



**HOUSE OF COMMONS
CANADA**

**MEANINGFUL SCRUTINY: PRACTICAL
IMPROVEMENTS TO THE ESTIMATES PROCESS**

**REPORT OF THE STANDING COMMITTEE
ON GOVERNMENT OPERATIONS AND ESTIMATES**

**Reg Alcock, M.P.
Chair**

**Gerry Ritz, M.P.
Tony Valeri, M.P.
Co-Chairs**

Subcommittee on the Estimates Process

September 2003

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Subcommittee on the Estimates Process

September 2003

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THE STANDING COMMITTEE ON GOVERNMENT OPERATIONS AND ESTIMATES

has the honour to present its

SIXTH REPORT

In accordance with its mandate under Standing Order 108(1)(a), your committee established a subcommittee and assigned it the responsibility of examining all matters relating to the review of the process for considering the estimates and supply, including the timing, format and content of all reports, and related legislation.

The Subcommittee studied matters relating to the review of the process for considering the estimates and supply.

Your committee adopted the following report which reads as follows:

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SECTION I: INTRODUCTION

The House of Commons has two basic roles, and that is to pass legislation and supply. It has, in my view, over-focussed on legislation in the last 25 years and almost abandoned its constitutional responsibility on supply. (Robert Marleau)¹

A great deal of work has been done in recent years in order to make Parliament's traditional "power of the purse," or capacity to control government spending, more effective. This work has included studies and recommendations by parliamentarians themselves, followed by significant changes in reporting to Parliament by government departments.

The changes have achieved genuine progress. However, most parliamentarians, expert observers and other Canadians continue to believe that Parliament is not effective in holding governments accountable for how they spend taxpayers' money. As the quotation from former House of Commons Clerk Robert Marleau at the top of this page recognizes, this deficiency is fundamental. Within the Westminster model that provides the basic structure of governance in Canada, the government is responsible to Parliament for governing, and the role of Parliament is to hold the government of the day accountable before citizens for its actions (or failures to act). The examination of government spending plans, and the results that are being achieved, is an indispensable element of this larger accountability role. As a number of highly-publicized recent events amply demonstrate, weaknesses anywhere in the accountability cycle can have practical consequences that are deeply unacceptable to Canadians.

Parliamentary committees were intended to be the bodies where detailed scrutiny of government spending and performance would occur. But with some notable exceptions, these committees continue to provide relatively cursory attention to the main spending estimates and explanatory reports provided by government departments each year. Each year, some 87 departments and other government organizations provide parliamentary committees with separate spending estimates and related reports, and many of these receive no formal attention in committee meetings. And when meetings occur, they are typically dominated by partisan exchanges with ministers that shed minimal light on the estimates. Consideration of the supplementary estimates, which allow departments to obtain additional funding at specified intervals during the year, has been even less satisfactory. With only a few exceptions, committees regularly fail to examine them at all.

Progress is urgently needed. Strengthened accountability for results and effective scrutiny by Parliament of government spending and future spending plans is being demanded by more and more Canadians. And they are asking for action, not just words.

¹ The Hill Times. No. 625, *Legislative Process*, February 18, 2002. Robert Marleau was the Clerk of the House of Commons from 1987 to January 2001.

This report begins our response. It builds on the work that has already been done, and focusses on practical steps that can be taken to improve the effectiveness of parliamentary committees in the estimates process that has been established in recent years. Our ultimate commitment, however, is to action. Members of the Subcommittee will actively monitor the government's response to the recommendations they have developed, as well as the response of Parliament and its committees. And they will continue the work, initiated during the past year, on estimates of organizations within the mandate of this Committee.

Section II of this report outlines the work that has been done on the estimates process and the progress that has been achieved. It also sets out the approach that has been taken in this study, and its rationales.

Section III explores a series of strategies that parliamentary committees can use, in order to make maximum use of the information currently available, and the time of members.

Section IV develops recommendations concerning the reports now provided by government organizations, with a view to ensuring that the information they contain is the information most useful to parliamentarians.

Section V discusses the review of supplementary estimates within its mandate that was undertaken in February by the Standing Committee on Government Operations and Estimates, and provides recommendations concerning this part of the estimates process.

Section VI addresses an issue of access to information that arose during the Committee's review of supplementary estimates, and which the Subcommittee believes is of broad relevance to the estimates process.

The report also provides, in a section entitled "Concluding Remarks," an affirmation of the importance of Parliament's work on spending estimates, and some comments on the need for collaboration between Parliament and government departments in order to achieve meaningful progress.

SECTION II: STUDY BACKGROUND

Improved Reporting to Parliament

The supply process consists of a series of steps during the year through which Parliament grants the government authority to spend (which for practical purposes is the equivalent of the authority to act, since virtually all actions by government require expenditures).

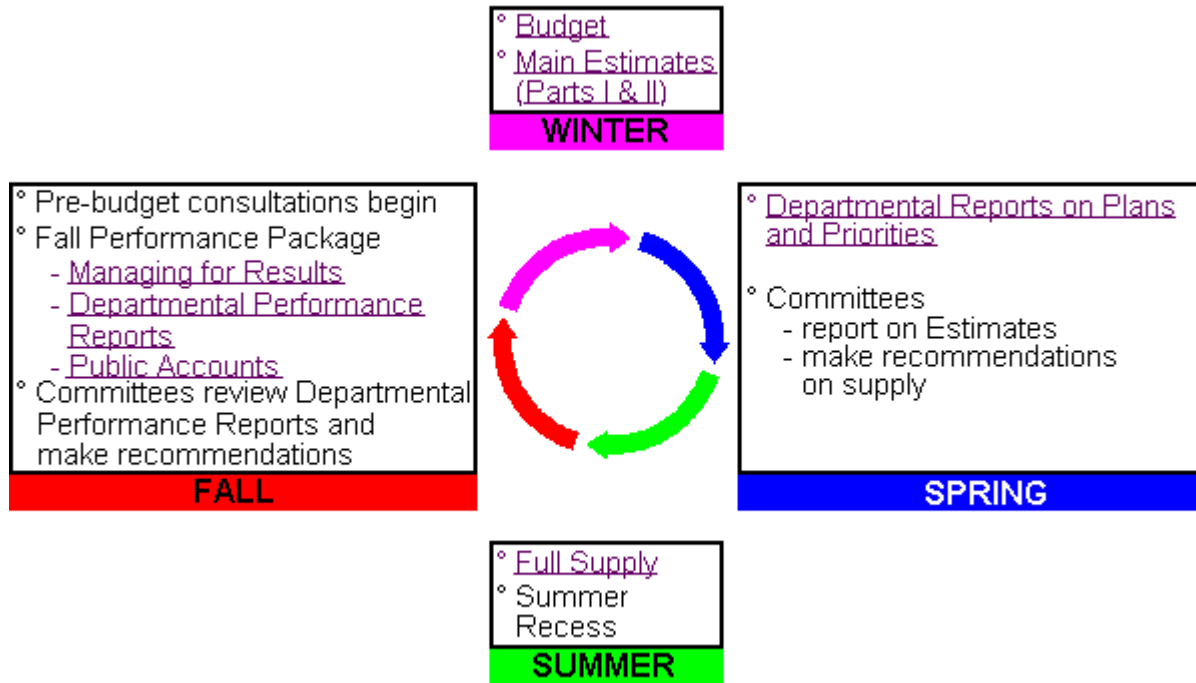
Dissatisfaction with the form and substance of Parliament's role in this process dates back virtually to Confederation. It has propelled several cycles of reform, including the shift of most of the work of detailed scrutiny from the House as a whole to its standing committees in the late 1960's.

During the most recent phase of reform, starting in 1997, a major focus has been the quality of the financial information available to Parliament. An effort is being made to refocus reporting away from governmental outputs (cases heard, brochures issued, etc.) to higher level outcomes that show how departmental activities make a difference to citizens. Second, the departmental reports previously released as Part III of the main estimates have been disaggregated into two reports:

- a departmental performance report (DPR) released in November of each year; and
- a departmental Report on Plans and Priorities (RPP) released along with the main estimates in late February.

The supply process that has emerged from these and earlier reforms is a year-round process, involving a virtually continuous series of parliamentary events. Key events, and their timing, are set out on the following diagram.

PARLIAMENTARY REPORTING CYCLE²



Note: Supplementary estimates and associated supply can occur several times during the year.

*Diagram provided at Treasury Board website [http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/cycle/cycle_e.htm]

² Diagram provided at Treasury Board Secretariat website, which also provides a range of background materials on the supply process. See: http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/cycle/cycle_e.htm.

The new reporting process reflects the reality that, by the time they arrive before the House, spending estimates are a reflection of government commitments, and changes are almost never made by Parliament. The provision to Parliament of a performance report in the fall of each year, while the next-year estimates are still being developed, gives Parliament a window of time during which recommendations could be taken into account by the government before spending plans have solidified. In addition to explaining the estimates each spring, the Reports on Plans and Priorities provide future-year information that creates a further opportunity for Parliament to provide feedback to the government, concerning plans that have not yet been solidified in spending estimates.

Observation 1: The new reporting process is a real improvement on previous reporting, conceptually. The organizations that report to Parliament, along with Parliament and its committees, now need to focus on maximizing the opportunities the process provides, and making the concept work better in practice.

