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Chair

The Honourable John McKay

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•(0845)

[English]

The Chair (Hon. John McKay (Scarborough—Guildwood, Lib.)): Good morning, everyone.

This is the 41st meeting of the government operations committee.

[Translation]

Good morning, honourable members and witnesses. Welcome to the committee.

[English]

I call the meeting to order.

Our witnesses this morning from Treasury Board are Mr. Smith and Mr. Enns, and they are here to speak to us about departmental freezes on budgets and about supplementary estimates (B). Thank you for coming.

Mr. Smith, you've been before committees from time to time and you know the process. We look forward to your opening statement and then questions from members.

Thank you.

[Translation]

Mr. Alister Smith (Associate Secretary, Treasury Board Secretariat): Good morning, Mr. Chair. Thank you for your invitation to appear before your committee on the supplementary estimates (B).

[English]

Thank you for your invitation to appear. We are happy to be here to answer questions. We hope we can answer all of your questions.

I have with me David Enns, who is acting assistant secretary of the expenditure management sector at Treasury Board.

My colleague and I are here to respond to questions on supplementary estimates (B), but we are happy to try to answer other questions you may have on the operating budget freeze or other elements with which we can help you.

[Translation]

Each year the Government of Canada prepares main estimates and supplementary estimates as required, in support of its request to Parliament for authority to spend public funds. This request is formalized through the tabling of appropriation bills in Parliament.

[English]

Supplementary estimates seek Parliament's approval for expenditures that were already planned in the budget but for which the necessary approval had not been obtained in time to be included in the main estimates or in supplementary estimates (A), which were approved earlier this fiscal year.

Supplementary estimates seek the funding required by departments and agencies to implement government-approved programs. They are also required to transfer funds approved in the main estimates from one organization to another, within organizations, or from one appropriation to another. In addition, supplementary estimates are used to inform Parliament of changes in the estimated costs of programs that are now authorized by legislation, other than by an appropriations act.

Tabling the main estimates and supplementary estimates to seek Parliament's authority for spending is a critical part of Parliament's oversight of the government spending plans.

The 2010-11 supplementary estimates (B) seek Parliament's authority to spend \$4.4 billion this fiscal year for items that were not completely developed or approved in time for inclusion in the main estimates or supplementary estimates (A). These supplementary estimates also reflect a decrease in forecast statutory spending in the amount of \$2 billion. Even though you will not be voting on statutory items, we reflect them in the estimates documents for information purposes and to provide a broader context.

[Translation]

The amount sought through supplementary estimates (B) is within the spending level specified in budget 2010. It does not represent an increase to the amounts in budget 2010.

[English]

The amounts do not represent an increase in the amounts provided for in Budget 2010.

This concludes my preliminary remarks. At this time, my colleague and I would be pleased to answer any questions the committee may have on these estimates.

[Translation]

The Chair: Thank you, Mr. Smith and Mr. Enns.

Ms. Coady, you have the floor for eight minutes.

[English]

Ms. Siobhan Coady (St. John's South—Mount Pearl, Lib.): We are pleased to have you before us again, and we thank you for your assistance in helping us to understand the estimates and to get some detailed answers to questions.

Last week, I had a number of questions that I asked the panel before us, and they felt they couldn't answer on a broader scope. They could give us vote 1(b) and so on, but they couldn't give it in a broader scope. I'd like to start with some broader questions. Perhaps you could help me with those, and then we can get a little more detailed.

I asked each of the people who were before us last week what they had done to achieve the savings required under the budget, what the impacts were on existing departments, how these were being mitigated within those departments, and if the savings were one time or ongoing; it was kind of in that thread. As you can appreciate, those were some of the questions of the Parliamentary Budget Officer, and he will be before us later this morning.

I'd like for you to give me a broader overview. I know it's difficult, because you can't talk to each department. We got some indication last week. They talked about travel. They talked about hospitality. But I don't know if that's going to give us the budget requirement on a go-forward basis, and I don't know what the concerns are within that requirement. Perhaps you could review this generally, and then I have other questions.

Thank you.

• (0850)

Mr. Alister Smith: Certainly, I'd be happy to address that.

As you know, from Budget 2010 onward we're starting to set the stage for restraint. As I think your questions last week noted, there's still a lot of spending this fiscal year as we continue with the economic action plan for another year. Essentially, we're hitting a reset button on the operating budget controls or restraint for the current fiscal year, that's the 2010-11 fiscal year, and the two subsequent fiscal years. So there will be restraint within government departments on operating expenses over that period through 2011-12 and 2012-13.

In addition and on an ongoing basis—and this is not news—we're continuing with strategic reviews. This year, as budgeted in Budget 2010, we are expecting to achieve significant savings, which will materialize in future years. So three years down the road we will be able to capture the savings from this round.

Ms. Siobhan Coady: My concern is more along the lines of when you're doing strategic reviews, you're looking for about 5%. You've already frozen budgets, and they've taken what I'm going to call the high-level savings out of hospitality and all those things. When you couple those two things, how are we going to mitigate some of those reductions in budgets available to departments on a go-forward basis? If you could, talk about what you're hearing from departments, because as Treasury Board you hear everything. I'm sure some of them are being squeezed. What are they having to cut or what are they having to do in general? I'm not talking about the easy stuff, hospitality and travel; I'm talking about how it's penetrating within departments.

Mr. Alister Smith: I think in the first year, this year, 2010-11, departments are experiencing the absorption of the 1.5% wage increases. We have anticipated that will have a savings effect of about \$300 million overall on the system. It's not a huge amount, but it does increase over time, and as the operating budget freeze applies in the next couple of years, I think you will see more of a pinch on departments' wage bills.

At the moment I think that is the main thing departments are experiencing in terms of restraint. As they mentioned to you already, they are introducing economies on travel, hospitality, conferences, other spending within that operating budget cap. They're also looking for ways of trying to plan for economies over the next couple of years. I would say this is not a major concern for departments at this point. I think it will get tighter over the next couple of years as they absorb the wage increases, and that will be the main effect of the restraint.

Ms. Siobhan Coady: What are you planning from a Treasury Board perspective for those departments that are not finding it yet, as you said, because there are what I'm going to call easier savings? It's not easy—none of it's easy, but easier savings. As they go forward, as you described it, I think you'll find some of the departments within a pinch. Are you giving any guidance, oversight, assistance to departments in terms of helping them mitigate some of these concerns? My concern on a go-forward basis is ensuring that we have considered the ebb and flow of a government in terms of what your priorities are. Some departments might need more assistance.

Mr. Alister Smith: We do have some elements in the operating budget restraint that allow for flexibility. For example, departments can still reprofile, so you see a lot of reprofiling from the previous fiscal year in these supplementary estimates (B). Quasi-statutory expenses are still accommodated, so increases that are quasi-statutory that are going to be outside the control of departments are permitted. There can be exceptions, if Treasury Board ministers agree, to accommodate certain significant pressures that may arise due to unanticipated changes.

As you know, we do meet with departments regularly and frequently. We keep track of what they tell us about their pressures. We feel this restraint will engender innovation and economies to reduce costs. As you mentioned, everybody's looking for the low-hanging fruit and trying to save the taxpayers' dollar. I think that's a very good thing. This discipline is a good thing.

•(0855)

Ms. Siobhan Coady: Obviously, always reviewing your budget is a good thing, I agree with you.

I have two quick questions and I only have a minute left.

Will we, as Parliament or even as a committee, be given what I'm going to call the overview of the remaining budget, the details regarding the remaining budget reductions and how that might come about? Will you be providing this committee, or Parliament in general, with information on how that's going to be achieved, how we're going to achieve those budget savings?

Mr. Alister Smith: In each case here, the departments' operating votes, their vote 1 or program votes, are the budgets that are being constrained. Every time we come here, you will see how those operating budget votes are going up or going down, and you will see the progress of those votes.

Ms. Siobhan Coady: It will be an estimate, so we'll have to go through that. There won't be a report.

I've got one—

Mr. Alister Smith: And you will see that in departments, both in the plans and in the results—both the RPPs and BPRs. You will also see what they plan to do and what the results are of what they planned.

In addition, as you can see in these documents here, we have taken out of a department's reference levels this year any money that would have been provided for the wage increase, the 1.5%, and that's also evident in the footnotes throughout the document.

[*Translation*]

The Chair: Thank you, Ms. Coady.

Ms. Bourgeois, you now have the floor for eight minutes.

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Thank you, Mr. Chair.

Good morning, Mr. Smith. It is always a pleasure to have you here. You provide us with valuable information.

Good morning to you too, Mr. Enns.

I have trouble understanding a few things. We know that the collective agreements between the government and its employees have practically all been signed, if I'm not mistaken. The departments will be cutting their operating budgets, especially—you said so yourself—by absorbing 1.5% of the wage increase we hear so much about.

So could you then tell me why you are asking for a \$137.1 million vote to compensate the departments, organizations and crown corporations for retroactive adjustments?

[*English*]

Mr. Alister Smith: I think it probably was generally the case in the past that when the federal government signed collective agreements, they were after the fact, after the expiry of the previous collective agreement. So we're always in this mode of retroactivity and making payments to departments for wage increases retroactively. You will still see in these documents some retroactive

payments that applied before Budget 2010, and indeed there are still some collective agreements that are open.

The retroactivity only applies to agreements that were not completed in time for Budget 2010 and subsequent estimates and documents. Where we could advance the funds for collective agreements, the 1.5% increase for this year, prior to the operating budget freeze, we had to take out of the reference levels. This is really simply a series of adjustments, in effect to say that departments, as of fiscal year 2010-2011, will absorb the wage increases. That's really what you're seeing. That's where you see retroactive compensation. It's to cover those collective agreements that applied retroactively.

