task authorization; and that the documents be submitted to the clerk of the committee three weeks from Tuesday, October 31, 2023, by 12:00 p.m.

Again, this is a request from Dalian just for clarification. It changes that to an official order.

Mr. Majid Jowhari: Dalian wants to make sure that we are specifically asking them to send the contracts about Botler AI TA to the committee, to the clerk, within three weeks.

The Chair: Yes. What it was originally was a request for documents: “Oh, would you table those?” “Yes, we will.” They're asking us to make an official order of the committee.

Are we fine with that?

Some hon. members: Agreed.

The Chair: Wonderful. Thanks very much.

Here is another one. It is ordered:

That the clerk of the committee inform Dalian/Coradix that the committee sends for a copy of the contracts that were signed by GC Strategies for the programs set by [CBSA] to fulfill their obligations under Bill C-65, otherwise known as the Botler project; and that the documents be submitted to the clerk of the committee three weeks from Tuesday, October 31, 2023, by 12:00 p.m.

Some hon. members: Agreed.

The Chair: Thank you very much.

This is the last one. No, I'm sorry. I have five.

It is ordered:

That the clerk of the committee inform Dalian/Coradix that the committee sends for a list of the government departments and agencies that Dalian and Coradix have had contracts with; and that the documents be submitted to the clerk of the committee three weeks from Tuesday, October 31, 2023, by 12:00 p.m.

Mr. Majid Jowhari: When Dalian was here we asked for these documents. They're just coming back and asking if we can formally send that request.

The Chair: Yes. Do we have consensus?

Some hon. members: Agreed.

The Chair: This one I'll read, but there's a tiny problem. It is ordered that the clerk of the committee inform Dalian and/or Coradix that the committee sends for (a) a copy of the number of joint ventures that Dalian and Coradix have gone into, and (b) a copy of how many joint ventures Dalian and Coradix have gone into that were

not connected to the indigenous set-aside program; and that the documents be submitted to the clerk of the committee three weeks from Tuesday, October 31, 2023, by 12:00 p.m.

It's the same issue—a request from Dalian. Where there is a small issue is that it's not exactly an order for the production of documents. It's an order for them to provide an answer. Again, this is something that they asked for.

Mr. Majid Jowhari: To be honest with you, Chair, I feel a bit rushed. I understand the purpose. Is there a way that we could fine-tune that? We don't have any issue with it. We are agreeing to too many things, and our team is not comfortable. I'm not comfortable. If you send it to us ahead of time, we'll look at it. We'll support it; that's not an issue. We can put five minutes at the end of Tuesday and go through it.

The Chair: I will send it out. I will just reiterate that these are all things that we've agreed upon.

Mr. Majid Jowhari: We have the pretext of it.

The Chair: This is wording suggested by the clerk to clarify... This is not suggested by me or any specific party.

Mr. Majid Jowhari: I think the team has the context of what's being asked. Out of an abundance of caution, we just want to have a look at it.

The Chair: Sure. We've agreed to the other ones. Items four and five we will resend or send out.

Mr. Majid Jowhari: Perhaps you can send all of the five and say the first three are agreed, and the other two are outstanding.

The Chair: We'll send them all, and hopefully agree to them very quickly. The last one was just on the Poseidon documents. It's a similar thing where PSPC had agreed to send the document, but despite our best request it has not. We wish to make it a stronger request.

Mr. Majid Jowhari: For things like that, honestly even if you can get it to us 24 hours before, we will have a chance to review it. We'll commit to a very short conversation. We just need some time to reflect on this. I'm a slow processor.

• (1740)

The Chair: That's fine. As I mentioned, it's stuff we've already agreed upon, which Dalian is asking for through their lawyer.

Mr. Majid Jowhari: I agree.

The Chair: If there's nothing else....

Mr. Majid Jowhari: Mr. Chair, can we talk about ArriveCAN and who else we're going to invite?

The Chair: Why don't I...?

Madame Vignola, go ahead.

[*Translation*]

Mrs. Julie Vignola: Since we're on committee motions, I'll remind everyone that, on November 9, I sent a notice of motion to request the Avascent report for Lockheed's CP-140 Aurora and Boeing's P-8. Could we talk about that quickly? I think we have unanimous consent to—

[*English*]

The Chair: Just briefly, that was the sixth item today. We were just asking for the committee to issue it as an order from the committee. They have not.

Mrs. Julie Vignola: Okay.

The Chair: Are you fine waiting until the next meeting, and we'll clear it with the others?

Mrs. Julie Vignola: Okay.

[*Translation*]

That's perfect.

[*English*]

The Chair: Wonderful.

We're done, and we're out of resources.

Is it something really quick?

Mr. Majid Jowhari: I just want to make sure that we add to the list of witnesses for ArriveCAN. I'm suggesting that Ms. O'Gorman and the HR labour relations officer responsible for CBSA come back, because there was lots of conversation back and forth about pilots, what they were asking for, why the contract and so on.

The Chair: I think we already agreed on Ms. O'Gorman, but if you provide the other name—

Mr. Majid Jowhari: Our office will provide the other name because there's a lot of confusion right now around whether it was a pilot or another thing, and whether HR cancelled it or not. It would be good if we could get those coming—

The Chair: We will do that very quickly, and then I will adjourn.

There have been other names bounced around from all parties.

Mr. Majid Jowhari: Absolutely.

The Chair: If there are others, would you please provide names to your committee lead?

Mr. Johns or Ms. Vignola, just send them forward.

Thanks, colleagues.

We're out of time, Mr. Sousa.

Mr. Charles Sousa: I just want to confirm that we will have translation for a period of time. That it won't be available in terms of our issue, is that right?

The Chair: No. There was the C.D. Howe report that he was referring to that we offered to translate, but Ms. Vignola had read it already.

Mr. Charles Sousa: Is that it?

The Chair: Is there an issue, Ms. Vignola?

[*Translation*]

Mrs. Julie Vignola: If the C.D. Howe report isn't going to be used for the committee's report on the supplementary estimates, we don't need it.

[*English*]

The Chair: No, it was never submitted to the committee.

Colleagues, we are adjourned. Thanks for your patience.

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