Previous Committee Reports

As the recent cycle of reform got underway, the Standing Committee on Procedure and House Affairs issued a report based on the work of a subcommittee (chaired by Marlene Catterall and John Williams) that had studied the supply process comprehensively.³ The Committee strongly affirmed the importance of Parliament's role in holding Government accountable and overseeing its expenditures, but concluded that, as of the late 1990's, "...the vast sums of money spent by government are subjected to only perfunctory parliamentary scrutiny."⁴ In order to remedy this deficiency, the Committee made 52 recommendations, including:

- a standing committee with a broad estimates-related mandate and authority to explore unexamined matters such as statutory programs, tax expenditures and loan guarantees (substantially reflected in the creation of the Standing Committee on Government Operations and Estimates);
- heightened attention to the need for consistent membership on committees studying estimates;
- committee authority to propose reallocations of money among estimates;

³ See House of Commons, Standing Committee on Procedure and House Affairs, Report, *The Business of Supply: Completing the Circle of Control*, December 1998. Available online at: <http://www.parl.gc.ca/InfoComDoc/36/1/PRHA/Studies/Reports/prharp51-e.htm>. In addition to its wide-ranging recommendations, this report provides an excellent overview of the evolution of parliamentary procedures relating to the estimates, and assessments by scholars and parliamentarians

⁴ Ibid., p. 3.

- a higher profile for committee work on estimates (in pre-budget consultations and through televised hearings, for example); and
- clarification of estimates and deputy ministerial accountability for them, along with a relaxation of the confidence convention during Parliament's consideration of supply.

This report did not recommend substantial changes to the format and content of estimates documents (which were newly established at that time), but did call for important enhancements: the inclusion of information on alternative program options, program evaluation frameworks, and anticipated challenges.

In 2000, the Standing Committee on Procedure and House Affairs issued a report based on the work of a subcommittee that had studied improvements to financial reporting to Parliament, and assessed progress on the 1998 recommendations (chaired by Paul Szabo, also a member of the Subcommittee that has developed this report).⁵ The Szabo report re-affirmed the importance of improved parliamentary effectiveness in the estimates process, and contained 12 recommendations, including:

- improvements to the quality of information (including better reflection of the cross-departmental nature of many activities);
- enhanced staff support for committees undertaking studies of estimates; and
- stable memberships for committees so that technical expertise relating to individual departments and their estimates can be developed.

More recently the Special Committee on the Modernization and Improvement of the Procedures of the House proposed the selection of two sets of estimates per year for consideration by Committee of the Whole (subsequently adopted by the House) as a partial remedy for what it saw as long-standing deficiencies in the handling of estimates.⁶

Marlene Catterall, John Williams and Paul Szabo provided the Subcommittee with an overview discussion of their reports during the initial phase of its work. The Subcommittee thanks them for the important contribution of their reports in setting the direction and defining the priorities for reform of the estimates process.

⁵ House of Commons, Standing Committee on Procedure and House Affairs, Report, *Improved Reporting to Parliament Project — Phase 2: Moving Forward*, June 2000. Available online at: <http://www.parl.gc.ca/InfoComDoc/36/2/HAFF/Studies/Reports/haffrp037-e.html>.

⁶ House of Commons, Special Committee on the Modernization and Improvement of the Procedures of the House of Commons, *Report*, June 2001. Available online at: <http://www.parl.gc.ca/InfoComDoc/37/1/SMIP/Studies/Reports/SMIP-E.htm>.

Observation 2: Developments in recent years have confirmed the importance of effective parliamentary oversight of Government spending, the conclusions of earlier parliamentary reports about the need for improvement, and the directions and priorities for reform that they identified. Parliament's priority now is to ensure that progress continues.

This Report

The central challenge that remains is the need to build upon what has been done, rather than merely revisiting earlier work on the conceptual foundations and key priorities for reform. In this report, Subcommittee members reflect on the accumulated experience of Parliament with the new estimates reporting structure during the three years since the work of the Szabo subcommittee, and focus on conclusions suggested by some experimental practices that have been undertaken in work by the Subcommittee and the Main Committee on estimates during the past few months.

A central element in this work has been the selection of one program within a major department (the Real Property Services Program within the Department of Public Works and Government Services) for detailed attention by members of the Subcommittee in a series of meetings. This exercise provided Subcommittee members with an opportunity to experiment with strategies for studying departmental estimates and, more broadly, to explore the opportunities presented by the estimates process and departmental reporting structure as it has been developed in recent years. This work, supplemented by work of the Main Committee on supplementary estimates in March of this year and more recent work on the main estimates of several organizations within its mandate, provides the basis for this report.

Reflecting the focus of this study, the suggestions and recommendations developed below have a predominantly practical focus. We believe they will help to ensure that progress continues, by providing specific steps that committees, Parliament, and government departments can take immediately to maximize the effectiveness of the reforms of recent years.

SECTION III: PRACTICAL STRATEGIES FOR EXAMINING ESTIMATES

Before beginning the “practical work” of testing the estimates process to find out whether recommendations can be made to improve it, the Subcommittee wished to validate its work plan and to go into more detail about its approach and its objectives.

A luncheon meeting, to which chairs and co-chairs of House of Commons committees were invited, was held to share viewpoints and hear suggestions from MPs on the approach to be taken in examining estimates and appropriations by parliamentary committees. This meeting provided an opportunity to present the activities of the Subcommittee and to highlight the concerns of committee chairs about the effectiveness of the estimates review.

A. A Tool for Parliamentarians

Previously, an extremely constructive meeting had enabled the Subcommittee to receive advice from the Office of the Auditor General (OAG) on helping MPs become more involved in the estimates review. The OAG mentioned that an effective review of the estimates by parliamentary committees involves conducting meticulous studies and paying attention to the different policies, the amounts at stake and the expenditures made. The OAG’s advice and other comments are contained in a document entitled “**Parliamentary Committee Review of the Estimates Documents**” provided to the Subcommittee. The document gives a clear, concise description of the *Estimates* review process, provides an overview of the role of the other key participants (departments, Treasury Board Secretariat, Office of the Auditor General) in the process, and proposes a working method that committees can follow, along with a series of questions that witnesses can be asked. The Subcommittee recommends:

1. That the document entitled *Parliamentary Committee Review of the Estimates Documents* be provided by the Auditor General to all parliamentarians, after each election, as a reference tool.
2. That the House of Commons and Library of Parliament collaborate with Treasury Board Secretariat to include a session on the estimates process in the orientation provided to newly-elected Members of Parliament, and that follow-up training focussed on practical approaches to maximizing Parliament’s effectiveness in holding governments accountable through the estimates process be provided at regular intervals each year, funded by a reallocation from the budget of the Canadian Centre for Management Development (or its successor).

B. Focus the Review on a Particular Program

Also at that meeting, the Office of the Auditor General told the Subcommittee that, to facilitate the estimates review, it was more productive to concentrate on a particular program or an organization of relatively small size, as the Auditor General felt that the key to effective review is knowledge of the institution, which takes time to acquire.

In line with this view, the Subcommittee chose to examine the *Estimates* for Real Property Services, a branch of Public Works and Government Services Canada (PWGSC), and one of the programs and agencies suggested by the Office of the Auditor General at the Subcommittee's request.

PWGSC's Real Property Services (RPS) provides productive work environments for about 190,000 federal employees in approximately 100 departments and agencies, and manages an inventory of six million square metres of space in some 2,500 locations throughout Canada.

This PWGSC branch is the Government of Canada's real property service delivery manager and strategic advisor in acquiring, building, managing, operating, maintaining, repairing and disposing of real property assets (such as office and warehouse space, laboratories and other specialized facilities) for federal departments and agencies. The Branch also administers, on behalf of the federal government, the Payments-in-Lieu of Taxes program and the Real Property Disposition Revolving Fund, which facilitates the disposal of properties surplus to government requirements. The Branch's planned spending in 2003-2004 is \$1.8 billion.

The Subcommittee's work demonstrated that this strategy of focussing the review on one program in particular can significantly enhance its effectiveness. It enabled the members to review a clearly defined program within a limited timeframe. It also allowed the members to conduct a relatively in-depth study of program activities, rather than just reviewing general information. The Subcommittee recommends:

- 3. That the parliamentary committees reviewing the *Estimates* of large departments consider limiting their study to one program or one agency in particular (selected in compliance with the principles of alternation and sampling), in light of the timeframe and resources available.**

Subcommittee members wish to note that action in response to this recommendation, like action in response to others in this report, will inevitably have a strategic as well as an investigative dimension. Attention to the strategic dimension will require a collective effort to reflect the interests and objectives of all committee members

in research strategies, and may involve the use (where time permits) of initial committee studies that are focussed on individual programs as a means to enhance more broadly scoped studies of departmental or cross-departmental initiatives.