It's a bit complicated, but that's the explanation.

•(0900)

[*Translation*]

Ms. Diane Bourgeois: It is not easy to understand, especially since, in another document, I saw that the accounting standards have been changed for the Department of Finance.

Mr. Alister Smith: No.

Ms. Diane Bourgeois: No? The accounting standards have not been changed?

[*English*]

Mr. Alister Smith: There are adjustments in the documents for changes in the public debt charges. They show up in the Department of Finance votes. Public debt charges are statutory—not voted in the first place—and we report them in here. They are also well documented in the public accounts. I can refer you to table 3.8 in the public accounts, which breaks down all these debt charges.

They stem from a change in the way the EI account is handled as a result of changes to legislation, moving to a new EI operational account. The old EI account was taken out of the estimates, if you wish. The old EI account surplus was consolidated with the previous accumulated deficit. All of that came out and a new EI account was put in place. As a result of that, the EI account does not pay interest to the Consolidated Revenue Fund.

Because of that—this becomes very technical—there's a change in the way we use the numbers we get from Finance in the budget for the public debt charges. It just so happened in the past that the interest and accrual adjustments offset each other. Now, with no interest coming from the new EI account, that offset is not there and we have to reflect a different number in estimates.

So it's really going from accrual to cash, and there's a different type of consolidation because it's a different account. It's not a change in accounting. By the way, it was all audited by the Auditor General in the public accounts. We're just reflecting it here in the estimates.

[Translation]

Ms. Diane Bourgeois: You are telling me in veiled terms that we will have to invite you back because we are not up to speed on cash accounting and accrual accounting. I am personally a little more familiar with the terms, but I am not sure whether everyone else is. So you or the Parliamentary Budget Officer will have to come and explain the changes to us. We are really under the impression that the changes are well known, but that does not seem to be the case.

My final question is about the budget freeze, particularly in a department like the Correctional Service of Canada. The budget is frozen. But roughly 4,000 full-time people are going to be hired.

How can we calculate that there will be a freeze this year and next year, when we are going to increase the staff? How are we going to do that?

[English]

Mr. Alister Smith: I know this seems difficult to understand. When new policy measures are introduced by cabinet and appear in the budget, they have to be implemented. There is an operating component to them. A key exception to the operating budget freeze is for the operating required for those new policy measures. There are some other exceptions, as I mentioned: quasi-statutory changes, reprofiles, and the operating budget carry-forward.

So a fair amount of flexibility is actually built into the operating budget freeze. If a department does not have new policy measures—does not have an expansion of activity, like Corrections has—it is still bound by its previous level of operating spending. If a new measure is approved by cabinet in the budget, it's a budget measure and has operating consequences, so those changes will be made to the operating....

• (0905)

[Translation]

Ms. Diane Bourgeois: That's it? That's too bad.

The Chair: Thank you, Ms. Bourgeois.

[English]

Mr. Warkentin, you have eight minutes, please.

Mr. Chris Warkentin (Peace River, CPC): Thank you, Mr. Chair.

Thank you, Mr. Smith and Mr. Enns, for being with us this morning. We appreciate your testimony and your help.

I don't have any specific concerns with the estimates that our committee is responsible for this morning. I'm quite comfortable that we got great clarity on them from our previous witnesses.

However, I just want to talk about the global sense of your responsibilities within Treasury Board, especially at a time when I think Canadians generally expect that the Canadian government is constraining its spending. Canadian families from coast to coast have to make their budgets work and constrain their spending so it fits the income they are making at a time of an economic downturn. I think Canadians generally expect that the government is undertaking the same types of cost-cutting measures, and looking at all the ways it can save.

You, at Treasury Board, are responsible for the challenge function when different departments come to you looking for additional money. I'm wondering if you can give me a little bit of a breakdown of the components of the challenge function. Then I have a couple of questions I'd like to ask related to that process.

Mr. Alister Smith: I'll start, and then perhaps my colleague may want to add some points as well.

We do challenge when new policy measures are being introduced and have gone through cabinet but come to the Treasury Board. We scrutinize those measures on a couple of bases: one, that they're consistent with our policies, whether that's a procurement policy or any number of Treasury Board policies; and also, that the funding that's being requested is appropriate for that particular policy initiative. We need to check often with the Department of Finance to ensure that the funding is in place, that there is a source of funds for the initiative. We put a fair amount of due diligence into all of these issues as they come before Treasury Board.

Subsequently, and even after they have become part of a department's reference level and they are ongoing, we provide continuing scrutiny; we are continually looking at whether in fact programs are effective, whether there's value for money in them. We require departments to establish performance measures for the programs. We ask them to report on performance. So we ask not just in their planning documents but also in their performance reports to tell us how the programs are working. Then we scrutinize them even more thoroughly and in great depth through strategic reviews.

Those are some of the ways in which we exercise a challenge function. Maybe my colleague might have other comments.

Mr. David Enns (Deputy Assistant Secretary, Expenditure Management, Treasury Board Secretariat): Thank you.

When we do receive submissions, in addition to the process that Alister has described, we will look at things like the department's management accountability framework assessments, which assess departments on aspects of their management capacity on an annual basis. That will form part of our routine analysis of a departmental submission.

We'll also look at audit and evaluation findings for related or like initiatives in any given area for a department, all with a view to determining whether the department has in fact the capacity to deliver on the program initiative that the submission is describing, but also to make sure that the delivery mechanisms chosen and the funding associated with them are at the right level.

Mr. Chris Warkentin: I think, generally, you have answered my next question, but I'd like some additional clarity.

It seems to me that in government, as in many large organizations, there is an isolation effect or a silo effect that happens from one department to another. Oftentimes there are things that are being undertaken in one department that are being duplicated or being done in a less efficient manner in another department. Is there any responsibility within the challenge function, within your responsibilities in your office, to look at better management practices? And would it require an actual policy? Or maybe there is a policy within Treasury Board that says there needs to be a breakdown of the silo effect, a breakdown of the isolation effect, and collaboration between departments that are going to create better efficiencies and possibly better outcomes for the taxpayers. Is there a policy that you're bound by within your respective offices?

● (0910)

Mr. Alister Smith: That's an interesting question. I'll see if I can address it in part.

We have a good system, I think, within the federal government of requiring departments to show their spending by program, with the objectives intended to be achieved through those programs. We have a policy requiring that of departments. When you look at program activity architecture in our main estimates, or in some of the other documents we provide, and the allocation of resources in departments, you can see that all this follows a structure, a discipline, in which a department has to explain the outcomes it's trying to achieve. Each department has to provide performance measures and evaluate whether it is achieving the objectives it set out to achieve with the money it was given.

With that discipline, you can pick up on some of the duplication that exists horizontally in government. Indeed, there are a lot of programs that look quite similar, but that may be focused on slightly different objectives or stakeholders. Over time, there is a need—and I agree there is always a need—for us to look at ways in which we can avoid duplication and try to work better horizontally.

Strategic reviews get at some of that. They require departments to go all the way through the program activity architecture and justify the programs. Indeed, all the information we developed through the strategic review process can help us look at areas of duplication and perhaps address them in future.

We have some mechanisms in place, but they aren't at the point where we say to a department that such-and-such a program is a duplicate and it must be eliminated.

I don't think those programs would survive for long if they were truly duplicative. Eventually, we will see them and departments will try to streamline them. It's an ongoing challenge.

Mr. Chris Warkentin: I'm not even thinking of programs that duplicate other programs. I guess what I'm seeing is where there is a government office in our local community that is undertaking a certain responsibility...often my constituents will ask, why can't that office undertake what is a similar type of activity for a different department, whereas now we have to go to a different location or a different city to be served?

I'm wondering if there's any effort or policy within Treasury Board to tell departments to have.... We have Service Canada, but often that isn't collective enough, and often policy challenges reduce the

effectiveness of the collaboration. I'm wondering if there is any encouragement by Treasury Board to collaborate on policies.

The Chair: Mr. Smith, be brief. Our time has run out.

Mr. Alister Smith: The budget also kicked off an administrative services review, which will be looking at duplication in the back office and the potential for consolidation of some government services. Service Canada is a good example of how we have moved a long way to avoid duplication in the infrastructure serving Canadians. But that's also an ongoing challenge.

The Chair: Thank you, Mr. Warkentin and Mr. Smith.

Mr. Martin.

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

Let me just say at the outset, Mr. Smith, as I sit here and listen to my colleagues questioning, that I find the whole estimates process incomprehensible. I'm the vice-chair of the government operations and estimates committee, and you could tell us anything. You could sit there and tell us anything, and we could try to write questions that sounded like we understood you, but we really don't.

Voices: Oh, oh!

Mr. Pat Martin: We're at your mercy. I didn't even bring the supplementary estimates with me because they're too heavy for my staff to carry, much less plow through them all.

It's just ridiculous. You come to us saying you're seeking Parliament's authority to spend \$4.4 billion. It's really that you're seeking Parliament's "permission". We're supposed to grant you "permission" to spend that money, to put it in the right context. It's my goal to dumb down the estimates process, and fortunately I'm very qualified to do that, at least.

Let me start with what almost seems like a contradiction in what your testimony is today.

In one paragraph of your report you're seeking Parliament's permission to spend \$4.4 billion, but you're also saying that this pile of supplementary estimates is announcing a decrease of statutory spending in the amount of \$2 billion. I guess this is why we put in place the Parliamentary Budget Officer, to help ordinary mortals like us wade through an incomprehensible system of estimates.

