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Chair

The Honourable John McKay

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• (1100)

[English]

The Chair (Hon. John McKay (Scarborough—Guildwood, Lib.)): Ladies and gentlemen, I see a quorum.

I'd like to welcome all colleagues back to the government operations committee in this new year. This is our first meeting.

We're more than pleased to welcome to the committee Mr. Page and his colleagues. I'll leave Mr. Page to introduce his colleagues as he sees fit.

Mr. Ed Holder (London West, CPC): A point of order, Mr. Chair.

The Chair: Yes, Mr. Holder.

Mr. Ed Holder: Thank you, Mr. Chair.

Welcome back, everyone.

Just quickly, I want to say that Chris Warkentin would have been here today, but he's having a baby.

Voices: Oh, oh!

Mr. Ed Holder: Only a man would say that.

A voice: His wife's doing all the work.

Mr. Ed Holder: She's doing all the work—as is typical in most households. But Mr. Warkentin sends his regards.

Mr. Chair, the reason I've called a point of order is this. I'm always delighted to hear from the Parliamentary Budget Officer. It's great to have him here again.

I'm not normally part of the steering committee, so I'm basically speaking on behalf of Chris Warkentin, if I may.

The principal part of the steering committee is to establish the agenda for the timeframe going forward. It's done in consultation amongst members around this table, through their steering committee representatives.

I was struck by the fact that we only found out that the Parliamentary Budget Officer would be here.... As I said, while I welcome him here, and he's always welcome at this committee, I just found it very strange that the decision had been made. I do know, from the standpoint of the Conservatives, that a phone call was made by the chair to our steering committee representative, and at that time he was advised that the Parliamentary Budget Officer was going to be speaking.

I know that Chris Warkentin had a comment that, from the standpoint of timing and all, whether or not it was the right time to have the Parliamentary Budget Officer here in light of the budget timeframe...and maybe it would have been better after that. But when he spoke to the chair—this is what Mr. Warkentin said to me, and I apologize that it's third-hand—the comment from the chair to him, with regard to the Parliamentary Budget Officer attending, was that, well, you'd better find it out from me before you read it in the newspapers.

And you know what? That was true. The call was appreciated. I can't speak for the other colleagues on whether they were consulted in advance—perhaps they want to have a comment on it—but it just strikes me....

I'm not sure I'd call it condescending, because that is not the chair. That is not the chair I've come to know and respect. But it strikes me that it's just inappropriate, in the role of this committee and the work that we're trying to do, to go around the steering committee in terms of setting an agenda like this.

I'm quite frankly troubled by it. I know that my colleagues on this side of the table are troubled by it. This is no disregard to the PBO being here. Frankly, as I said, he's always welcome. To me, the issue is making determinations ahead of the committee, on behalf of the committee, that should be the prerogative of the committee. I just feel, from our standpoint, that's been taken in a direction that is not appropriate and doesn't show regard for the hard work of this committee and the important work that we have to do.

Those are my comments, Mr. Chair.

The Chair: Are there any other comments from colleagues?

Well, it is a point of order, and I'll respond to the point of order.

As you know, we did have a steering committee meeting. We had no agenda set as of when we left, and we had six meetings coming up. I couldn't leave the agenda empty. The Parliamentary Budget Officer did issue a report, last month now, which is four-square within the mandate of this particular committee. It speaks to a specific study that we are doing, the translation of which will be available at the end of this week.

Like you, we appreciate the work that the Parliamentary Budget Officer does on our behalf. I did speak to as many colleagues as I could over the course of the week prior to our return, and it seemed to be a consensus that Mr. Page would be invited.

I did make several efforts to contact Mr. Warkentin. And I did make the comment, because I believe in the collegiality of trying to work with people prior to any media issue. The media were actually quite interested as to what we were going to be doing for the next few weeks.

So it was an effort on my part to make sure that we had something on the agenda. As I say, it's four-square within the mandate. The report is timely and is of relevance to us.

Mr. Ed Holder: I'm not trying to debate the chair, but I thought, frankly, that the whole issue on which we have the Parliamentary Budget Officer, that study, was already wrapped up, and that the report had been written and, I believe, sent to translation.