C. Preliminary Review with the Support of the Office of the Auditor General

In 2002, the office accommodation acquisition function of PWGSC's Real Property Services was the subject of an OAG audit and the results were released in the OAG December 2002 report. The audit brought to light shortcomings in the long-term planning of office space supply and demand. This OAG study provided a solid analytical basis for the Subcommittee to understand more clearly the issues faced by the Real Property Services program. Note that in preparing for its review of the Treasury Board Secretariat (TBS) estimates, the Standing Committee on Government Operations and Estimates also considered the meeting with the Office of the Auditor General on the TBS comptroller function to be extremely useful. The comptroller function had been the subject of a recent OAG report and, when they appeared before the Committee, OAG officials called for that role to be strengthened. The Subcommittee recommends:

- 4. That parliamentary committees reviewing the estimates of programs or organizations that have been studied by the Auditor General consider using the reports, and requesting the advice, of the Office of the Auditor General in the early stages of their work.**

D. Preparatory Meetings

Throughout the meetings and discussions, a consensus emerged among the members of the Subcommittee to the effect that committees should be better prepared to study the *Estimates* of a particular program or agency. Asking public servants questions "cold" does not lead to a truly useful dialogue, as members are not in a position to put follow-up questions or assess the adequacy of the answers provided by the officials. The Subcommittee recommends:

- 5. That parliamentary committees consider holding a planning meeting before the hearing with public servants that would enable them to learn more about the program or agency to be reviewed. Such planning meetings could use documents obtained beforehand from the officials in answer to specific questions.**

In light of the members' workloads and the amount and complexity of information to be assimilated, it might be worthwhile to divide the work among the Committee members. This approach was tested by the Subcommittee and showed that it was indeed useful in optimizing its limited resources. Consequently, the Subcommittee recommends:

- 6. That the members of parliamentary committees consider the possibility of dividing up the tasks involved in the budget review and that they do the same with the additional documents provided by the departments or agencies.**

E. Other Strategies

The Subcommittee's work showed that there are other strategies which could also be useful depending on the type of program or agency under review. These strategies could help redress the imbalance of information between MPs and the public servants, making real dialogue a possibility.

An initial strategy would be to use the planning phase to gather comments from clients or groups affected by the activities of the program or agency under review. The Committee would be able to obtain a critical view of the internal evaluation conducted by the program or agency about its own performance, as expressed in its reports to Parliament. This approach would also enable the parliamentary committee to determine whether the activities and orientations of the program or agency meet the needs of its clients. The Subcommittee recommends:

- 7. That parliamentary committees consider the possibility of inviting clients or groups with special interest in the activities of the program or agency under review in order to obtain a critical view of its performance, activities and orientations.**

During the planning phase, committees could also ask researchers to collect information about the program or agency under consideration and to draft technical and administrative questions on issues of particular interest to be forwarded by the chair to departmental officials prior to their appearance before the Committee. Such an approach can strengthen the capacity of committees to undertake in-depth work on government programs, and position committee members to dialogue with government officials, on equal terms, about program performance and objectives. At the same time, in conducting their advance work, committees will need to be strategic concerning their disclosure of research interests, and ensure that the interests of all political parties are reflected in approaches that support the work of the Committee rather than detracting from it or rendering it superfluous. Subcommittee members believe that the information provided through effective advance work could significantly enhance the work of committees on estimates, and therefore recommend:

- 8. That parliamentary committees consider the possibility of asking researchers to collect information on the program or agency under review and to draft technical and administrative questions to be forwarded by the committee chair to departmental officials before they appear before the Committee.**

Another strategy that might make the estimates process more effective would be to plan the schedule for the meetings for the *Estimates* review well in advance. In general, and subject to the strategic considerations previously noted, the practice of giving public servants advance notification that they will be invited to appear before a committee gives them an opportunity to prepare themselves adequately, and this could lead to more productive meetings. Furthermore, the experience of the Committee and the Subcommittee has demonstrated that short notice periods can create difficulties in attempting to arrange meetings with experts whose schedules may be as congested as those of committee members. The Subcommittee therefore recommends:

- 9. That parliamentary committees consider preparing a precise meeting schedule for the *Estimates* review in their work plan and that the public servants and experts called to appear be informed as far in advance as possible.**

Lastly, as C.E.S. Franks suggested in a document provided to the Subcommittee, MPs would be more inclined to devote their time and effort to the estimates review if their work were to result in a product (i.e. a report to the House of Commons). House of Commons Standing Order 108, dealing with the mandate of standing committees, already broadly empowers the committees to report to the House. Moreover, as described in section II, the estimates process provides numerous opportunities for parliamentary committees to inform departments of their concerns. In particular, parliamentary committees can express their views on the Report on Plans and Priorities (RPP), published in the spring and on the departmental Performance Report (DPR), released in the autumn. If necessary, either document may be the subject of a brief report, or a more comprehensive evaluation. Parliament's feedback to the departments may be useful to them when they begin work for the next estimates cycle.

Mr. Robert Marleau, retired Clerk of the House of Commons, provided some valuable additional advice when the Subcommittee met with him on 4 June 2003. He indicated that the principle of the Royal Recommendation places a significant constraint on committees, because it bars increases to amounts contained in the Votes, and that a Speaker's ruling of 1973 precluding narrative comments or explanations when the Votes are reported back to the House greatly reduces the incentive for committees to report on the estimates at all. However, reports on RPPs or DPRs are not subject to the latter constraint. Furthermore, wording in such reports along the lines of "the Committee recommends that the Government consider the advisability of ..." could express support for spending reallocations or increases without conflicting with the principle of the Royal Recommendation. Reports on RPPs and DPRs therefore offer significant potential for meaningful feedback from committees to departments and ministers, leading the Subcommittee to recommend:

- 10. That parliamentary committees consider tabling short reports on departmental plans and priorities and performance reports as a routine practice, in order to provide departments with clear feedback on their central accountability documents.**

F. Meetings with Public Servants

The idea that good preparation can lead to better results was borne out during the meetings with officials from the PWGSC Real Property Services program. The strategies used by Subcommittee members included dividing up the work of studying the Report on Plans and Priorities, the Performance Report and the Main Estimates, and preparing pointed questions about the activities, the issues and the orientations of the program.

Moreover, prior to the meeting with program officials, the Subcommittee obtained an in-house document on the performance of the Real Property Services program, entitled a "balanced scorecard". An analysis of this document enabled members of the Subcommittee to pose questions and to obtain answers that gave them a clearer picture of the services provided to Canadians under this program, in light of the appropriations received from Parliament. All in all, study of this document resulted in a very productive meeting with the PWGSC Real Property Services Program officials.

The RPS balanced scorecard is an essential tool for senior PWGSC officials with which they can monitor progress in the program's strategic orientation according to about thirty different performance indicators. It also shows the extent to which the program brings value added to its clients, to the government and, ultimately, to all Canadians. The balanced scorecard also makes it possible to work with common objectives, constituting an integrated strategy by combining vision and strategic orientation with daily operations. The balanced scorecard is a management system which provides, through liberal use of graphs and tables, strategic information in four main sectors (Client Success, People, Assets and Financial Success) for use in decision-making. The balanced scorecard is also a means of orienting and organizing feedback, in order to make further improvements to performance.

The Subcommittee showed a great deal of interest in the balanced scorecard, and noted that it was very similar to the annual reports prepared by private corporations. Some of the performance indicators used in the balanced scorecard confirm the data in the departmental performance report submitted to Parliament, but much of it was not directly reflected. Subcommittee members found this information, which is similar to that developed in all departments, a very useful supplement to the information provided in the DPR and the RPP.

G. Meeting with Officials from the Treasury Board Secretariat

Following the meetings with PWGSC Real Property Services program officials, the Subcommittee wanted to hear the views of the Treasury Board Secretariat (TBS) on the quality of the reports submitted to Parliament by the program. In this regard, TBS officials confirmed the observations of members of the Subcommittee that, for instance, there were gaps in the PWGSC Real Property Services Report on Plans and Priorities and it did not comply fully with TBS policies. Nevertheless, the TBS officials told the Subcommittee that the Real Property Services program estimates review would have a positive impact on the content of reports submitted to Parliament by this program.

In this respect, the TBS takes a very positive view of the feedback that it obtains from parliamentarians about departmental reports submitted to Parliament. Moreover, the Treasury Board Secretariat would like to receive further comments from MPs so that it can work to improve the reports intended for them. The Subcommittee recommends:

- 11. That parliamentary committees consider planning a meeting with the Treasury Board Secretariat (TBS) in their *Estimates* review schedule. This meeting, following the meeting with departmental officials, would allow TBS to have feedback from the parliamentary committee concerning the quality of the reports of the program or agency under review and to conduct follow-up activities in order to improve them.**

H. Resources for Committees

With only a few exceptions, the various strategies recommended in this chapter will involve new or expanded demands on the time of committees, individual members and staff. The Subcommittee recognizes that this is a potentially serious concern. In the course of the work that is reflected in this report, members have directly experienced the time pressures and scheduling difficulties that are a pervasive aspect of the experience of members of parliamentary committees, and a serious barrier to greater effectiveness.

Furthermore, expanded work directly on the estimates and related reports represents only one aspect of the response that is needed, to the underlying challenge faced by Parliament and its committees. As affirmed in earlier parliamentary reports on the estimates process, the modern work of Parliament centres on holding governments accountable for what they do, including the priorities and plans developed as a basis for action, actions taken and costs incurred, and the achievement of demonstrable results.