In that context, let me ask my first question. We ask the Parliamentary Budget Officer to help us at least understand the budgetary freezes, the impact of the departmental freezes. He will testify later, I suppose. But from what I understand, they ask the government how they intend to achieve their planned operating budget freeze over the projected period. But the government indicated that this information is a cabinet confidence and will not be released to the public. We should put it into context first. The Parliamentary Budget Officer is not the public; he is our agent. He's the guy we commissioned for a specific task to help us understand what the hell is going on. It disappoints me that the door is slammed in his face when he asks the very question that we put to him.

In fact, the standing committee has put the very same question to the government, and it's currently being assessed as to whether the government will tell Parliament how they intend to achieve its planned operating budget freeze. Is what you bring us today the manifestation of that request? Or are we still waiting for that request?

• (0915)

Mr. Alister Smith: There are two things we need to distinguish. One is the operating budget freeze and how it works, and we're happy to engage on that, as we have been. But there is also the data request that the Parliamentary Budget Officer has made last year and this year, and that the committee has made, and we have just responded to the committee on that.

The issue for us on the Treasury Board side is in not being able to release documents or data, which our lawyers tell us are a cabinet confidence, because ministers have not made a decision on or approved a particular item.

Mr. Pat Martin: How can we have lawyers standing in-between Parliament and the government that we give permission to spend our money? If the public hasn't got a right to know, surely Parliament has a right to know what government is doing with the money that we give them permission to spend, through the estimates process.

Mr. Alister Smith: It's really the matter of cabinet confidences, and that's information we cannot share. If an item is before Treasury Board or cabinet, and it's subject to a confidence, it cannot be shared. That's also the law. So that is the reason that some information that has been requested by a PBO cannot be provided. We have provided everything we could provide.

Mr. Pat Martin: The very same question was put to government by this parliamentary committee. First of all, the Parliamentary Budget Officer is an extension of Parliament; he is an agent of Parliament, so he's asking on behalf of Parliament. He's not going to have a press conference and release this information necessarily.

I think we've identified a very serious problem again in the estimates process, because government seems to have the right to rack up \$58 billion deficits, but we don't have a right to know how we plan to dig ourselves out of this hole, except for some very sketchy information. It's my concern that they will try to balance the books on ideological grounds, that the choices they make.... I mean, it's like 007 for that Minister of Finance. It's like a licence to kill, because he now has a deficit to slay, and he can cut and hack and slash at every program that he disagrees with ideologically. The sketchy information we have now is that the biggest cut, the largest single cut, in this effort to reduce their growth in government

spending is the Canadian Broadcasting Corporation, by a percentage at least. They're getting 1.3% of their budget cut. It's not frozen for three years; it's reduced.

Then the National Parole Board is the third highest. Statistics Canada, who we know they have no respect for, is feeling the brunt in the top ten reductions.

We're not getting enough information to accurately assess the veracity of the plan, the business plan, and what little information does trickle out gives us cause for concern that they're going to be balancing the books again along ideological grounds, Mr. Smith.

I know that's not your fault, and I appreciate all the work that you do, but we're really.... I know I'm supposed to be asking you questions and not going on talking here, but let me understand this. When you say—or when the government says—they're seeking a 5% reduction, that's not really a reduction, is it? That's a reduction in the growth. The growth rate for the five years before the economic action plan was about 6.4% per year. Does that figure sound right, now?

• (0920)

Mr. Alister Smith: When you refer to the 5%, I think you're referring to strategic reviews.

Mr. Pat Martin: The program review that's under way, I believe, that they're seeking to reduce.

Mr. Alister Smith: Right. Those are for about one quarter, roughly, of departmental spending each year. Departments have to come forward with their lowest-performing, least effective 5% and propose reallocations or reductions in that spending.

Now, I think what you were referring to earlier was the document from PBO on monitoring the operating budget freeze. That has some other numbers in it, and those numbers are—I believe, and they will correct me, I'm sure—the numbers that apply simply to the 1.5% wage—

The Chair: Thank you, Mr. Martin. I'm sorry to interrupt. Unfortunately, your eight minutes is up.

Mr. Regan, do you have similar confessions to make for five minutes?

Hon. Geoff Regan (Halifax West, Lib.): Thank you, Mr. Chair.

I think Mr. Martin's comments were pretty accurate. For most of us it is a very challenging process. You have copious amounts of information you try to sort through and figure out what it all means, and then try to hold government to account in relation to that. There's no question it would be nice if it could be simpler in some way, but the important thing for us is to dig through it and ask you the questions that we can.

This notion that future expenditures are restricted to cabinet confidence, which Mr. Martin is raising, is very disturbing. It seems to me that if the government is saying it's going to freeze certain things but doesn't want to tell us what they are, that's not very transparent. It's telling us it can manage all this. It can balance the books over the next six or seven years and finally get rid of the deficit it has created, but it's not going to tell us how because it tells us that the way it's going to do it and what it's going to freeze is a question of cabinet confidence—you don't need to know, don't worry about it—and that's very disturbing.

Let me turn to the question of the contingency allocation, from which \$318 million is being transferred for what's called "miscellaneous, urgent or unforeseen expenditures". Now, if I recall correctly, the contingency allocation was \$1 billion. It is in that range in the 2010 budget. Is that correct? If so, it's about a third of a percent of the overall budget of \$280 billion. Is that right?

Mr. Alister Smith: Sorry. The \$318 million refers to what exactly?

Hon. Geoff Regan: In vote 5, you've got a transfer of \$318.3 million from Treasury Board's government contingency allocation to the relevant departments in terms of "miscellaneous, urgent or unforeseen expenditures".

• (0925)

Mr. Alister Smith: Vote 5, yes.

Hon. Geoff Regan: It almost seems like it used to be a contingency reserve of 3% and that's been reduced to .3%, and the government is already dipping into that to the tune of one-third of it, \$300 million. It sure doesn't leave much confidence in terms of a cushion to ensure that the government meets its fiscal target in the current year.

Mr. Alister Smith: I would mention that this contingency vote, Treasury Board vote 5, is a \$750 million vote that is replenished. It's like a credit card, in a sense. It's an advance for departments that require it for unforeseen needs. It gives them the cash to manage in the short term and to replenish the contingency fund at the next supplementary estimates. Each time you use \$318 million, that will be replenished. It's really just a short-term advance. The overall amount of \$750 million may not be large enough in the future as government grows and we may need to increase that contingency fund, but so far it's been enough.

Hon. Geoff Regan: In other words, there is no cushion, and basically this is a catch-all fund to dip into whenever you need to.

Mr. Alister Smith: It has vote wording that governs its use, and we use it in as limited a way as we possibly can. There are always going to be certain contingencies: fires, floods, and all kinds of reasons why departments need short-term infusions of cash. They replace the funding at the next available supplementary estimates.

Hon. Geoff Regan: I guess the biggest concern is the lack of a cushion.

Let me ask about the \$300 million for AECL, Atomic Energy of Canada Limited. Part of that is to wind down the dedicated isotope facility, I believe. Would that be the MAPLEs? I've been in that building where the MAPLEs are located. What are they doing with that building? Do you know?

Mr. Alister Smith: I don't know.

Maybe Mr. Enns has a comment.

Mr. David Enns: I'm not certain of that. I can tell you a little bit about what the funds are being used for by AECL.

Hon. Geoff Regan: That isn't what I'm looking for. I was particularly interested in the MAPLEs. I'm sure we can find out more about the other things being spent on.

Let me ask about the part in relation to Point Lepreau in New Brunswick. Apparently, the plan is not to replace a few of the 380 calandria tubes, but the plan now is to replace all of them. This refurbishment of Point Lepreau has already been going on for several years. It looks like this is going to add a lot more time or quite a bit more time to the already extensive time taken to repair this. The question is, does this include the spending that's going to be needed to finish the job?

Mr. David Enns: Yes, it does.

[*Translation*]

The Chair: Mr. Vincent, you have five minutes. Go ahead, please.

Mr. Robert Vincent (Shefford, BQ): Thank you, Mr. Chair.

It is interesting hearing your testimonies and listening to the discussions. We are trying to save money by freezing budgets. Yet I'm sure that, at the end of next year, all the departments will appear before the committee to ask for more money because they have not anticipated this or that. One even told us that it would request additional money for a wage increase granted in April.

It seems to me that when we know that there's going to be a wage increase, we provide for it in the budget. We don't get to the end of the year and suddenly realize that there was a wage increase and we have not anticipated it. This increase was agreed to in April. Something is not working. I would like to talk to you about the freeze and the Canada Border Services Agency.

But first, I have a question for you. I checked the reallocations total and I saw that the cutbacks come to \$181 million. Is that the correct amount?

[*English*]

Mr. Alister Smith: My colleague will check that number.

[*Translation*]

Mr. Robert Vincent: All right. While he's checking the amount, I am going to ask you a question about the Canada Border Services Agency.

We know there are customs offices for people who buy goods outside Canada and who have to pay customs duties. There are customs offices in all of our regions. In Shefford, my constituency, the Granby customs office will be closing.

Why would an office that shares the space with the CBSA be shut down? The CBSA is giving the office to customs for free with all the equipment included. The customs service in my riding only pays for the phone. Why would you want to shut down an office that collects \$1 million per week in customs duties for the government? It doesn't cost anything, except for a phone line. Why do you want to shut that office down?

Meanwhile, Mr. Enns, could you check the amount of the reduction?

• (0930)

[English]

Mr. David Enns: What's the figure you were referring to? I do have my notes here, but...