This is the third time the Parliamentary Budget Officer has been here, and it just strikes me—and I've noted what you said—that there seems to be a consensus. I don't know. Again, I'm just speaking to the principle of this as much as anything. So I'd like to ask, if I might, if the other members opposite want to comment on whether there was in fact a consensus to have the Parliamentary Budget Officer here or was it actually, from the standpoint, your determination to do so?

Go ahead, please.

The Chair: Ms. Bourgeois.

[*Translation*]

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Chairman, I would not want us to spend too much time on this, as Mr. Page is here and the important thing is to ask him questions on his report. I would simply like to remind you that before the break, we committee members decided that we had to denounce the lack of information on departments available to the Parliamentary Budget Officer. On two occasions I moved a motion to that effect.

We must not forget that the Parliamentary Budget Officer is the representative of members of the House of Commons. On behalf of the members he must report to the House on expenditures. On two occasions, this committee supported a motion I moved regarding the fact that he was unable to obtain information. So, he was asked to go back to the drawing board and attempt to obtain this information. It is as a result of this type of motion that we now have the Parliamentary Budget Officer before us. I simply wanted to remind everyone of this.

The Bloc Québécois supported Mr. Page's appearance.

Mr. Chairman, it was a very good idea.

• (1105)

[*English*]

Mr. Ed Holder: Thank you, Mr. Chair.

I do not disagree with my colleague from the Bloc about the motions she put forward because she felt it was important to get more information. That's not my point, though. My point is that the chair took a prerogative, and I would ask members opposite if that is what we deem the role of the chair to be. Is the role of the chair to make arbitrary decisions without the consent of the steering committee?

I'm not suggesting that the information the Parliamentary Budget Officer offers is not valid. I'm suggesting to you, though, that when the chair takes a prerogative without going through the steering committee, it strikes me that we're going to the very heart of what our parliamentary process is about. So when an arbitrary decision is made, I am troubled by that, and this is a point of principle that I stand on.

Madam Bourgeois, I am not talking about the merits of what the Parliamentary Budget Officer is going to say or has said in the past. I'm talking in terms of the principle of the role of Parliament and the role of the steering committee. I think our role has to be one of being supreme in terms of being able to effectively conclude our own destinies. We work through the chair, but I think we come to the point where the chair has a role, but through the steering committee.

The Chair: Unless there are other interventions, we'll just take note of Mr. Holder's concern, and he can raise that at the subsequent meeting of the steering committee. We'll proceed with Mr. Page afterwards.

Mr. Regan.

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

I just want to note for my honourable friend that we've had kind of a varied fashion of developing our agenda, and we've had some steering committee meetings, but they haven't been on a regular weekly basis, for example. They've been called at times.

Also, we've had situations in which the committee has indicated its wishes, and I think the committee has indicated that it wanted to hear Mr. Page. I'm anxious to get to this, and I think we can see from the interest today that it's important we do so. I think it's important to Canadians that we have this sort of report and that we get on to the discussion at hand and that we perhaps save this discussion for a steering committee meeting.

The Chair: Thank you, Mr. Regan.

Not seeing any other interventions, I'll invite Mr. Page and his colleagues to present.

I was going to say welcome, Mr. Page, but maybe the welcome is a bit mixed.

Mr. Kevin Page (Parliamentary Budget Officer, Library of Parliament): Thank you, Chair.

I have a brief introduction. Mr. Sahir Khan is the assistant parliamentary budget officer for revenue and expenditure analysis. Jason Jacques is the author of one of the papers we're talking about here today; he's a senior analyst for us on the revenue and expenditure side. And Dr. Mostafa Askari is our assistant parliamentary budget officer for economic and fiscal analysis.

Thank you, Chair and committee members, for the opportunity to appear before you today in support of the committee's ongoing review of the government's operating budget freeze announced in Budget 2010.

[Translation]

The Parliamentary Budget Office released two notes for parliamentarians and Canadians on January 20, 2011. One note is entitled “A Comparison of PBO and IMF Projections” and another is entitled “Monitoring Update on the Government's Operating Freeze”.

The first paper provides some fiscal planning contexts for the government austerity measures — including the three-year operational freeze.

It says both the PBO and IMF are projecting deficits over the next five years that are cumulatively higher than the government of Canada projections. Indeed, the IMF estimates a cumulative deficit of \$145 billion; the PBO estimate is \$140 billion — and Finance Canada estimates that there will be a \$107 billion cumulative deficit.