Work on estimates is thus properly understood as part of a year-round accountability process, requiring continuous attention to programs and their impacts, and the success of the government in meeting its commitments.⁷

In the opinion of Subcommittee members, expanded resources for staff support are critically important if committees are to meet the challenges posed by their role in the accountability process, estimates-focussed and otherwise. Committees will, as a practical necessity, need to rely extensively upon staff support in order to be able to undertake the new accountability activities proposed in this report. While needs will vary from committee to committee, resources will need to be sufficient to enable committee staffs, as required, to:

- Work proactively with members on long-term planning of estimates-related committee work,
- Actively and continuously monitor the performance of departments and other organizations within committee mandates,
- Identify programs and activities that warrant special scrutiny, and work with committee members to obtain supplementary information,
- Provide analytical support for estimates-related hearings (as is presently done),
- Undertake technical questioning of departmental witnesses in the course of estimates hearings, and
- Undertake an expanded volume of follow-up work, created by information requests from members to both committee staff and witnesses as a result of the more intensive committee hearings envisioned in this report, as well as the more general follow-up and monitoring activities suggested above.

As a result of their ongoing work for committees, existing committee staffs provided by the Library of Parliament are ideally situated to support more intensive work on the estimates and related reports of departments. What is needed, essentially, is an

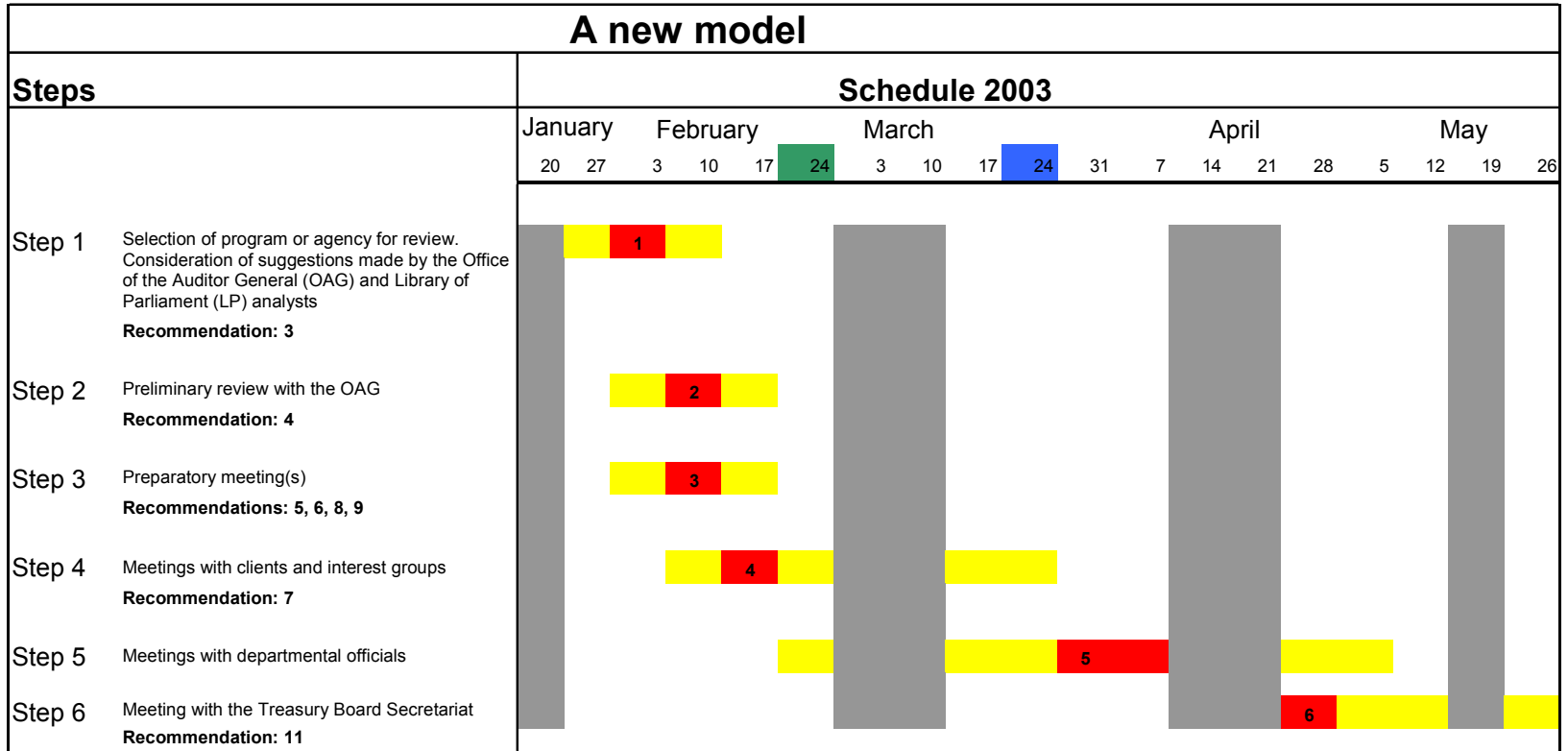
⁷ In the words of the submission provided by the noted parliamentary scholar C.E.S. Franks: "Parliament's role in the estimates process is to discuss, review, criticize and ultimately approve the estimates. ...Parliament holds to the government accountable; it does not govern." (*C.E.S. Franks, "Some Comments on the Estimates Process," May 2003, p. 3.* During the Subcommittee's concluding hearing on 26 May 2003, Dr. Donald E. Savoie, University of Moncton, and Peter Dobell, and Martin Ulrich of the Parliamentary Centre, persuasively argued that Parliament's role as an accountability mechanism requires continuous attention by committees to priorities and plans, programs and results, and that work on estimates needs to be seen as a subset of this ongoing activity.

expansion of existing support levels to permit existing committee support to be continued alongside the new or enhanced staff functions outlined above. The Subcommittee therefore recommends:

- 12. That the Library of Parliament develop, for consideration by the Board of Internal Economy, a proposal detailing key enhancements to the support of estimates-related work of House of Commons committees and implementation time-frames, and be given the additional resources required to deliver enhanced support reflecting the requirements outlined in this report.**

Subcommittee members also wish to note that, in order to maximize the effectiveness of new resources, committees will need to ensure that continuing work on estimates is recognized as a priority by all members of committee staffs, and that consistent and proactive attention is given to the estimates-related support roles itemized above.

I. A New Model of Scrutiny



Notes:

- 1. Periods for meetings given for guidance only.
- 2. The schedule assumes two meetings per week.

Legend:

- Suggested period
- Period that might be considered
- Break
- Main Estimates tabled
- Reports on Plans and Priorities tabled

SECTION IV: IMPROVING THE INFORMATION AND STRENGTHENING INCENTIVES

If there is a consensus among MPs about the estimates review process, it is that the documents submitted to Parliament (the Main Estimates, the Supplementary Estimates, the Report on Plans and Priorities and the departmental Performance Report) raise little, if any, enthusiasm. The size of the documents, their layout and the type of information they contain, their tone and the style of language they use have been criticized time and time again by committee members. Despite the fact that progress has been made, this is a persistent problem, as we mentioned in Section II of this report.

A. Compliance with Treasury Board Secretariat policies

First, the Subcommittee found that the Treasury Board Secretariat (TBS) has not managed to achieve compliance with its policies on the contents of reports submitted to Parliament. Moreover, Maria Barrados, from the Office of the Auditor General, told the Subcommittee that, in the reports on Plans and Priorities, departments have difficulty presenting concrete elements and wish to conserve a degree of latitude while not committing themselves to objectives that may be too specific. (Maria Barrados, Assistant Auditor General, Wednesday, February 26, 2003 at 18h00)

According to the TBS policies published in September 2002, every *Report on Plans and Priorities* (RPP) should meet certain principles for effective public reporting. The Secretariat has set out six principles to be met by departments and agencies when preparing their RPPs. Based on their experience as set out in this chapter and on other committees, members of the Subcommittee believe that these principles continue to provide the key standards that RPPs need to meet, in order to support meaningful scrutiny of departmental programs and expenditures. The six principles are:⁸

1. Benefits/Results for Canadians:
 - The report must describe the activities and outputs that the organisation intends to undertake or produce over the planning period. It must help Canadians understand what the department (and hence government) seeks to achieve by providing a high level summary of the planned results being sought and the strategies and resources to be used.

⁸ See Treasury Board Secretariat, *Guide to the Preparation of the 2003-2004 Report on Plans and Priorities, September 2002*. (http://www.tbs-sct.gc.ca/est-pre/guide_0304e.pdf)

2. Plans and priorities that will be used to deliver the Benefits/Results to Canadians:
 - The report should present a coherent picture of the departmental plans and priorities. For each priority, the organisation should outline a plan they intend to follow in order to deliver results to Canadians. **Plans should highlight the results to be achieved by providing a clear target. In all cases an estimated timeframe should be established for the completion of the plan and some indication should be made as to when Canadians can expect to see results.**
3. Lessons learned and applied from past experiences:
 - The key purpose of a planning document is to articulate future plans and priorities and explain the context for those choices. Revising and improving plans is an indication of sound management practices. Departmental plans are expected to change in response to a changing environment or adapting to lessons learned and those changes should be described. Readers may wish to compare this report to previous plans and performance information to determine the fate of promised commitments/results/outcomes. If these are not easily identified the reader may conclude that the commitments/results/outcomes have not been accomplished and that the report focusses only on good news. In cases where changes have been made, it is important to identify the changes and explain the rationale for them.
4. Challenges, risks and the rationale for the choices made:
 - Often there are several courses of action that an organisation may pursue to obtain the same goal. Each has its associated benefits and risks and the ultimate choice is often not easy and subject to debate. A strong plan notes the various options and highlights the logic behind the choice made.
5. Total planned spending:
 - The report should illustrate the logical link between what the department intends to accomplish with the resources available in support of its strategic outcomes. **Identify the resources allotted to each departmental priority within each strategic outcome.**

Only main or key priorities need to be listed, but some indication is needed to provide Canadians with an idea of how much a particular priority is expected to cost.