A voice: It's \$181 million.

Mr. David Enns: For...?

A voice: CBSA.

[Translation]

Mr. Robert Vincent: One hundred and eighty million dollars. In the document we were given, we can see all the cuts to the departments. There are actually about 20 that suffered cuts. For example, the Department of Agriculture suffered a \$3,112,980 cut. There is a complete list with a total of \$180 million at the end. I just wanted to know whether the \$180 million figure was accurate.

I will ask my question about the closure of the customs office again. Could you tell me why you are trying to save pennies on a telephone line?

[English]

Mr. Alister Smith: I'm pretty sure I can speak for my colleague here. We would not know that level of detail, why that particular office was shut down, but I would be happy to take the question back to CBSA and ask them to respond to you. But we don't have that information.

It's a good question, certainly.

[Translation]

Mr. Robert Vincent: I would appreciate an answer.

There's also a budget freeze for the Correctional Service. If we needed hundreds of millions of dollars, I guess the government...

You told us earlier that we have to save taxpayers' money, to reduce expenses, and so on, but perhaps we could have reduced the summit expenses, by holding the G8 and G20 summits in the same place. If we had, we would have saved \$100 million or so and we wouldn't have been forced to cut department budgets.

What do you think about that?

[English]

Mr. Alister Smith: Well, that's an interesting suggestion, but I guess it's too late now.

[Translation]

Mr. Robert Vincent: Was there no one in the departments to say that, since the same people, so to speak, were attending those events,

the summits could be held in the same place and, as a result, we could save \$100 million?

Since the government says that it wants to be transparent, I think that would have been a good opportunity.

[English]

Mr. Alister Smith: These decisions, of course, are taken by the minister responsible and the deputy responsible for the agency, and they have to rationalize their operations continually. I think they're the only ones who could respond to your question as to why they made certain decisions and why that particular office was closed and another one opened.

I assume they would make these decisions on the basis of needs and requirements, but that's something we will have to ask them because we don't know.

[Translation]

The Chair: Thank you, Mr. Vincent.

[English]

Thank you, Mr. Smith.

Mr. Calandra for five minutes, please.

Mr. Paul Calandra (Oak Ridges—Markham, CPC): Thank you, Mr. Chair.

Welcome, and thanks for being here. I guess I share some of Mr. Regan's frustrations, specifically with AECL. It frustrates me that we're constantly seeing AECL asking for more, and it's never a small amount. It's always \$200 million, \$300 million, and I know you can't answer that, but it really is something that in the two years that I've been here has frustrated me almost more than anything else.

I tend to want to always congratulate the people who come here from the public service because the last couple of years, of course, have been very challenging, and whether it's the departments of transport, infrastructure, or finance, what we've asked you to do in the last two years through Canada's economic action plan has been truly extraordinary, and the speed with which you've been able to work to make sure that we implement the economic action plan has been truly amazing to see. Of course, we know that the Auditor General recently reported very positively with respect to how the infrastructure program was implemented.

I have a question, though, on CIDA. CIDA is getting \$173 million. Can you tell me what that is for?

• (0935)

Mr. David Enns: Yes, I'll try to answer that for you.

There are a couple of specific programs that funding is being provided for in the areas of maternal, newborn, and child health. They've organized these programs along three themes, if you will. One is strengthening health systems to improve service for maternal, newborn, and child health at the local level. This involves training more health care workers at the local level. There are other initiatives that are undertaken in cooperation with other governments, other jurisdictions. The second *volet*, if you will, of that is to reduce the burden of disease; this is the provision of vaccines to mothers and children. And the third is related to nutrition and improving the access of these people to healthful and nutritious food and essential nutrients.

So those are the three themes under which those services are being delivered by CIDA.

Mr. Paul Calandra: So that's stemming, then, I heard you say, from the G-8 commitments?

Mr. David Enns: Yes.

Mr. Paul Calandra: We've had a very fulsome discussion around this table with respect to the G-8, if they were useful—the G-8 and G-20—and if they had an impact. I can see by what you're telling me that there's going to be a dramatic, positive impact for a lot of people with respect to this. It's good to see that this funding is actually getting out the door and helping people who actually need assistance.

I'm also encouraged by the continuing support of the Canadian Armed Forces through Canada's First Defence strategy. We've often talked about the decade of darkness in this place, and it's good to see that we're continuing to support our men and women in the armed forces to do the job they need to do on our behalf.

There's also something in here, and it's under Export Development Canada: “repayments to the Consolidated Revenue Fund...having received repayments from General Motors of Canada and Air Canada...” Can you go over what that is?

Mr. David Enns: Those are pre-payments by Air Canada and General Motors to the Canada account.

Mr. Paul Calandra: For what? They were advanced loans. I know we recently announced a sale of GM stock that Canada had acquired. That's not included in this, obviously.

Mr. David Enns: No.

Mr. Paul Calandra: Okay. So basically they have repaid the loans they were advanced through the economic action plan. We're seeing, obviously, good things with GM, because they've just announced another 700 jobs in the Oshawa facility, which is quite close to my home in Oak Ridges—Markham.

Also, Madame Bourgeois, you were explaining a bit with respect to the downward revision of the debt. Can I ask you just to go over that again for me? In comparison, how is it done now and how was it done by previous governments or by previous administrations?

Mr. Alister Smith: I don't think there's any real change—

The Chair: You have a very limited amount of time to answer it, but please take a shot at it.

Mr. Alister Smith: Okay. I think the change here really resulted from the Jobs and Economic Growth Act, which changed the way

the EI account works. We were replacing the old EI account with a new EI account, and interest is no longer paid into the Consolidated Revenue Fund. So that had offset before an accrual adjustment, and that was fortuitous, in a sense, because you could take the number from the budget and it would be almost the same number as the cash number we used in estimates. Once the interest stopped from the new account, the adjustment was too large to just take the budget number for the debt, so they've had to provide a different number. There's no change in accounting standards as such. This has all gone through the public accounts and it's been looked at by the OAG, and there's nothing really—

The Chair: Thank you, Mr. Smith

Thank you, Mr. Calandra.

Madam Coady, five minutes, please.

Ms. Siobhan Coady: Thank you very much.

I have so many questions to ask, but I want to go back to the EI account again and that change. One of the things I noticed—and this speaks to my colleague Mr. Martin's point—is there's a \$4.4 billion increase, but a \$2 billion overall decrease. I think that's overall in these estimates. Mr. Calandra brought up a point, as did my other colleague, about the point on the revised forecast for public debt charges relating to the EI account. I think your explanation was given earlier.

I just want to read you this sentence, which comes from the Library of Parliament, from the Department of Finance: “...downward revision of the interest costs on the federal public debt associated with accounting changes...”

Are those the accounting changes?

• (0940)

Mr. Alister Smith: I think that may be—

Ms. Siobhan Coady: A different accounting?

Mr. Alister Smith: You say “accounting changes”. What that doesn't mean is a change in accounting standards. These are still subject to the Auditor General.... It's just the way. It's a methodology for taking a number from the budget and putting it in estimates as a statutory estimate of the public debt charges.

Ms. Siobhan Coady: Yes, I understood that, but it's come to almost \$3 billion.

I'm seeing you nodding your head. So it's about \$2.9 billion?

Mr. Alister Smith: The \$2.9 billion is the number in—

Ms. Siobhan Coady: So that's the opposite; it's the decrease. Actually, it's more than that.

So when you are looking at overall spending, if I may, which also speaks to Mr. Martin's point, you are saying there's a \$2 billion overall decrease in the budget requirements, and almost \$3 billion of that is the change in accounting standards—the downward revision in interest costs—plus the repayment to Export Development Canada by General Motors.

So when we look at the increases, we have \$510 million for the Department of Finance for transfer protection payments, we have Human Resources and Skills Development increases of almost \$3 billion, and we have \$590 million for the Office of Infrastructure.

I'm seeing nodding heads again.

That's a tremendous increase in spending. I don't want anyone to be left with the impression that we're actually to the net good, because really we're not. The change in accounting helped, and so did the repayment by General Motors Canada, in offsetting those things.

So we're actually spending more. There's a \$4.4 billion increase in spending. There is no real decrease.

Mr. Alister Smith: No, the decreases are on the statutory side, you're right. There's about a \$2 billion net decrease in statutory spending, which offsets the increase in voted spending.

These are not unusual in size. We see these fluctuations all the time in the statutory estimates. I think in supplementary estimates (A) it was about a \$2.7 billion decrease in statutory spending.

But just to go to your point, there is a lot of funding still flowing for the economic action plan this fiscal year, including a lot of reprofiling of infrastructure funds, which is boosting spending—and that's appropriate and was planned. Indeed, restraint will really begin after the economic action plan terminates.

Ms. Siobhan Coady: But again, there was some discussion that you're asking for increased spending, yet you're going to have a decrease. Well, the decrease is really not—

Mr. Alister Smith: Right.

Ms. Siobhan Coady: —a decrease in overall spending.

I want to go to my next point.

Under vote 10, government-wide initiatives, there's \$2.5 million for Public Works and Government Services Canada. We did get an explanation that it was for ministers' regional offices.

Why is there an increase in this spending? That was my point last week, not why you're spending money on ministers' regional offices. I understand what they do and I understand their necessity, but why is there an increase showing up in these budget estimates?

Mr. Alister Smith: There's an extension of new offices, if I'm not mistaken. We have a network now of 14 across Canada, and there are two more offices opening up in Whitehorse and Yellowknife.

Ms. Siobhan Coady: That was what I needed to know, but I didn't get that sense before. So you're opening up two more offices.