PBO and IMF analyses indicate that the current deficits are largely cyclical, meaning that as the economy recovers the deficit will decline, but that there is a structural component to the deficit which will continue to exist even when the economy returns to its potential.

• (1110)

[English]

Both the PBO and IMF are calling on the federal government to produce long-term fiscal sustainability analysis. Notwithstanding the recent and projected deficits resulting from the recession and the deficit-financed stimulus program, it is the view of the PBO that the major fiscal challenges facing the federal government relate to the challenges of aging demographics and relatively weak productivity growth, which are not addressed adequately by temporary freeze measures.

Budget 2010 announced three measures to reduce the rate of growth in operating spending. Collectively, these initiatives are referred to as an operating freeze and are expected to save \$6.8 billion over five years. This includes \$300 million in 2010-11, rising to \$900 million in 2011-12 and \$1.8 billion in 2012-13. Supplementary estimates (B) 2010-11 contained references to 51 reductions in departmental and agency budgets, for a total of \$180 million in 2010-11 relative to the planned \$300 million.

The second paper provides an assessment of the strategies used by a select group of federal departments to manage the impact of the government's operating freeze on human resources. According to the public accounts, personnel expenditures represent about 67% of operating expenditures. The analysis suggests that departmental business planning may not be aligned with planned resources set out in the 2010 budget.

The President of the Treasury Board has noted that public service attrition will be a primary mechanism to achieve the operating freeze savings targets, observing that approximately 11,000 public servants vacate their positions each year. Using publicly available data for 10 relatively large federal departments from the 2010-11 reports on plans and priorities documents, we note that the cumulative reduction over three years amounts to about 1,100 employees. This figure is well below the annual attrition figure of 11,000 highlighted by Minister Day.

Of the eight departments that provided PBO with the requested information on human resources, most departments identified budget constraint as a key factor in human resource planning over the medium term. Only one identified a concrete strategy to address its impact.

As you are aware, this committee and the PBO have requested details regarding how the planned operating freeze would be achieved over the projection period. The government indicated that this information is a cabinet confidence and will not be released to the public.

Parliamentarians may wish to ask the government to provide the strategy to achieve the estimated operating savings in the 2011 budget and ask departments and agencies to outline their plans to achieve their respective three-year savings contributions in their 2011-12 reports on plans and priorities.

It is our view that this would be similar to the approach the government took in its economic action plan, where the two-year stimulus strategy was outlined in the 2009 budget, including additional planned resources for government programs, before Parliament was asked to provide financial authorities. The transparency requirements for parliamentarians for stimulus should parallel those required for austerity measures.

The PBO also wishes to note that this government provided Parliament details on spending restraints by department and agency in 2006, prior to parliamentary approval of financial authorities, as did the previous government in 2005 in its expenditure review exercise. This raises the question as to why the application of cabinet confidence with respect to restraint measures appears to have changed in a relatively short period of time.

Thank you for this opportunity to speak and to serve this committee. We would be honoured to address your questions.

• (1115)

Thank you very much, Chair and committee members.

The Chair: Thank you, Mr. Page.

Madam Coady, for eight minutes.

Ms. Siobhan Coady (St. John's South—Mount Pearl, Lib.): Thank you very much.

Thanks again, Mr. Page, to you and to your honourable colleagues for joining us today and for providing the parliamentarians with the analysis that you have. We certainly do appreciate the work you've done and the clarity with which you've performed your task.

I have a number of questions for you today, but I'm going to start with what I found to be very interesting: the projections by the IMF, the International Monetary Fund. In reviewing your report, you talk about the fiscal outlook comparison. Looking at what the IMF has said, based on their projections of December, what the PBO has said, and then what Finance Canada has said.... Actually, you've said that this year we're going to have less of a deficit than the finance department has said we will have, so it's going to be interesting to see how that comes out.

But I'm looking more towards 2015-16, because I think that's where Mr. Flaherty...even in yesterday's *Globe and Mail*, there was a report talking about how balanced budgets are not based on "crossed fingers".