6. Assessing performance:

- The report should explain how the organisation intends to monitor its progress toward achieving the results set out in the plans and priorities. **Appropriate monitoring relies on a well-reasoned set of indicators that measure actual outcomes. Wherever possible, specific, quantifiable measures should be used as indicators.**

After hearing general observations from the Office of the General Auditor (OAG), the Subcommittee began the detailed study of the documents submitted to Parliament by the PWGSC Real Property Services program as described in the preceding chapter. Putting the process to the test, the Subcommittee noted that the information contained in the Real Property Services program 2003-2004 Report on Plans and Priorities showed some of the deficiencies widely observed by the OAG in the departmental reports submitted to Parliament. Some of the principles set out in the Treasury Board Secretariat policies were rarely, if ever, complied with. Specifically, the Subcommittee noted the absence of indicators and clear and quantifiable benchmarks, as well as specific timeframes for all the intended program results. The Subcommittee was also concerned about the lack of clear information about the resources allotted to each departmental priority within each strategic outcome. Moreover, in its 2003-2004 Report on Plans and Priorities, the Real Property Services Program has not looked back at its commitments or its performance over the previous year, nor does it clearly describe the measures it plans to take to correct the situation where the intended results were not achieved or must be improved. On the basis of the documents submitted to Parliament, it was difficult for the Subcommittee to know whether the intended results had been achieved from one year to the next.

On the other hand, information that may well meet the needs of parliamentarians is available internally and is used by Real Property Services program managers in their balanced scorecard mentioned in the previous chapter. In this connection, the Subcommittee questioned PWGSC officials in order to find out why the information in the balanced scorecard was not reflected in the reports submitted to Parliament. The officials answered that they did not know what kind of information was required by MPs. Nonetheless, the Treasury Board Secretariat policies are clear, and compliance with them would permit a number of the parliamentarians' information needs to be met more effectively.

And yet, to be fair to the PWGSC Real Property Services program, it should be mentioned that, in view of what the members of the Subcommittee have observed in other cases, this program is doing well compared to other federal programs or agencies in terms of reporting to Parliament. Nonetheless, there is still room for improvement.

B. The Role of the Treasury Board Secretariat

Following the meetings with PWGSC Real Property Services Program officials, the Subcommittee wanted to find specific information about the role of the Treasury Board Secretariat (TBS) in the preparation of the reports submitted to Parliament by federal departments and agencies. The TBS has developed policies, but they do not appear to be followed consistently.

TBS officials told the Subcommittee that reports submitted by 15 out of 87 federal agencies will be audited in terms of their adherence to policies on the preparation of reports submitted to Parliament. Last year, TBS assessed the reports of ten agencies. The bulk of the TBS review is done after the reports have been tabled in Parliament. Few reports submitted to the TBS are ever audited before tabling in the House of Commons because there is little time and few resources for this task.

This situation led the members of the Subcommittee to question the role of the Treasury Board Secretariat (TBS) in preparing reports submitted to Parliament. Should the TBS be limited to its current role of adviser to federal departments and agencies or should its role involve greater “oversight”, with responsibility to ensure that its policies are followed? Both options have advantages and disadvantages.

Granting more **oversight** authority to the TBS would of course lead to greater adherence to policies for preparing reports to Parliament. There is however a likelihood that departments might be demotivated and lose their sense of ownership and final responsibility; they might also be satisfied with just meeting the TBS requirements, rather than adopting a creative approach and providing more relevant and higher quality information.

TBS’s current role of “**advisor**” sets the stage for departments to show greater independence. The main risk in this approach is that departments can ignore TBS instructions and recommendations and, in the worst case, recycle bad reports, year after year.

The Subcommittee believes that the Treasury Board Secretariat must now move toward greater involvement with and greater control over federal departments and agencies in their preparation of reports to Parliament. This view derives not only from the Subcommittee’s work with the PWGSC Real Property Services program, but also from the experiences of other committees and opinions gathered over the past few years from colleagues in Parliament. The Subcommittee recommends:

- 13. That the Treasury Board Secretariat undertake an annual systematic review of all Reports on Plans and Priorities after they have been tabled in the House of Commons, and that the necessary means be made available, either through a reallocation of internal resources or, if necessary, in the form of new resources.**
- 14. That, once the annual review of all Reports on Plans and Priorities has been completed, the Treasury Board Secretariat select a sample of departments and agencies to work with intensively during the preparation of such reports for the following year, and that the necessary means be made available, either through a reallocation of internal resources or, if necessary, in the form of new resources.**

Subcommittee members believe that the Subcommittee on the Estimates Process can support the work of Treasury Board Secretariat and departments in improving the content of Performance Reports and Reports on Plans and Priorities. Future work of the Subcommittee may involve the review of a sample of these reports to assess their success in meeting the Treasury Board Secretariat guidelines, as well as the requirements emphasized elsewhere in this Report. Systematic review of departmental reports by the Subcommittee would enable consistent feedback to individual departments, supplementary to that from other standing committees, and would provide a clear basis for assessing progress by the Treasury Board Secretariat in improving the quality of reports.

C. Modernizing Reports to Parliament While Moving Toward More Dynamic Communication

The Subcommittee is of the view that a thorough-going modernization of reports submitted to Parliament is necessary now to facilitate their review by MPs. Over the long term, the layout and content of reports should use some of the elements contained in the annual reports of public and private sector companies. Moreover, the PWGSC Real Property Services program officials told the Subcommittee that they used performance reports submitted to boards of directors by private sector companies as a starting point for developing their own performance measurement strategy.

It is essential that, in reports submitted to Parliament, the federal government enhance its ability to communicate clearly the information considered relevant by its clients — MPs and the Canadian public — and release it in an appropriate format. Like other economic or financial publications containing numerical data, beginning with estimates documents, for example, reports submitted to Parliament should make more intensive use of statistical tools such as trends and annual variations and present ideas and findings in tables and graphs; these tables and graphs should be accompanied by brief texts with value added to substantiate the figures. Apart from basic information on

the budget allocation, reports should highlight failures as well as successes of programs, departments and agencies, their causes and the corrective measures to be taken to reach the objectives. The Subcommittee recommends:

- 15. That the Treasury Board Secretariat initiate a major review of the form and content of reports submitted to Parliament, the objective being to move toward more concise, more synoptic documents, giving a clearer picture of a department's performance and directions, using tables and graphs to present key trends and variations and employing numeric performance targets and measures.**

- 16. That the Government of Canada give Treasury Board Secretariat a mandate to develop, in collaboration with each department and agency, precise and quantifiable performance indicators for their activities.**

Because they have so little time in which to review the estimates, parliamentary committees need rapid access to all relevant information. At the same time, an approach is needed that will strike a balance between the need for detailed information and the need for conciseness, so that documents are not too cumbersome. The Subcommittee recommends:

- 17. That all federal departments and agencies include hyperlinks to Internet sites and appendices in their *Estimates* documents , in order to give readers access to detailed information regarding programs.⁹**

This information includes general information on the program or agency, the program evaluation reports, Office of the Auditor General reports, in-house performance reports, client surveys, and so on.

D. Strengthening Incentives

The Subcommittee believes that several of the recommendations provided above will strengthen the incentives for departments and other organizations to provide better reports to Parliament. Notable among these are the recommendations relating to the role of Treasury Board Secretariat and the need for parliamentary committees to report more frequently in response to the information supplied by government organizations.

⁹ For example, general information on a program or organization, program evaluation reports, internal audits, reports of the Auditor General, internal performance reports, and client survey information.

Attention also needs to be given to the incentives that apply to parliamentary committees, and the individual parliamentarians who serve on them. This side of the incentives challenge has multiple dimensions, most of which lie outside the scope of a report focussed on practical steps that can be taken immediately.

However, the Subcommittee believes that there is one modification to the format of Reports on Plans and Priorities that could contribute significantly to strengthening the incentive for parliamentary committees to devote time to work on the estimates. This would be the inclusion of a short section, ideally near the beginning of each departmental report, noting previous recommendations of parliamentary committees and detailing the ways in which the department has responded through existing resource allocations and program changes, and future plans. Such information would provide parliamentarians with concrete evidence that their work on estimates and the related reports has been considered by departments, and has produced results. It would also publicize the work that committees do on Departmental Performance Reports and Reports on Plans and Priorities or, alternatively, publicize their failure to do such work.

The Subcommittee therefore recommends:

- 18. That, in the course of its work on continuing improvements to the format and content of Plans and Priorities Reports, Treasury Board Secretariat consider the inclusion (ideally near the beginning of these reports) of a short section setting out the department's understanding of previous committee recommendations and their rationales, and detailing the ways in which recent program changes, existing resource allocations and future spending plans respond to these recommendations.**

Furthermore, members of the Subcommittee believe that the procedures currently employed by Parliament in the handling of estimates, as set out in Standing Order 81(4), do not provide adequate incentives for the kind of attention elsewhere recommended in this report. At the present time, as has been noted in previous chapters, estimates are deemed to have been reported to the House without amendments if committees do not provide reports by the end of the supply period during which they are referred for committee study. At this point, the House proceeds with the consideration of estimates.