Mr. Alister Smith: Two more regional ones, yes.

Ms. Siobhan Coady: Okay. Thank you.

And that's what's going to cost \$2.5 million?

Mr. Alister Smith: There may be some other costs in there, too, for the operations of the other offices, but that's primarily it, as far as we know.

The Chair: Thank you, Mr. Smith and Mr. Enns, on behalf of the committee.

There are a lot of moving parts here, and we appreciate your contribution to helping us understand those moving parts.

Colleagues, I'm going to suspend for a moment, while Mr. Smith and Mr. Enns leave the table, and we will invite the Parliamentary Budget Officer and his staff to come forward.

- _____ (Pause) _____
-
- (0945)

The Chair: I'm going to reconvene this meeting. I welcome Mr. Page, Mr. Khan, and Mr. Weltman to the committee. All of them are familiar with our committee process.

Before I invite Mr. Page to make his presentation, colleagues, the clerk has informed me we will not have our usual time pressure because there will not be a committee coming in behind our committee. So we do have a bit of flexibility.

Mr. Chris Warkentin: We all have pressures.

The Chair: I had anticipated, colleagues, that we would have a subcommittee meeting after this, and we may not have to move out of this room. I just bring that to colleagues' attention while we're asking questions of Mr. Page and his colleagues.

Without further ado, may I ask Mr. Page to make his presentation. Thank you.

[*Translation*]

Mr. Kevin Page (Parliamentary Budget Officer, Library of Parliament): Good morning. I appreciate the opportunity to appear before you today in support of the committee's on-going studies into the Infrastructure Stimulus Fund (ISF) from budget 2009 and the operating budget freeze from budget 2010.

[*English*]

I would like to make a few brief introductory remarks regarding the approach my office has taken regarding our analysis of the government's estimates. I will then highlight two areas of interest in the supplementary estimates that are currently being considered by Parliament and this committee. Following this, I would be pleased to answer your questions.

As you are aware, analysis and research regarding the estimates are one of the four legislative business lines assigned to the Parliamentary Budget Officer by the Parliament of Canada Act. Consultations with parliamentarians in 2008 yielded a consensus on how I could best support their scrutiny of the estimates.

One, identify votes that warrant scrutiny. Members indicated they wanted my team to analyze the entire estimates and identify votes where they should focus their limited time and resources.

Two, prepare research to support decision-making. Members indicated they needed independent research to challenge the government's estimates and support the decisions regarding appropriations.

Our screening mechanism identifies areas of spending that warrant the scrutiny of Parliament, its materiality and risk. "Materiality" simply means the amount of money sought by the government in the estimates; the larger the amount, the greater the scrutiny that is likely warranted. "Risk" relates to the potential that the government will be unable to achieve the outcomes it plans with the money it is seeking.

With respect to supplementary estimates (B), as part of our analysis of the 2010 supplementary estimates (B), my team has flagged two issues for you that may warrant further scrutiny by Parliament. The first is the additional \$722 million sought in vote 60 of Transport Canada for infrastructure programming, representing approximately one-third of the net incremental resources sought through these supplementary estimates. The second is the \$181 million of reallocations across 51 departments and agencies relating to the operating budget freeze.

• (0950)

[Translation]

PBO has issued regular reports on one of Infrastructure Canada's programs, the Infrastructure Stimulus Fund (ISF). These reports were part of the PBO's reporting on the implementation of budget 2009 provided to the House of Commons Standing Committee on Finance (FINA). I am pleased to provide the committee with an update of our research regarding this program.

While the government has been diligent in its reporting on progress against obtaining necessary program authorities (inputs), reporting on outputs has been limited to periodic announcements of projects and project values. Project progress reports continue to suggest a large number of projects will not be complete by the March 31, 2011 deadline. The government's own response to an order paper request indicates that 1,054 of the 3,193 ISF projects will not likely be completed by December 31 of this year.

[English]

However, due to the initiative's limited data architecture and data quality, PBO has not been able to provide more detailed analysis, particularly as it relates to output and outcomes. In order to work around the limitations, PBO has attempted to provide Parliament with more robust analysis on program outputs such as project progress and timing of economic activity, as well as program outcomes such as the impact of the program on communities, by using existing government data and by undertaking an independent survey of program recipients to help evaluate the impact of the infrastructure stimulus fund.

PBO obtained expert advice to assist in developing the survey design, undertaking the data collection, and reporting on significant survey findings. The survey took the form of a census in which all eligible organizations were invited to participate. Eligible organizations were largely municipal governments, but they included provincial and territorial governments and other organizations, for example, not-for-profit community groups that received funding under the infrastructure stimulus fund.

Individual respondents were organizational representatives with hands-on knowledge and responsibilities related to the ISF, infrastructure stimulus fund, and funded projects undertaken by the organization.

Field work took place between June 8 and August 3, 2010, which according to the PBO analysis was the period of time that would have seen the greatest amount of construction activity. In total, 644 questionnaires were completed out of a population of 1,129 organizations. This represents a strong response rate of 57%. If this were a random sample survey, the overall results could be considered accurate within 2.02 percentage points, plus or minus, 19 out of 20 times, finite population factor applied. The data were weighted to ensure the results are representative of the distribution of ISF-funded organizations and ISF projects.

The first set of indicators dealt with program administration. Respondents expressed mixed and generally moderate levels of satisfaction with various aspects of ISF administration. There was 65% or higher who were most likely to be satisfied with the process leading from ISF project approval to the construction start date and with the timing of the project approval processes.

A small majority, 53%, expressed satisfaction with the environmental impact approval process for ISF projects, while fewer than half, 42%, were satisfied with the timing of fund transfers for ISF projects from higher-level governments. Dissatisfaction was highest with respect to timing issues: the timing of project approval process, 21%, and the timing of fund transfers from higher levels of government, 18%.

The second set of indicators reflected perceptions of impact of ISF projects in a number of general areas, such as general community welfare, unemployment, earned income, environmental quality, alteration of construction prices, and infrastructure deficit. Overall, respondents had a mixed view of impacts, and there was considerable variation.

The large majority, 87%, think ISF funding has increased the general welfare of their community. Approximately two-thirds, 69%, think it has increased the environmental quality of the community, while over half think it has decreased the infrastructure deficit of their municipality organization and increased earned income in their community.

The results pertaining to perceived unemployment impacts are particularly worthy to note given some of the goals underlying ISF in the context of a stimulus budget. A minority of respondents, 33.3%, said the ISF had a beneficial impact on unemployment. Many also said its unemployment impact was neutral, 43%, or negative, 20% to 21%.

It is worth noting that the structure of the responses tends to suggest the respondents were thoughtful in answering the questions. There was no sense that there was some routinized response pattern tending toward all good or all bad evaluations of ISF.

• (0955)

[Translation]

The next set of indicators had to do with perceptions of systematic technical, as opposed to political, biases in the selection and approval of projects. Were there certain types of projects that were disadvantaged in the selection process? There is a substantial minority of respondents who thought there was some degree of bias in project selection and approval. Sixty-six percent felt that no types of infrastructure projects were systematically disadvantaged by the rules and selection process associated with the ISF, but 27% felt that certain types of projects were disadvantaged. Projects identified as being systematically disadvantaged included projects that require more lead time (26%), water system or wastewater projects (20%).

We then asked respondents to think about a specific project in their community. The specific project that each respondent was asked to focus on was randomly selected and was identified on the first page of his or her questionnaire. The indicators have to do with the number of person years of employment created by a project, average gross pay associated with a person year, the extent to which the project was devoted to purely public infrastructure and the number of months a project was expedited as a result of ISF. Basic analysis showed that these indicators did create jobs at reasonable salaries, mostly in the realm of purely public infrastructure and in notably expedited fashion as a result of ISF. Our background variables did influence these indicators in a number of ways.

Projects located in some jurisdictions are much more likely than others to generate reasonably large numbers of well-paid positions and be considerably expedited compared to what would have been the case in the absence of ISF. In addition, some types of projects were much more likely to create a relatively large number of jobs and/or positions with good reimbursement. Solid waste management projects were particularly ineffective in that regard. Alternatively, public transit was very effective at employment creation, and airport, highway/regional transit and port/cruise ship type projects were particularly effective in producing higher paid employment.

• (1000)

[English]

Considerably more analysis would need to be done to completely unpack the implications of these findings. However, there are at least three possible interpretations of the implications.

First, the infrastructure stimulus funding should be directed more explicitly to some types of projects rather than others, particularly in the context of a stimulus measure with desired employment outcomes.

Second, there are lessons to be learned from some of the jurisdictions that have produced the most effective results of projects from a management and planning capacity perspective.

Third, some organizations or jurisdictions need different rules or greater assistance to effectively participate in an ISF-type program.

Some of the preliminary analysis of detailed verbatim responses by respondents provides moderate support for these possibilities.

The Chair: Excuse me, Mr. Page, we're at the 12-minute mark. We generally stop at 10, but I'm in the hands of colleagues if they wish to let you finish your presentation.

Mr. Chris Warkentin: Is it the budget freeze or the estimates that we're here to talk about? I think it's important that he get to that.

The Chair: Mr. Warkentin would like you to go to the budget freeze.

Mr. Martin.

Mr. Pat Martin: We're almost at the end of this section, and then we will be getting to the operating budget freeze. We have one page left, so I suggest we let him finish. If we run a little late, we run a little late.

The Chair: I'm in the hands of colleagues.

Please feel free to finish your presentation. Go ahead, Mr. Page.

Mr. Kevin Page: Following are some considerations for parliamentarians.