So I'm looking at what the IMF, the International Monetary Fund, is saying, and what our Parliamentary Budget Officer has said. Looking out in the five-year period, you're still showing a deficit, as is the International Monetary Fund, yet the finance department is saying no, that we won't have a deficit, that indeed we're going to have a surplus.

Again, Mr. Flaherty says it's not through "crossed fingers", so I'm concerned. How do the PBO and the IMF arrive at their figures? Would you have any idea of how the finance department came to their conclusions?

Mr. Kevin Page: Thank you for the question.

If you look to the medium term, we should probably start by saying the IMF, the PBO, and certainly the Department of Finance are saying the deficits will decline. I think we're all saying, for the most part—certainly the IMF and the PBO are saying—that a large part of the current deficit is cyclical, which means as the economy recovers it will go away. Both the PBO and the IMF are saying there's a small structural component to this deficit, which will not go away even when the economy recovers back to its potential, which for both the PBO and the IMF is about in the timeframe of 2013-14, so we're still showing a deficit when the economy is back to its potential. We've closed this outward gap but we still have a deficit.

The primary differences between the PBO's forecast and the forecast of Finance Canada is on the expenditure side. One of the differences is the issue we're here today to discuss, the operational freeze. I guess what we are saying is until we see the plan, we're not prepared to say that the operational freeze is achievable.

Ms. Siobhan Coady: That's exactly where I want to lead. You are saying it's really in the planned spending freezes. I think Mr. Flaherty said yesterday that it's going to be achieved through the planned spending freezes and the end of the stimulus funding, so I want to get to those planned spending freezes.

As you know, we're supposed to have \$300 million in 2010-11. So far we've seen about \$180 million reflected in estimates, so I'm reflecting on what you said on page 3 of your report. It says that:

Overall, there is limited evidence that current plans will meet the President of the Treasury Board's public service attrition target (i.e. 11,000 full-time positions per annum).

This is one of the main components: Mr. Day has said we're going to have approximately 11,000 public servants leave their positions, and that's one of the ways we're going to contribute to this freeze.

Could you speak to why...? If Mr. Day's figures on attrition are off by so much, is it safe to say the Conservatives are going to meet their budget freeze estimates this year and going forward?

Mr. Kevin Page: We would all benefit by seeing what the overall, top-down plan is for expenditure restraint, how much of the savings of \$1.8 billion, ongoing two years out, is achieved through attrition, how much through other measures, and again, what will the impact be on service levels.

Just from looking at bottom-up data, looking at department's HR plans, we don't get the sense—we looked at 10 departments and we see cumulative reductions of 1,100—that there seems to be at least a concerted plan early on that they're going to achieve all these savings through attrition. If you add up those 10 departments, we're talking about 160,000 employees, which is a large part of the core public service. It does remain to be seen that there are other aspects to the plan that we haven't seen in terms of savings, but again, we would like to see the plan.

• (1120)

Ms. Siobhan Coady: Absolutely. I think I speak for this committee: we would like to see the plan too. We've been asking deputy ministers those very issues. It's quite critical.

I note one of the departments, the corrections department, for example, didn't furnish you with the information that you require, and certainly that we require, to get a good sense of how many more employees they're going to need for the Truth in Sentencing Act.

It is interesting to note that Statistics Canada published figures back in 2007 on the public service attrition rate, and of course they haven't reported back since that time. That would play an important role in knowing the impact on the operating budget freeze.

I want to go to a third point, and that is something you raised in your opening comment. This is on cabinet confidence. We have heard this is quite an issue, and that's one of the reasons why you're not getting the information you need.

You mentioned that in 2005 the Liberal government at the time published all its planned cuts by ministry and by business line. It was even on a website before those cuts were actually made.

If it wasn't a cabinet confidence in 2005, why do you think it's a cabinet confidence in 2010-11?

Mr. Kevin Page: I don't have an explanation for why it is a cabinet confidence, which I think is an important issue for members.

The current government also released in its first year, 2006, the fall 2006 spending restraint measures before Parliament was asked to vote on authorities. Again, I think the situation has changed.

If I could, I would just like to add that Correctional Services Canada has subsequently given us a copy of their human resources plan, and we also did get a copy of the plan from the RCMP. They did come after we released the report.

Ms. Siobhan Coady: Thank you.