The effect of the current procedure is to facilitate the unacceptably low level of inattention currently provided by parliamentary committees to estimates and related accountability issues. Given the central role played by committee chairs in developing and implementing committee agendas, and ensuring that estimates and related reports are given adequate attention, members of the Subcommittee recommend:

- 19. That the House of Commons Standing Committee on Procedure and House Affairs consider a review of Standing Order 81(4), with a view to exploring its possible amendment, initially for a two year trial period. The amendment could require that the Chair of a committee, whose estimates are deemed to have been reported back to the House, table before the House a letter providing an explanation of the failure of the committee to have selected one or more of the programs, funded through estimates referred to the committee, substantively considered the program or programs selected, and reported these estimates to the House.**

The final recommendation relating to incentives that the Subcommittee wishes to make stems from its 4 June meeting with Mr. Robert Marleau, retired Clerk of the House of Commons. Mr. Marleau argued, persuasively, that existing practices (and the Standing Orders upon which they are based) create significant disincentives for Members of Parliament to devote extensive time to the study of estimates. A central disincentive is the lengthy 150-day period allowed to the government for preparing formal responses to substantive reports that committees might prepare on Reports on Plans and Priorities, or Departmental Performance Reports. While it may be appropriate for wide-ranging policy studies, this time period in combination with the difficulty in obtaining time to debate reports or responses on the floor of the House of Commons creates barriers to the sustained dialogue between committee members and Ministers, and dynamic tension between Parliament and the Government, that is needed as a basis for effective accountability. For similar reasons, potential influence by Parliament on future spending is impeded. Unless committee reports are given serious attention in the legislative chamber by ministers, there will not be an adequate incentive to develop them.

Mr. Marleau drew the attention of Subcommittee members to existing procedures relating to recommendations from the Standing Joint Committee for the Scrutiny of Regulations. The Standing Orders (s 123-128) provide that reports from this Committee recommending the revocation of a regulation shall be deemed adopted, unless a minister responds in the House within 15 days, in a one-hour debate for which the Standing Orders provide. The effect, according to Mr. Marleau, has been that departments have an incentive to dialogue constructively with the Committee, and that in most cases issues are resolved without reports being needed.

Members of the Subcommittee agree with Mr. Marleau's suggestion that the procedure applying to reports of the Standing Joint Committee for the Scrutiny of Regulations may provide a model that would create stronger incentives within the estimates process — both for work by committees and for responsive action by ministers and departments. This model would have special importance for committees reporting on single issues that could be suitable for focussed debate and rapid resolution. Given the possibility that committees may also choose to undertake more extensive and complex studies in response to RPPs or DPRs, we therefore recommend:

- 20. That the House of Commons Standing Committee on Procedure and House Affairs consider changes to the Standing Orders, initially for a 2 year trial period, that would establish a specific procedure to govern committee reports on departmental Reports on Plans and Priorities and Performance Reports. Such a procedure could create two options for committees, enabling them to select one or both of:**
- (a) a “one hour debate in the House or deemed adoption” option modeled on the existing procedure for reports from the Standing Joint Committee for the Scrutiny of Regulations, and**
 - (b) a 90 day mandatory written response option, modeled on that currently provided by Standing Order 109.**

Members of the Subcommittee believe that a new option providing committees with a means to ensure attention by the minister responsible, on the floor of the House, to their recommendations concerning departmental performance and future plans would provide committees with a powerful tool for ensuring accountability and responsiveness. However, the potential impact of this procedure also implies a need for caution. Such a procedure would need to be reserved for substantive issues that are suitable for consideration in a brief House debate, and used in the non-partisan spirit elsewhere identified in this report as a necessary part of more effective work by committees on estimates.

SECTION V: THE SUPPLEMENTARY ESTIMATES

Two sets of supplementary estimates are placed before Parliament each year — the Supplementary Estimates (A), normally considered in the supply period ending on 10 December, and the Supplementary Estimates (B), normally considered in the supply period ending on 26 March.

Supplementary estimates enable government organizations to seek Parliament's authorization for spending on new initiatives that still required Parliament's approval of legislation, or further planning or development, when the main estimates were prepared. As well, supplementary estimates provide a means to obtain approval for the use of funds required by unforeseen events, or for a range of actions such as vote transfers, debt write-offs, loan guarantees, new or increased grants, changes to the wording of votes, and the carrying forward of amounts from operating budgets. They also provide Parliament with information updates on statutory program spending.

Supplementary estimates are referred to standing committees for scrutiny, and subsequently considered in the House, reflecting the pattern followed for the main estimates each year. However, the competing pressures on the time of parliamentarians and committees, in combination with relatively short interval (5 weeks, interrupted by one or more break weeks) available for the consideration of supplementaries have, with rare exceptions, resulted in their being given negligible attention by committees. Typically they are considered by the House in the absence of any committee findings.

A. Our Supplementary Estimates Day

Reflecting the specific inclusion of supplementary estimates within its mandate, as well as the role of supplementary estimates in highly publicized cost overrun issues in the fall of 2002, the Standing Committee undertook to give specific attention to supplementary estimates. It devoted a full-day to intensive hearings on the supplementary estimates on 17 March of this year, and also a follow-up hearing on 18 March.

The day was structured to provide brief (one hour) sessions with officials from each of the organizations within the mandate of the Standing Committee on Government Operations and Estimates, and also seeking funds through the Supplementary Estimates (B) for the fiscal year ending 31 March 2003. Officials from the following organizations appeared:

- Treasury Board Secretariat,
- Public Works and Government Services,

- Communication Canada,
- Privy Council Office,
- National Round Table on the Environment and the Economy
- Canadian Intergovernmental Conference Secretariat,
- Canadian Transportation Accident Investigation and Safety Board,
- Office of the Information Commissioner, and
- Office of the Privacy Commissioner.

With one exception, which is the subject of the next section of this report, discussions with officials of the organizations invited to our meeting followed several recurring themes.

First, questions were directed to simply understanding the information provided in the Supplementary Estimates (B) document, which provides information under two main headings. Under the first — “Explanation of Requirement” — phrases that border on redundancy, such as “additional operating costs,” and “additional grants,” account for the request for supplementary funds. Under the second heading, the request is broken down according to standard objects of expenditure (personnel, transportation and communications, professional and special services, rentals, and the like). Committee members generally found that elaboration from officials was required to simply understand why additional money was being requested.

Second, Committee members had a number of exchanges with officials about whether or not the funding requests were justified. This discussion was normally based on the explanation for a request provided by officials, and consisted of exchanges required to satisfy Committee members as to the validity of the explanation. In the present case, a majority (and in some cases all) of Committee members were substantially satisfied with the explanations they received, and the Committee concluded its review of supplementary estimates by reporting the Votes referred to it back to the House without amendments.

Third, Committee members directed attention to whether or not the supplementary estimates were being used in an appropriate way, and were not functioning simply as a means to obtain authorization for spending that should have been reflected in the main estimates (where narrative reports provide more extensive explanations). Generally, we concluded that the purposes stated at the outset of this section were respected in the

supplementary estimates that came before the Committee. In several cases, the planning processes that would predictably result in requests for additional funding could usefully have been highlighted in the appropriate Report on Plans and Priorities.

B. Conclusions and Recommendations

Reflecting on the experience of the Committee, the Subcommittee has arrived at several conclusions and recommendations.

First, the supplementary estimates routinely provide authorizations for about 5% of departmental spending, according to the Treasury Board officials who appeared before us, and our review of the supplementary estimates of organizations within the Committee mandate identified several whose requests were in the neighborhood of 10% of main estimates amounts. Amounts of this magnitude, and the potential function of supplementary estimates as a way of obtaining funds through a “back door” in the supply process, suggest strongly that substantive attention to supplementary estimates must become a routine part of the work of Parliament and its committees. The Subcommittee therefore recommends:

- 21. That standing committees consider scheduling hearings (extended, if required) twice each year, for the purpose of examining organizations within their terms of reference on supplementary estimates and, as a matter of routine practice in order to signify that this examination has been undertaken, report supplementary estimates (either amended or unamended) to the House.**

Second, there is a need to modify the format of the supplementary estimates document, so as to improve the information provided to Parliament. Subcommittee members are aware that the documents, necessarily, provide summary overviews of an extensive body of technical information, whose full reflection would result in cumbersome documents. Simplification and condensation is therefore necessary. However, the present format provides sets of numbers, accompanied by “explanations” that do not enable parliamentarians to understand why the requests are being made. This deficiency impedes the performance of the central function of these documents, which in the Subcommittee’s view is not to provide all available detail, but simply to provide parliamentary readers with enough information to support decisions about where further investigation (including specific attention by a standing committee) is required. For this purpose, an enhancement of the explanatory content of these documents is required. The Subcommittee therefore recommends:

- 22. That Treasury Board Secretariat review the format and content of the supplementary estimates documents with a view to incorporating a short justification of each supplementary**

spending requirement (perhaps consisting of a one-line statement under a “Justification of Requirement” heading, that would provide a location for references to unanticipated security costs following 9/11, the rationale for vote transfers, and the like).