First, progress reports continue to suggest that a large number of projects will not be completed by the March 2011 deadline. PBO ISF survey results indicate considerable variation in ISF program and implementation impacts across the country. It is apparent that more precise targeting of projects and recipients could lead to better program outcomes.

Second, there is a significant opportunity for the government to improve reporting on stimulus measures. The ISF program falls under the provision of a transfer payment program to other orders of government. These have different requirements, under Treasury Board policy, than other types of transfers, because they limit the number of mandatory requirements in the contribution agreements. Parliamentarians might want to be more explicit as to what performance information they require.

Third, the government may wish to consider updating the PBO survey at the end of the program to ensure that parliamentarians and Canadians have a better picture of the effectiveness and efficiency of the program, a program that will cost Canadian taxpayers close to \$10 billion, all deficit financed.

On the operating budget freeze, the supplementary estimates 2010-11 contain references to 51 reductions in departmental and agency operating budgets attributable to "savings identified as part of the cost containment measures to reduce the rate of growth in operating expenditures announced in Budget 2010". The operating budget reductions proposed by the government are approximately \$181 million in 2010-11, or over 60% of the \$300 million target announced in Budget 2010. On average, the cuts represent approximately 0.4% of the affected budgets.

My staff has also prepared a note that enumerates the reductions and provides a list of the 10 largest reductions, as measured by absolute dollars and as a percentage of affected organizations' operating budgets.

Since the government announced these cuts in Budget 2010, I have requested basic information regarding how the cuts will be implemented, but I've been ignored. The committee has asked for similar information and has not yet received a response, or it received a response today. Now the government is seeking parliamentary sanction for those cuts through the supplementary estimates. Given that there are no details regarding how departments and agencies will manage these cuts, this could be an area of risk that warrants further parliamentary scrutiny. Or, as I highlighted in the note, before the committee reports back these supplementary estimates, it may wish to satisfy itself that it knows how each of the 51 organizations is achieving the operating savings, including which positions are being cut and how service levels may be affected.

[Translation]

I would be pleased to answer any questions committee members may have regarding our approach toward supporting parliamentary scrutiny of the estimates, or either of the two areas I have flagged for your attention.

[English]

Thank you. Sorry for going late.

The Chair: Thank you, Mr. Page.

You know that you're always welcome at this committee. I just want to make sure that I can exercise a little discretion in favour of the Parliamentary Budget Officer, because you do serve us all well.

Mr. Regan, you have eight minutes.

Hon. Geoff Regan: Thank you very much, Mr. Chairman.

It's very disturbing that you first brought up on April 12 of this year the problems you were having getting detailed information from government departments about how they were going to achieve the reductions they were supposed to achieve through the freeze. Of course, on October 5 of this year, my colleague Madame Bourgeois raised a motion trying to assist you, calling on the government to provide you with that information. The motion was passed, and yet you still don't have it.

I want to review some of the departments and the amounts that they are talking about in terms of budget reductions. I think you'll confirm in each case that you don't have the information on how that's going to be achieved.

For Agriculture, we've heard all kinds of concerns from colleagues about the difficulties farmers are having, yet we see a \$3 million cut for the Department of Agriculture and Agri-Food.

We see a \$14 million cut to the CBC. We have no idea what that means and what the impact of that is going to be.

At a time when we see record waiting times for people to deal with immigration files, whether it's for someone who wants to come to Canada, who wants to bring a relative, perhaps, say, their spouse.... I know people who are waiting for their spouse to come to Canada. In fact I can think of a case in which a woman and her daughter are here and they're waiting for the husband, the father, to come from Africa. They have been told by the minister's office, "Don't even talk to us until the application has been in for a year."

Often it takes at least 18 months for those to be processed, and yet we see a cut to that department of \$2.5 million, and they aren't able to tell us how they're going to achieve that.

We see the Department of Environment being cut by \$3 million. We don't know how that's going to be achieved and what they're actually cutting.

We see the Department of Fisheries and Oceans being cut by \$6.5 million. I can tell you, having some experience as a former minister of that department, it's one that was always tight for dollars and usually underfunded, like Immigration. I'd like to know how they're going to accomplish that and what important programs they're going to be cutting as a result.

The Department of Health is being cut by \$5 million.

The National Research Council, as if innovation and research weren't important, is being cut by \$3 million.

Statistics Canada is being cut by \$3.35 million. That's no surprise in view of the government's attitude towards information, towards the long-form census, for example.

It's even more interesting, perhaps, that the Department of National Defence is facing a cut of \$80 million, and we have no idea how they're going to achieve that.

We see the Canada Border Services Agency being cut by \$9 million, and we have no information on how they're going to do that.

We have CSIS. This is a government that talks about how great it is on security issues, and here they are cutting Defence by \$80 million, Border Services—I'm sure that would be a concern to the Americans—by \$9 million, CSIS by \$5 million, and Corrections by \$5 million. You've already raised the concern that the things they're doing and the bills they're passing are going to increase the cost of corrections, and yet they're projecting that they're going to save \$5 million and can't say how. And of course \$3.6 million is being cut from the RCMP.

What comments do you have on that, Mr. Page?

• (1005)

Mr. Kevin Page: Sir, I agree with you. We've been frustrated in trying to get the information we think we need in order to provide you with a sense of what the risks are with respect to achieving those savings both from a fiscal perspective and from a service-level perspective. We feel parliamentarians should have that information when they're signing off on the estimates.

Hon. Geoff Regan: So you're telling us that basically there's no way for us as a committee, for us as parliamentarians, to really assess whether the government can achieve the freeze that it claims it can, and can achieve the reductions that it's listed for each of these departments. As far as we're concerned, these are phantom reductions.

Mr. Kevin Page: Well, sir, I'm not saying they're phantom reductions. I'm sure if parliamentarians vote, those reductions will be implemented. What I can offer you is an analysis as to whether there are risks, particularly in the area of service levels, both this year and in future years as the freeze is maintained.

Hon. Geoff Regan: Since the government won't provide us with this kind of information, it's pretty hard for us to do our job as parliamentarians, it seems to me.

My colleague, I think, has some questions for you.

Ms. Siobhan Coady: Just in that vein, as you may be aware, in the last committee meeting we had a number of people here from a number of departments. I asked each of them to describe how they're going to achieve their budget reductions. Again this morning I asked a similar question, whether they were going to report to Parliament or to this committee how they're going to get those budget reductions. Their answer predominantly was travel, hospitality, and conferences. I don't think those savings that my honourable colleague just announced are going to be found to a significant level in those areas. When we asked where we'd find further information, we were asked to check the planning and priorities reports.

Is that sufficient? Is that what we should be doing? What further information should we be demanding, and how might we be able to further find the information? What would your advice be to us?

• (1010)

Mr. Kevin Page: We are continuing to work with departments to get information, so that we can provide you with the analysis that we think you need in terms of understanding what the risks are. In the past two weeks, we've sent out letters to 10 different departments to get their human resource plan, so we can assess, potentially, the prospects of getting savings from attrition, as an example, so we can understand the relationship of attrition savings that are being requested of these departments from a savings perspective.

At this point in time, as I said earlier, we don't have enough information to give you a risk assessment.

Ms. Siobhan Coady: Last week I put a question to the Privy Council Office, specifically around the Prime Minister's Office, and was told they had a budget, up until last year, for full-time equivalents of 85 and that they are now at 114. That seems like a fairly significant increase in the Prime Minister's Office, and that was a direct request for information.

What I'm concerned about is that we have a fairly significant 20-person increase in one year in the Prime Minister's Office, yet we're having cuts in other offices where we can't find out either through attrition, as you indicated, or through other means, whether we will have an impact on service levels because we won't be able to have the additional employees that may be required.

When you look at the...I'll use the term "puts and takes" in this particular ask in estimates; they're asking for almost an additional \$2 billion in spending.

My point is that some of these requests are of interest, and I just want your viewpoint on whether you think they should have been in the original budget. I'm concerned that we're asking for another \$2 billion. I need your advice on this. We're being asked to approve

another \$2 billion in additional spending. I don't know if it's new spending or additional spending in these particular estimates. In my opinion, that's a significant sum of money. Should that not have been in the original budget? Am I correct in that?

The Chair: Very briefly, Mr. Page.

Mr. Kevin Page: Yes, the money should have been in the budget. I'm assuming the \$2 billion that you're referring to was provided for in the budget. I guess the question now becomes, as you appropriate, do you have the information to know what's behind the money, how the money will be used, both in terms of new moneys and the reductions?

The Chair: Thank you, Madam Coady.

[Translation]

Ms. Bourgeois, you have eight minutes.

Ms. Diane Bourgeois: Thank you, Mr. Chair.

Mr. Page, gentlemen, good morning and thank you for joining us again today.

Before I ask you some questions, just like my colleagues, I want to deplore the fact that, following the motion I presented last September, you were not given the basic information on how the reductions will be made. You even said it yourself.

Not only do I deplore it, Mr. Chair, but I find it appalling, as well. I feel that the taxpayers of Canada and Quebec are entitled to answers to their questions. They elect MPs who, to the best of their abilities, try to get answers about how their money is being managed. Unfortunately, neither the MPs nor the parliamentary budget officer, who the House has given powers to, can get answers.

This morning, Mr. Chair, you shared with us the response of the Treasury Board president to my motion, and perhaps to some of Ms. Coady's questions as well. At the time, she had made observations and presented motions.

We are a laughing stock. Listen up: we read that people are busy working on responding to our request, but really it has been two months since the question was asked. We've also been told that the information requested pertains to confidential Cabinet documents. Can you tell me what's so confidential? These people manage our money and we can't even get answers because it's confidential? Let's wake up! We let this government manage confidential documents, but it's our money. These people are paid for that with our money.