What exactly did you ask the Conservative government? What information did you ask them for? On how many occasions did you ask? When did you make these requests? When did they finally get back to you? What exactly was their response?

That is going to be important for this committee because we're going to have to start pushing for this information as well.

Mr. Kevin Page: On a few occasions, going back to the summer of 2009...because again, as parliamentary budget officers we need to make projections for it both on the revenue side and the spending side. So even before the 2010 budget, we asked for planned reference levels by department so we could provide to you what we think is a better quality of expenditure forecast. We were told, prior to the 2010 budget, that we would not be entitled to get planned reference levels. It would be a cabinet confidence.

And then post-2010 budget, when we looked at the budget and we saw that there were elements of spending there, particularly with respect to restraint in terms of this operational amount of about \$55 billion that we're freezing, we wanted to know what was included in that component. Again, we also, subsequently in that context, asked again for reference-level information so we could assess risk from a fiscal perspective and from a service-level perspective.

Then, of course, this committee as well, I know, tried to get similar information to look at operational freeze and was told it was a cabinet confidence.

The Chair: Thank you, Madam Coady.

Just for a point of clarification, before I ask Madam Bourgeois, you said that subsequent to the issuance of your report you received information from Corrections Canada. I suppose that begs the issue as to whether that would change your analysis.

I'll leave other colleagues to ask that question, if that's of relevance to them, but it may well be important. I just highlight that for other colleagues.

[Translation]

Ms. Bourgeois, you have eight minutes.

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

Mr. Page, gentlemen, good day. It is always a pleasure to have you here.

I would like to get back to the information you gave my colleague.

At your first appearance before this committee, last April, you said that "from a service delivery perspective, we need departmental strategies for savings" to know whether services will be provided, "service level standards", because quality may vary, "and fully loaded costs for program activities for affected departments". That was on April 12. You did not have the information at that time.

You came back before us on October 5 and said that the operating budget freeze measures announced in budget 2010 were somewhat unclear. You still did not have that information. The committee passed a motion calling on the government to provide you those figures.

On December 2, you reappeared before our committee. Despite the motion, you had yet to obtain all the information you needed to do your work, so you were unable to provide this information to us, nor to the House of Commons. It was very important for us, as committee members, to understand the degree of risk, given the budget freeze. You pointed this out, in fact. You said you were going to try another method.

I gather that following today's appearance and the tabling of your report, few organizations considered the operating budget freeze in their human resources planning nor have they devised a strategy to mitigate the potential impact of this freeze.

Is this correct? These people do not have a strategic plan?

• (1125)

Mr. Kevin Page: Exactly.

Ms. Diane Bourgeois: Moreover, if I am not mistaken, you were expecting the agencies to raise quite a fuss, in their human resources plan, about the operating budget freeze and resulting staff cuts.

Is that correct?

Mr. Kevin Page: That's correct.

Ms. Diane Bourgeois: Today, as you did when you tabled your report, you have come to tell us that at this point, the committee cannot produce an adequate report on the freeze on departmental budget envelopes. Furthermore, we cannot advise our colleagues in the House about what is happening to our taxes, in other words the money the government levies from each and every citizen of Canada. That is what you have come before us to say.

Is that correct?

Mr. Kevin Page: Yes.

Ms. Diane Bourgeois: This is really important, because Canadian citizens expecting services do not know whether they will receive them. They do not know whether these will be quality services. They do not know what the risks may be.

We were saying that, over the last ten years, the Auditor General of Canada has constantly been asking the various government departments to develop strategies to avoid these risks. Is that correct?

Mr. Kevin Page: It is very important to assess risks.

Ms. Diane Bourgeois: Your appearance here today is very important, just like the words that you have just uttered.

This means that there is a small group of individuals who are deciding on behalf of Canadian and Quebecers. Is that correct?

Mr. Kevin Page: Parliamentarians decide.

Ms. Diane Bourgeois: Mr. Page, do you believe officials were ordered not to disclose anything or do you believe this lack of transparency is the result of poor planning due to the incompetence of our public servants? Why is it that we do not have these figures?

Mr. Kevin Page: I know that the officials are competent.

Ms. Diane Bourgeois: Very well, I understand your response.

You worked for 25 years within the public service. Would you say that this is a situation you've never encountered or is it a recurring problem? Have you ever experienced this before?