One of the innovative features of the mandate of the House Standing Committee on Government Operations is the inclusion of a general authority to review supplementary estimates, set out in Standing Order 108(3)(c)(viii).¹⁰ As indicated in this chapter, the focus of the Committee during its initial year has been on organizations falling within the traditional government operations mandate. However, the supplementary estimates mandate of the Committee will enable it to undertake a more broadly-scoped approach in future years, in coordination with standing committees specifically mandated to scrutinize the organizations involved, and building on the experience gained this year. Committee members believe that such an approach could be especially useful in relation to horizontal initiatives of the government, because it would provide Parliament with a complete picture of supplementary expenditures generated by initiatives involving the estimates of multiple departments and agencies. It will also complement the more active work on individual supplementary estimates whose consideration by other standing committees is recommended above (recommendation 21).

¹⁰ The provision reads as follows: “(viii) the review of and report on the effectiveness, management and operation, together with operational and expenditure plans arising from supplementary estimates.”

SECTION VI: THE CABINET CONFIDENCE ISSUE

The work of the Committee on supplementary estimates identified an additional information-related issue, whose relevance extends to committee work on main estimates. The officials of organizations appearing before committees on estimates need to feel free to provide information that is sufficiently detailed and complete to enable parliamentary committees to do their work. In at least one instance, during our “supplementary estimates day,” this was not the case.

A. Issue Background

During his appearance before the Committee on the supplementary estimates of the Office of the Information Commission, the Deputy Information Commissioner, Mr. Allan Leadbeater, advised the Committee that he was not in a position to answer certain questions relating to the details of the Commission’s request for supplementary funds. While the details were, in themselves, innocuous and the sums involved were, by the standards of modern government, miniscule, the details reflected the substance of the Treasury Board decision that would have preceded their incorporation in the supplementary estimates. The Commission, which has not relied on supplementary estimates in the past, sought guidance from the Privy Council office relating to what kind of information could be disclosed to the Committee and, according to Mr. Leadbeater, was advised not reveal the substance of the Treasury Board submission, which Commission officials interpreted as precluding their disclosure of the information requested by Committee members.

According to Mr. Leadbeater, he was told that under the *Canada Evidence Act* and the *Access to Information Act*, a Treasury Board decision is considered a cabinet decision. Cabinet decisions are subject to cabinet confidence except to the extent to which their contents are disclosed by the government. This would make the information in the supplementary estimates document, with the limitations discussed in the previous section, all that organizations appearing before committees could disclose.

The Committee, following Mr. Leadbeater’s advice, subsequently provided him with a letter instructing him to appear before the Committee at a later date (the hearing occurred on March 18, 2003, the day following the initial hearing) to answer detailed questions on the Commission’s supplementary estimates. He duly appeared and, being satisfied that the Privy Council Office had been made aware of the request and had not chosen to intervene, provided the Committee with a table disaggregating the information appearing in the supplementary estimates into a list of professional services contracts and other individual costs. The Committee then proceeded with its examination and, with the assistance of the new information, had an especially fruitful discussion focussing on specific expenditures, requirements and their rationales.

B. Existing Policy

The Government of Canada has developed an extensive set of policy guidelines for the purpose of guiding the officials who respond to access to information requests, or are responsible for other matters addressed by the *Access to Information Act*. Among these is a specific guideline relating to cabinet confidences.¹¹ Cabinet confidences belong within a class of matters that is excluded from the Act, which means that the Government of Canada (in this case, the Privy Council Office) may make decisions about them which cannot be appealed to the Information Commissioner.

Subsection 2(c) of the policy guideline, on agenda and records of cabinet deliberations, provides the basis for withholding Treasury Board submissions containing the details that are aggregated in the estimates provided to Parliament. However, the second paragraph of this subsection states clearly that “a distinction must be made between the text of the formal Record of Decision, which always remains a Confidence, and the substance of the decision of Cabinet, which is often made public.” The substance of the decision may be disclosed as deemed appropriate by Cabinet or by the Minister with the approval of Cabinet.

C. Conclusions and Recommendations

The element of the guideline relating to Treasury Board submissions, like a number of others, does not preclude disclosure. On the contrary, it provides for disclosure, subject to ministerial decision with the approval of cabinet. However, it is easy to see how, in practice, such a provision can operate to preclude disclosure of even relatively innocuous information, if a disclosure decision is required in a compressed time-frame, and if the steps required to make the disclosure unproblematical have not been taken. The Subcommittee therefore recommends:

- 23. That the President of Treasury Board review the format of the Records of Decision issued by the Board, and consider including a provision that would (except in exceptional circumstances and at the decision of the Board) authorize officials to disclose and discuss before parliamentary committees the detail of decisions that are reflected in the estimates, both main and supplementary, once these documents are tabled in the House of Commons.**

¹¹ See: *Confidences of the Queen's Privy Council for Canada*, at: http://www.tbs-sct.gc.ca/pubs_pol/gospubs/TBM_121/CHAP2_6_e.asp.

SECTION VII: CONCLUDING REMARKS

The central focus of this report has been on practical changes that can be made, both by committees and by the Government, to enhance the role of Parliament and its committees in the scrutiny of government spending, in holding Government accountable, and in influencing future directions. Actions by both Parliament and the Government continue to be needed, in the specific respects recommended above. In the view of the Subcommittee, action by each will provide critically important support for the action that is needed from the other.

The reinforcement works both ways. Officials from Treasury Board Secretariat and other departments have made it abundantly clear that feedback from Parliament about the estimates and related reports is now the key to further progress — to further steps in improving the information provided to Parliament. And equally, from the perspective of parliamentarians, information reformulated along the lines recommended in this report can make a vital contribution to placing Parliament in a position where better feedback to government can be provided, more consistently, by committees.

Mutual reinforcement, by government and Parliament, is also important in the creation of stronger incentives for work on estimates by Parliament, and for responsiveness to this work by governments. This is because the formal capacity of Parliament to reduce the spending authorities of the Government based on Votes reported by committees is no longer the central basis for parliamentary influence on government spending (under conditions of majority government, at least). As affirmed in earlier parliamentary reports on the estimates process, the modern work of Parliament centres on holding governments accountable for what they do, including results achieved through the expenditures previously authorized by Parliament, and future priorities and plans. Work on estimates is thus part of a year-round process, requiring continuous attention to programs and their impacts.¹² Within this process, governments can provide important incentives to Parliament by ensuring that required information is provided in a timely way, and communicating clear evidence of responsiveness to parliamentary recommendations relating to programs and spending when these are made. Equally, when committees invest the time to develop recommendations that reflect a strong understanding of the full complexity of programs and are accompanied by persuasive rationales, governments are given a heightened incentive to reflect them in future plans.

¹² In the words of the submission provided by the noted parliamentary scholar C.E.S. Franks: “Parliament’s role in the estimates process is to discuss, review, criticize and ultimately approve the estimates. ...Parliament holds the government accountable; it does not govern.” (C.E.S. Franks, *Some Comments on the Estimates Process*, May 2003, p. 3. During the Subcommittee’s concluding hearing on 26 May 2003, Dr. Donald E. Savoie, University of Moncton, and Peter Dobell, and Martin Ulrich of the Parliamentary Centre, persuasively argued that Parliament’s role as an accountability mechanism requires continuous attention by committees to priorities and plans, programs and results, and that work on estimates needs to be seen as a subset of this ongoing activity.

Members of the Subcommittee believe that incentives for both parliamentarians and governments to strengthen their contribution to democratic accountability can be constructed, step by step, through practical efforts such as those called for in this report

The reasons for continuing the collaboration thus go beyond the estimates process itself, to the need to make government more efficient and effective, more responsive to the needs of Canadians, and more legitimate in their eyes. This is a challenge for our times, and for us all. And it is as a contribution to meeting this challenge that members of the Subcommittee on the Estimates Process of the Standing Committee on Government Operations and Estimates submit this report.

LIST OF OBSERVATIONS AND RECOMMENDATIONS

SECTION II: STUDY BACKGROUND

Observation 1: The new reporting process is a real improvement on previous reporting, conceptually. The organizations that report to Parliament, along with Parliament and its committees, now need to focus on maximizing the opportunities the process provides, and making the concept work better in practice.

Observation 2: Developments in recent years have confirmed the importance of effective parliamentary oversight of Government spending, the conclusions of earlier parliamentary reports about the need for improvement, and the directions and priorities for reform that they identified. Parliament's priority now is to ensure that progress continues.

SECTION III: PRACTICAL STRATEGIES FOR EXAMINING ESTIMATES

- 1. That the document entitled *Parliamentary Committee Review of the Estimates Documents* be provided by the Auditor General to all parliamentarians, after each election, as a reference tool.**
- 2. That the House of Commons and Library of Parliament collaborate with Treasury Board Secretariat to include a session on the estimates process in the orientation provided to newly-elected Members of Parliament, and that follow-up training focussed on practical approaches to maximizing Parliament's effectiveness in holding governments accountable through the estimates process be provided at regular intervals each year, funded by a reallocation from the budget of the Canadian Centre for Management Development (or its successor).**
- 3. That the parliamentary committees reviewing the *Estimates* of large departments consider limiting their study to one program or one agency in particular (selected in compliance with the principles of alternation and sampling), in light of the timeframe and resources available.**

- 4. That parliamentary committees reviewing the estimates of programs or organizations that have been studied by the Auditor General consider using the reports, and requesting the advice, of the Office of the Auditor General in the early stages of their work.**
- 5. That parliamentary committees consider holding a planning meeting before the hearing with public servants that would enable them to learn more about the program or agency to be reviewed. Such planning meetings could use documents obtained beforehand from the officials in answer to specific questions.**
- 6. That the members of parliamentary committees consider the possibility of dividing up the tasks involved in the budget review and that they do the same with the additional documents provided by the departments or agencies.**
- 7. That parliamentary committees consider the possibility of inviting clients or groups with special interest in the activities of the program or agency under review in order to obtain a critical view of its performance, activities and orientations.**
- 8. That parliamentary committees consider the possibility of asking researchers to collect information on the program or agency under review and to draft technical and administrative questions to be forwarded by the committee chair to departmental officials before they appear before the Committee.**
- 9. That parliamentary committees consider preparing a precise meeting schedule for the *Estimates* review in their work plan and that the public servants and experts called to appear be informed as far in advance as possible.**
- 10. That parliamentary committees consider tabling short reports on departmental plans and priorities and performance reports as a routine practice, in order to provide departments with clear feedback on their central accountability documents.**
- 11. That parliamentary committees consider planning a meeting with the Treasury Board Secretariat (TBS) in their *Estimates* review schedule. This meeting, following the meeting with departmental officials, would allow TBS to have feedback from the**

parliamentary committee concerning the quality of the reports of the program or agency under review and to conduct follow-up activities in order to improve them.