Then we read that the Treasury Board Secretariat does not have the information centralized, but the Treasury Board Secretariat gives the order to make budget cuts. They are laughing at everyone.

I wanted to bring this to the attention of my colleagues. I think I've managed to do that.

Mr. Page, I have a question for you about the Correctional Service of Canada. Of the 10 largest budget cuts, the Correctional Service of Canada must reduce their budget by \$4.8 million. But we know that they will be increasing their staff by more than 4,000 full-time employees.

Can you tell me how they plan to reduce their budget by \$4.8 million when they are increasing the number of people working for them? Can you give me an idea of how they will manage this?

• (1015)

Mr. Kevin Page: I have no idea.

Ms. Diane Bourgeois: You have no idea.

Do we know if the cut will have an impact on staff or security inside the prisons?

Mr. Kevin Page: Anything is possible.

Ms. Diane Bourgeois: Anything is possible.

So, that means that Canadians and Quebeckers who live near correctional facilities have no way of knowing if there will be adequate security at those facilities because the budget granted by the department will be cut. They cannot know if they will be safe.

That's great, Mr. Chair! One more thing to show that we don't have the answers and can't know exactly what will happen.

How much time do I have left, Mr. Chair?

[English]

The Chair: You have a little less than four minutes.

[Translation]

Ms. Diane Bourgeois: Mr. Page, as for the Infrastructure Stimulus Fund, I suppose you don't have any more answers to our questions, do you? With the exception of your survey, you have no more answers to all the questions you were asked previously about whether the budgets were used properly, whether there would be budgetary surpluses, do you? Can you answer that question?

Mr. Sahir Khan (Assistant Parliamentary Budget Officer, Expenditure and Revenue Analysis, Office of the Parliamentary Budget Officer, Library of Parliament): We still haven't received the data from September 30. There is a delay.

Ms. Diane Bourgeois: Normally, you should have received it fairly quickly, right?

Mr. Sahir Khan: It usually takes 90 days, but in the case of the report we published this morning, it was five months. There is a delay.

However, a member had requested some information that was a little more specific about projects that won't be completed before December 31. He wanted information about the data from September 30, but we haven't received all the details. So, we cannot complete our analysis.

Ms. Diane Bourgeois: The amount was \$10 billion, if I understood correctly.

Mr. Sahir Khan: Yes, the total amount with contributions from all levels of government, was \$10 billion. That's almost \$4 billion from [Editor's Note: inaudible].

Ms. Diane Bourgeois: But once again, we cannot make further assessment.

Mr. Kevin Page: I would add that we received information for the quarter ending in June and that we have updated our analysis of the program for that period.

Ms. Diane Bourgeois: Because we can't assess the number of projects that will not be completed by March 31, 2011, we automatically cannot estimate how much will be left in surplus in the infrastructure fund. Is that right?

• (1020)

Mr. Kevin Page: Yes, we have updated our analysis and we now have a reference scenario with a possible reduction. We are talking about projects that will not be completed by the time the program ends on March 31, 2011. We are talking about 940 projects, or 24%.

As for the numbers for the potentially unused federal contribution, we are talking about \$303 million, or 8%.

The Chair: Thank you, Ms. Bourgeois.

Mr. Gourde, you have eight minutes.

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you very much, Mr. Chair.

And thank you to the witnesses for being here.

Mr. Page, the home renovation tax credit ended on December 31, 2009. This initiative, which was part of phase one of the economic action plan, was very popular. Have you been able to determine whether all the money allotted for this tax credit was used and to what extent the program helped create jobs?

In my constituency, where there are a lot of carpenters and manufacturers of doors, windows and kitchen cabinets, this initiative was extremely popular. Last year was a record year for these people. They asked that an analysis be done on the impact of the initiative on the economy, and even on the underground economy. It seems that it would have actually helped stymie the underground economy because everyone asked for a receipt so they could claim their tax credit.

Are you able to determine how much the initiative cost the government, on the one hand, and how much it yielded in taxes from the workers and businesses, on the other? The year is over now. It would be really interesting to know what the situation is.

[English]

Mr. Kevin Page: No, we have not made that analysis yet. We have not been requested to do that analysis, but we would be interested in doing it.

[Translation]

Mr. Jacques Gourde: Can the committee ask you to do that analysis? Do you know how much time it could take? Is it a complicated venture for you, or is it something that interests you?

Mr. Mostafa Askari (Assistant Parliamentary Budget Officer, Economic and Fiscal Analysis, Office of the Parliamentary Budget Officer, Library of Parliament): It's a complex project. We have to look at the possibility of doing it. We need the data required to do it. If the committee requires that we do it, we could.

Mr. Jacques Gourde: Thank you. This initiative cost the government a certain amount, but what needs to be taken into consideration is how much it brought back to the economy. People got back 15% on the first \$10,000 invested in a renovation, but they spent much more than \$10,000 on renovations, more like \$15,000, \$20,000, and so on. Could we calculate the impact of the money Canadians injected into the economy, not necessarily government money, and determine to what extent it was able to stimulate the economy in terms of jobs? I think it was one of the most important initiatives of the economic action plan. It is undervalued. I think it would really be worth it to take the study further and see how much of an effect it had on the Canadian economy.

Mr. Mostafa Askari: It is possible to estimate what was injected into the economy, but it can be very difficult to estimate the impact on jobs. In fact, we would have to look at a scenario where the credit would not be involved, but this isn't possible. It's impossible to observe that.

• (1025)

Mr. Jacques Gourde: Thank you very much. I give the floor to my colleague.

[English]

The Chair: For a point of clarification—and I'll stop the clock there—it's an interesting discussion, Mr. Gourde. You can ask the Parliamentary Budget Officer directly—and you could ask as a member of Parliament—to undertake that study or you could prepare a motion whereby the committee asks the Parliamentary Budget Officer to undertake that study.

Maybe over the course of the balance of the meeting you could think about which way you would prefer to proceed, because you do raise a really interesting question.

Monsieur Calandra, for a little under four minutes.

Mr. Paul Calandra: Okay. Thank you.

You'd mentioned in your remarks that you had done a survey. Was that a voluntary survey?

Mr. Kevin Page: It was a voluntary survey, yes, sir.

Mr. Paul Calandra: You are fairly confident it was an accurate analysis. The responses given were honest and genuine and fairly reflect the information you are giving us.

Mr. Kevin Page: Well, sir, again, we could have worked with some 1,100 organizations in the analysis that was provided to you today. We got responses for some 640. We worked with a private sector firm that won a contract to implement the survey. They did pre-test interviews. They helped us construct the survey independently. We had a statistician from a local university do the analysis to see whether the results were statistically significant.

Mr. Paul Calandra: You were pretty comfortable with that. You didn't threaten to put anybody in the PBO jail.

Mr. Kevin Page: No, sir.

Mr. Paul Calandra: Okay. I just wanted to make sure.

There was some discussion a bit earlier. I think it was Madame Bourgeois—it was not Madame Bourgeois, I apologize—who brought up the CBC and some of the reductions we're asking of them. It was \$14 million on an over \$1 billion budget.

As you know, since we were elected we've opened up access to information quite dramatically, and I think 70 different organizations are now accountable to taxpayers. Of course, we have been having a great deal of difficulty having the CBC provide information with respect to their expenses, and so on. I'm wondering if you've had an opportunity or any better luck at unleashing access to information at the CBC and encouraging them to live up to their responsibilities to taxpayers in light of the modest reductions that we're asking.

Mr. Kevin Page: Sir, we've not worked specifically with the CBC. When we ask for information, all our information requests are put up on our website so that people can see what we're asking for and why we're asking, but we have not specifically asked for information from the CBC.

Mr. Paul Calandra: As a member of Parliament, I presume that is something I could ask you to undertake and you'd consider. Obviously we've not had success getting this information from other avenues, and perhaps the PBO might be more successful than we have been. Perhaps that's something I will ask you directly.

Mr. Kevin Page: The success rate hasn't been great in terms of getting information. In terms of our legislative power, a clause in the Parliament of Canada Act affords free and timely access to information from departments and agencies. We have used this clause to ask for information from them. Again, we've run into walls on issues of cabinet confidence or issues of persons, so we are not allowed to give confidential—

Mr. Paul Calandra: I have a final question.

I know you have been intently listening to all the testimony here because I've watched you.

The one thing that confuses me a bit, and maybe you guys can help shed some light on this for me, after everything you've heard this morning in the line of questioning from the Liberals opposite, can you tell me what their position is on balancing the budget? On the one hand they're extraordinarily upset that we're trying to bring the budget into balance and we're making departmental freezes here. They went over a litany of modest changes—

• (1030)

The Chair: Thank you, Mr. Calandra. Apparently Mr. Calandra has no interest in your response because he's gone over his eight minutes.

Mr. Martin, you have eight minutes.

Who knew that the Truth in Sentencing Act was going to be accomplished in a PBO jail.

Anyway, you had a point of order.

Mr. Paul Calandra: Mr. Chair, I was elected by 32,000 people in Canada's largest riding, and people in my riding deserve a touch of respect from the chair. Your consistent commentary, be it to me or other members on all sides with respect to how we ask questions and the kind of information we want, is an insult to the people who sent me here, and I respectfully ask that if you have comments you simply can't get out, that you really want to talk about, perhaps at the end of the meeting you could share your commentary with us, as opposed to reflecting in public on your own personal—

The Chair: With that advice, Mr. Martin.