Mr. Kevin Page: No, but I believe it is possible.

In the 150-page Seventh Report to Canadians on Canada's Economic Action Plan, there is a strategy for Budget 2009, which sets out the distribution of funds for the various programs, provides good analyses examining the economic impact, as well as the impact on jobs.

We need to see the same degree of transparency for austerity programs as well, not just for stimulus programs.

Ms. Diane Bourgeois: The average Canadian or Quebecker is not going to go through the books to find strategies. People will expect elected representatives or even the Parliamentary Budget Officer to explain to them what is going on. Well, you are unable to do this. So are we, as members, as we do not have the figures. This a rather unusual situation, isn't it?

• (1130)

Mr. Kevin Page: Yes, but as you said, to assess risks, it is important to understand the global plan, the global strategy. We must also examine the important issues within all departments.

Ms. Diane Bourgeois: Excuse me, but should we simply be relying on a minister's word to understand the global strategy? We cannot check to see whether the minister, the departments or the officials implement the government strategy or the minister's strategy. This is meaningless.

This may be a sham, as we have seen before, or it may simply be a strategy to show that something is getting done. However, we are unable to look into that. Is that correct?

Mr. Kevin Page: Yes, and if the President of Treasury Board says that the strategy is simply a matter of attrition, we can examine that. That said, in our report, when we examine the human resources plan for the ten major departments, it is impossible to say that there is an attrition plan.

Ms. Diane Bourgeois: I understand.

I have a final question. In your report, and you repeated that this morning, you suggest that the committee invite deputy ministers to come and explain the specific impact this freeze on departmental budget envelopes will have on staff and on programs.

First off, you understand that we cannot hear from all deputy ministers and all departments, as we have limited time. Moreover, if these people do not provide you with the information, how can they provide us to it?

Mr. Kevin Page: I think that, on the issue of risks, it is possible to assess attrition in the major departments. It is also possible for the Parliamentary Budget Officer to continue to assess a number of plans, like human resources plans. We can continue to check to see whether there is a plan to create savings.

Ms. Diane Bourgeois: Thank you, sir.

Mr. Kevin Page: Thank you.

[*English*]

The Chair: Mr. Holder, for eight minutes, please.

Mr. Ed Holder: Thank you very much.

If I might, Chair, just to allow more representation from our side, I'm going to ask Mr. Calandra to make a few comments and ask a few questions, if I don't overspeak my time.

• (1135)

The Chair: I have you and Mr. Calandra then.

Mr. Ed Holder: Thank you very kindly. We'll do our very best.

Mr. Page and all our guests, thank you very much for attending our meeting today.

As I said at the outset, I was surprised to see you here, Mr. Page, and your colleagues, as it relates to departmental freezes, because where we are in this process, honestly, is that the study has been wrapped up; the report has been written. As I said earlier, it's been sent to translation. This whole process of having you back feels a little bit like ready, fire, aim, in the sense that we're there and now you're coming in after the fact.

From the comments I've heard you make in your report, which I appreciate you giving to us, it feels that same way, that with more information there might be more predictability, from your standpoint, and I think that's a fairly standard comment. But this just feels as if it's after the fact that you're here. As I said, you'd be welcome any time, but I'm confused by your being here today on this specific issue when I thought we, as a committee, had dealt with it. So unless there is some other intention of other parties to bring you in, for whatever reason I can't say, but it is what it is.....

I need to make this comment. We all know, and Canadians know, that we have gone through the worst recession in our lifetimes. Honest to God, we have. Since my parents lived through the thirties, this is the worst. So Parliament made the decision that we would invest all Canadians' tax dollars to make a commitment, and at some point we have to pay it back. I don't think any of us would broadly, or even specifically, disagree that this is very necessary.

The question then is how long it is going to take to pay that back. One part of the process is departmental freezes. It's one part. It's not the whole plan; obviously not. Growth in the economy is part of it. You made the reference to cyclical, and I would appreciate that that's always an impact. I've been in business more than 30 years, so I understand how cyclical economies have an impact on the life of a business or the life of a country.