12. That the Library of Parliament develop, for consideration by the Board of Internal Economy, a proposal detailing key enhancements to the support of estimates-related work of House of Commons committees and implementation time-frames, and be given the additional resources required to deliver enhanced support reflecting the requirements outlined in this report.

SECTION IV: IMPROVING THE INFORMATION AND STRENGTHENING INCENTIVES

13. That the Treasury Board Secretariat undertake an annual systematic review of all Reports on Plans and Priorities after they have been tabled in the House of Commons, and that the necessary means be made available, either through a reallocation of internal resources or, if necessary, in the form of new resources
14. That, once the annual review of all Reports on Plans and Priorities has been completed, the Treasury Board Secretariat select a sample of departments and agencies to work with intensively during the preparation of such reports for the following year, and that the necessary means be made available, either through a reallocation of internal resources or, if necessary, in the form of new resources.
15. That the Treasury Board Secretariat initiate a major review of the form and content of reports submitted to Parliament, the objective being to move toward more concise, more synoptic documents, giving a clearer picture of a department's performance and directions, using tables and graphs to present key trends and variations and employing numeric performance targets and measures.
16. That the Government of Canada give Treasury Board Secretariat a mandate to develop, in collaboration with each department and agency, precise and quantifiable performance indicators for their activities.

17. That all federal departments and agencies include hyperlinks to Internet sites and appendices in their *Estimates* documents , in order to give readers access to detailed information regarding programs.⁹
18. That, in the course of its work on continuing improvements to the format and content of Plans and Priorities Reports, Treasury Board Secretariat consider the inclusion (ideally near the beginning of these reports) of a short section setting out the department's understanding of previous committee recommendations and their rationales, and detailing the ways in which recent program changes, existing resource allocations and future spending plans respond to these recommendations.
19. That the House of Commons Standing Committee on Procedure and House Affairs consider a review of Standing Order 81(4), with a view to exploring its possible amendment, initially for a two year trial period. The amendment could require that the Chair of a committee, whose estimates are deemed to have been reported back to the House, table before the House a letter providing an explanation of the failure of the committee to have selected one or more of the programs, funded through estimates referred to the committee, substantively considered the program or programs selected, and reported these estimates to the House.
20. That the House of Commons Standing Committee on Procedure and House Affairs consider changes to the Standing Orders, initially for a 2 year trial period, that would establish a specific procedure to govern committee reports on departmental Reports on Plans and Priorities and Performance Reports. Such a procedure could create two options for committees, enabling them to select one or both of:
 - (a) a “one hour debate in the House or deemed adoption” option modeled on the existing procedure for reports from the Standing Joint Committee for the Scrutiny of Regulations, and
 - (b) a 90 day mandatory written response option, modeled on that currently provided by Standing Order 109.

⁹ For example, general information on a program or organization, program evaluation reports, internal audits, reports of the Auditor General, internal performance reports, and client survey information.

SECTION V: THE SUPPLEMENTARY ESTIMATES

- 21. That standing committees consider scheduling hearings (extended, if required) twice each year, for the purpose of examining organizations within their terms of reference on supplementary estimates and, as a matter of routine practice in order to signify that this examination has been undertaken, report supplementary estimates (either amended or unamended) to the House.**

- 22. That Treasury Board Secretariat review the format and content of the supplementary estimates documents with a view to incorporating a short justification of each supplementary spending requirement (perhaps consisting of a one-line statement under a “Justification of Requirement” heading, that would provide a location for references to unanticipated security costs following 9/11, the rationale for vote transfers, and the like).**

SECTION VI: THE CABINET CONFIDENCE ISSUE

- 23. That the President of Treasury Board review the format of the Records of Decision issued by the Board, and consider including a provision that would (except in exceptional circumstances and at the decision of the Board) authorize officials to disclose and discuss before parliamentary committees the detail of decisions that are reflected in the estimates, both main and supplementary, once these documents are tabled in the House of Commons.**

APPENDIX A LIST OF WITNESSES

Associations and Individuals	Date	Meeting
House of Commons Marlene Catterall, M.P., Ottawa West—Nepean Paul Szabo, M.P., Mississauga South John Williams, M.P., St. Albert	24/02/2003	2
Office of the Auditor General of Canada Maria Barrados, Assistant Auditor General John Mayne, Principal	26/02/2003	3
House of Commons Reg Alcock, M.P., Winnipeg South Gurmant Grewal, M.P., Surrey Central Paul Steckle, M.P., Huron—Bruce Tom Wappel, M.P., Scarborough Southwest John Williams, M.P., St. Albert	26/03/2003	6
Office of the Auditor General of Canada Ronald Campbell, Principal John Mayne, Principal	02/04/2003	7
Department of Public Works and Government Services Carol Beal, Assistant Deputy Minister Myra Conway, Director General Dan Ross, Associate Assistant Deputy Minister	09/04/2003	9
Department of Public Works and Government Services Carol Beal, Assistant Deputy Minister Myra Conway, Director General Dan Ross, Associate Assistant Deputy Minister	05/05/2003	10
Treasury Board of Canada Secretariat David Bickerton, Executive Director Robert Mellon, Director Estimates Production	14/05/2003	11
Parliamentary Centre Peter Dobell, Founding Director Martin Ulrich, Senior Associate	26/05/2003	12
As an Individual Donald Savoie		
As an Individual Robert Marleau, Former Clerk of the House of Commons	04/06/2003	14

APPENDIX B LIST OF BRIEFS

David Bickerton, Executive Director, Treasury Board of Canada Secretariat

John Mayne, Principal, Office of the Auditor General of Canada

Dan Ross, Associate Assistant Deputy Minister, Department of Public Works and Government Services

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the Government provide a comprehensive response to this report.

A copy of the Minutes of Proceedings of the Standing Committee on Government Operations and Estimates ([*Meeting No. 58 which includes this report*](#)) is tabled.

Respectfully submitted,

Reg Alcock, M.P.
Winnipeg South
Chair

MINUTES OF PROCEEDINGS

Wednesday, September 24, 2003
(Meeting No. 58)

The Standing Committee on Government Operations and Estimates met *in camera* at 3:30 p.m. this day, in Room 237-C Centre Block, the Chair, Reg Alcock, presiding.

Members of the Committee present: Reg Alcock, Carolyn Bennett, Roy Cullen, Ken Epp, Raymonde Folco, Paul Forseth, Robert Lanctôt, Pat Martin, Judy Sgro, Paul Szabo and Tony Valeri.

Acting Members present: Leon Benoit for Gerry Ritz, Paul Harold Macklin for Tony Tirabassi and David Price for Steve Mahoney.

In attendance: Library of Parliament: Jack Stilborn, Analyst; Philippe Le Goff, Analyst.

Witnesses: Department of Public Works and Government Services: Dan Ross, Acting Assistant Deputy Minister, Operations Branch; Rick Lauzon, Director, Seized Property Management Directorate.

The Committee considered the draft report of the Subcommittee on the Estimates Process of the Standing Committee on Government Operations and Estimates.

It was agreed, — That the draft report be adopted.

It was agreed, — That the report be entitled: “Meaningful Scrutiny: Practical Improvements to the Estimates Process”.

It was agreed, — That the Chair, Clerk and researchers be authorized to make such grammatical and editorial changes as may be necessary without changing the substance of the report.

It was agreed, — That the Chair or his designate present the report to the House as the 6th report of the Committee.

It was agreed, — That, pursuant to Standing Order 109, the Committee request that the Government table a comprehensive response to the report.

The Committee proceeded to the consideration of matters related to Committee business.

It was agreed, — That the Committee review the supplementary estimates referred to the Committee on September 23, 2003, in an all day hearing at a date to be determined by the Chair.

It was agreed, — That the Committee hold round table discussions on the accountability of foundations and agencies.

It was agreed, — That the Committee invite the Government On-Line Advisory Panel to appear at a date to be determined.

At 3:59 p.m., the sitting was suspended.

At 4:01 p.m., the sitting resumed and the Committee proceeded to sit in public.

Pursuant to Standing Order 108(3)(c), the Committee commenced its review of the *Seized Property Management Act*.

The witnesses made statements and answered questions.

At 5:30 p.m., the Committee adjourned to the call of the Chair.

Miriam Burke
Clerk of the Committee