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

Let me begin, Mr. Page, by expressing my profound and continued disappointment at the lack of cooperation you seem to be getting in making inquiries on our behalf and on behalf of Canadians. It disturbs me profoundly that you say in your testimony that your repeated requests for basic information have been ignored—not only turned down but ignored. It speaks to a lack of respect for the office that was established, again an office that we had great hope, optimism, and confidence in when it was created and established.

The public has a right to know these things. And if not the public, if they can make an argument why some of this information shouldn't be openly public, then surely the Parliament of Canada has a right to know what the executive branch is doing or, in the context of estimates, plans to do. We shouldn't have to wait for the public accounts process to analyze and assess the veracity or the wisdom of the spending decisions made.

By the estimates process, we're supposed to have a right to assess whether the risk is worth it, and I'm glad you made reference to the fact that one of the specific things we've asked you to assess in this whole massive process is a risk analysis.

Let me ask you some specific questions, sir, in the context of the operating budget freeze. I suppose my first question is, where are we going to find the information that's being denied to you? If that information is not made available to us, why should we approve the supplementary estimates (B) in the absence of the information that we need to make an informed choice?

Mr. Kevin Page: Sir, I think it's important that parliamentarians have some of the basic information they need in terms of approving these estimates, in which I would include, particularly in the context of the budget plan, a three-year freeze. We have five-year reference levels for departments. We know what's been set aside for operations. We understand what's been set aside by the government in terms of its fiscal framework for that operating freeze. We know what departments contribute to that number.

I think we should understand as well, department by department that are affected by the freeze, what their plan is to get the savings and what the potential impacts are on service levels. We've tried to get that information going through central agencies.

Maybe the other choice is to try to go department by department and speak to the deputy ministers who are accountability officers and provide the same questions: What are your five-year reference levels? How much do you set aside for operating over the next five years? How does that contribute to what's in the fiscal framework? What is your plan to achieve those savings? But do it from the bottom up, which is effectively what we're trying to do now at the Parliamentary Budget Office.

Mr. Pat Martin: That sounds like the bare minimum of information that we would have to have to approve what is essentially the business plan of the government to get us out of a very serious deficit situation. I'm trying to stay calm here and not express my anger over the frustration that we're having, but that's the bare minimum that MPs should have.

Somebody has to remind the Harper government that they exist at the pleasure of Parliament. They are allowed to govern at our pleasure. At this point in time, there are a lot of MPs on this side who are not pleased at all with the lack of cooperation. We do have a way around this, I fully agree. We should not approve these particular supplementary (B) estimates, which would be my recommendation. If that means going to the polls, then so be it.

Let me tell you, Mr. Page, you made reference in a November document, and it was a very helpful document, in fact—it was your assessment at the time of the operating budget freeze. You said at the time:

...the Government indicated that this information is a Cabinet confidence and will not be released to the public. A similar request was recently made by the House of Commons Standing Committee on Government Operations and is currently being assessed....

Today we got the answer from the President of the Treasury Board. From October 5 to December 1, this is stamped, and he finally explains that none of these questions, in fact, will be answered for fairly detailed reasons. Questions like the impact on expenditure freezes, on program service, the cost categories of each of the major programs intended to be subject to the freeze, the current baseline of all major programs, the 12 standard objects of expenditure, using the public account... Very, very detailed questions were put to them eight weeks ago to give us that basic information, and the answer we get now is, no, they are not going to give a parliamentary committee this basic information about how they plan to balance the books.

We can't work this way. Essentially, we're being denied the basic tools that we need to do our job. I don't think there's anything more I can say about that.

I will use the minutes I have left maybe to talk about the very impressive study you've done on the efficacy of the stimulus fund, etc. I appreciate that very much, but it concerns me that even by this report—which may in fact have a bias in it, as my colleague asked, because I would suggest that some of the beneficiaries of the stimulus money may be reluctant to complain about the administration of it for fear of reprisals for future funding opportunities, etc.

Having said that, though, it does concern me that 1,054, I believe, of the projects may not be completed in time, and that we still have no concrete measurement about the job creation benefits, except that you point out that some of the types of projects that they fast-tracked are the least likely to yield meaningful \$50,000-a-year types of jobs. Can you expand on that any further?

• (1035)

Mr. Kevin Page: It's just our own lapse estimate. I meant to point out earlier that we're talking about our own estimates. We got some partial data yesterday from Infrastructure Canada for September. As we look at the infrastructure stimulus fund, we looked at March 31, and we think there are some 940 projects at risk, which is about 24% of the overall number of projects that were in the program. We think the potential federal lapse could be as much as \$303 million, which would be about 8% of the federal money. Then of course there's what the potential impacts would be for provinces and municipalities. Actually, our numbers aren't even that fundamentally different from what Mr. McCallum received through his order from departmental officials. Still, it's a significant number of projects and a significant potential for lapse.

Chair, on the survey, the reason we did this survey, particularly through the course of 2009, we were saying to parliamentarians that not only do you need information on the announcements and how money is flowing, but you need to have some sense of impact. That's one of the reasons why we did this survey. We went to independent authorities, experts, to do the surveys, just to provide parliamentarians with the sense in real time of program evaluation around the infrastructure stimulus fund.

I think there are some positive conclusions to this report. I think unemployment...it's a mixed picture.

The Chair: Thank you, Mr. Martin.

Mr. Regan, five minutes.

Hon. Geoff Regan: Thank you very much, Mr. Chair.

Since Mr. Calandra doesn't think you should be commenting on what he has to say, I think I will for a moment.

It seems to me that all of us owe to our electors, whether they voted for us or not, a certain degree of respect. That respect includes that we as parliamentarians ought to do our jobs of holding government to account, and, particularly when the government will not provide us with the basic information required for us to assess what they're claiming in terms of their spending plans, I don't see how we can do that.

I'm appalled, Mr. Chairman, that Mr. Calandra, for example, suggests that his electors would accept the idea that the Parliamentary Budget Officer, acting on behalf of parliamentarians, can't get any information from the government, and that we as

parliamentarians—all of us—would be voting on these things in spite of the fact that government will disclose no details.

Let me ask a few questions.

Mr. Page, do you have any idea what departments have done to achieve the savings they're projecting, if anything?

• (1040)

Mr. Kevin Page: We have not been able to get any information in response to our request on the plans for savings.

Hon. Geoff Regan: Do you have any idea what the impacts of these reductions will be on existing departmental operations?

Mr. Kevin Page: Because we can't get the information, we can't do the analysis to give you a sense of what the risks are and what service levels are, or even whether there is a fiscal risk of not being able to achieve the savings.

Hon. Geoff Regan: Do you have any idea how the reductions will affect corporate risks as measured by the management accountability framework?

Mr. Kevin Page: No, we can't do that assessment either without the information.

Hon. Geoff Regan: Do you have any idea whether these savings are one-time savings or ongoing?

Mr. Kevin Page: The budget plan is to have a three-year freeze. Without the strategy around the plan and the information, we don't know how they will achieve it beyond... Actually, we have 51 references in supplementary estimates, but even then we don't understand how these are going to relate to their freeze responsibilities for next year and the year after.

Hon. Geoff Regan: Do you have any idea when Parliament will receive details regarding the remaining budget reductions?

Mr. Kevin Page: I assume that for 2010-11, sir, there will be a supplementary estimates (C), and we'll see the balance of that \$300 million at that point in time.

Hon. Geoff Regan: We hope to have them, then; other than that, we have nothing.

That's a pretty pathetic indictment, Mr. Chairman.

I think my colleague Ms. Coady may have some questions.

The Chair: You have two and a half minutes.

Ms. Siobhan Coady: Thank you very much.

In your report this morning you talked about the infrastructure program and you said that a large number of projects will not be complete by the March 31, 2011, dateline, and that, from a response to an order paper question, 1,054 out of the 3,193 infrastructure projects will not likely be completed by December of this year, meaning that by the March deadline we may have upwards of, say, 1,000 projects not yet complete.

As you know, the Minister of Finance, Mr. Flaherty, has said that the deadline will not be extended. The minister responsible for infrastructure has given some indication that maybe they'll be a little soft on the deadline; they're in discussions.

Under these estimates, the Office of Infrastructure of Canada is seeking funding of \$184.2 million for the municipal rural infrastructure fund and \$166.5 million for the Building Canada fund; yet the Infrastructure Canada performance report says that the government failed to deliver 75% of the action plan money.

With that money still on the table, why are they asking for more money? Perhaps you can comment on the additional request, since you've done some review of it, as well as on the concern about the March 31 deadline.

Thank you.

Mr. Kevin Page: We think there is real risk that there will be money lapsed this year, and it is definitely related to the request by the department for additional resources this year. When we look back as well at.... One of the reasons we chose to look at Infrastructure Canada early on, in 2008 and 2009, and focus on it was that there

was a history in the department of lapsing significant funds—upwards of \$1 billion a year.

Here we find ourselves in supplementary estimates (B), with the department requesting additional resources to deal with this. We're doing our analysis, and our analysis suggests that there is going to be a lapse. To understand the details of how, you would really need to speak to the deputy of Transport, Infrastructure and Communities Canada to see why they feel they need these additional resources and how the request relates to their own lapse estimate.

We provided a lapse estimate. We're making it public; they may wish to do the same.

The Chair: Thank you, Madame Coady.

Thank you, Mr. Page, and your colleagues. You are always helpful, and we appreciate your assistance in our deliberations.

Colleagues, I'm going to suspend while Mr. Page and his colleagues leave. I'd ask you not to leave the table. We have two or three things we have to deal with.

[Proceedings continue in camera]

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