It's rather interesting. In December I listened to the chief economist of the TD Bank, Mr. Craig Alexander. He made the comment, rather interestingly, that because of the corporate tax commitments that have been made, being fulfilled this past January 1 and being finalized next January 1, we are going to have, with the support of the various provinces, the most competitive tax regime, literally, in the G-7. Are you aware of that? I would think you might well be—maybe not specifically—but are you aware, in terms of our corporate tax regime, how competitive Canada is going to be as a result of that?

Mr. Kevin Page: Yes, sir, I think over the last 10 years we've made major progress to become more competitive within the G-7 and G-20, so we are aware of that.

Mr. Ed Holder: I'm curious. Just out of interest, do you agree with the approach the government has taken to lower corporate tax rates? I call them job-creators, frankly, for businesses. Do you think that's an appropriate strategy?

Mr. Kevin Page: Well, sir, as a legislative budget officer, we look at fiscal balances and we project forward. In terms of reducing taxes, I don't think you're going to find any economist who wouldn't want to see lower taxes, including lower taxes for corporations. I think the question then becomes this, in the context, again, as a legislative budget officer: what does this mean for our fiscal framework now and going forward? Again, the reason we started and made reference to the other study with respect to the IMF is that we're seeing that there is a structural deficit right now, so even when the economy gets back to its potential, we're still going to be running these deficits.

What we're saying, and I think others have said it, is that our biggest problem, really, is just the longer term. It's not that long a term. It's like the second half of this decade and the decade after when we're going to have to deal with major issues with respect to aging demographics, which will slow our budgetary revenue track down.

So our fiscal gap is a significant issue. The question is whether we should be cutting taxes now. Well, from a legislative budget officer's point of view, we are generating structural deficits and we do not have a sustainable fiscal framework. That's kind of a legislative budget officer's perspective.

Could lowering corporate taxes increase capital investment? Do we want to see it? Absolutely, we all want to see it, but I think we want to see it in the context of sustainable fiscal balances.

Mr. Ed Holder: Do you think those corporate tax reductions for the job-creators will help the economy from that perspective?

Mr. Kevin Page: Again, you have to balance it off with respect to a fiscal framework that we're saying is not sustainable. I think we all know, as we go to 2014, that we need to renew these transfers—transfers to health, equalization, social transfers—which are growing much faster than Canada's economy, and that creates an unsustainable kind of fiscal framework for Canada.

I mean, stable fiscal balances also make sure that you have a healthy capital stock, and your capital stock is growing. But yes, if we can get corporate tax rates down, other taxes down, I think it would be good for investment. I think all economists want to see more investment, not less.

Mr. Ed Holder: I appreciate the comment, because it's rather interesting; Mr. Alexander went on to give his prediction that with Canada having the most competitive tax position of the G-7, he believes that over the next several years—he said within five years, but over the next two, three, four, and five years—it will be unprecedented the amount of corporations that will seek Canada to invest simply because of our incredibly competitive tax rate, as compared to, for example, the United States. So I appreciate your comment on that.

There's another question I have for you as we go through this. You made the comment in response to one of our colleagues—I want to quote you as specifically as I can—that until we see the plan, we can't predict the success...that the freeze will be achievable.

Sometime over this next four to six weeks—I don't know exactly when, but whenever the budget gets announced—I would anticipate that the details of that plan would be outlined, which I think would give us all additional information. I earlier had suggested that you

being here was after the fact in terms of our budget freeze study. It just seems to me that you being here perhaps after the budget may have more value, so that you can then help us with your opinion of the analysis.

Does that make sense?

Mr. Kevin Page: Well, sir, I'm here because I was asked to be here. I didn't request to be at the committee. When the committee requests, I'm here. So it's only in that context.

In the context of the measure, the fiscal restraint measure, we are talking today about a 2010 budget measure—again, only \$300 million savings in 2010-11, rising to \$900 million, rising to \$1.8 billion the year after. We're not talking about a 2011 budget measure that's prospective; we're talking about—

Mr. Ed Holder: But I would offer to you that it's all part of the process, frankly, to get us to being at a point where we don't have a deficit, which is going to be over whatever number of years, as will be outlined by the finance minister in the upcoming budget. Again, departmental freezes are simply one piece of that whole process.

• (1140)

Mr. Kevin Page: Sir, it's no comment whatsoever on the government's...certainly no value judgment with respect to the government trying to restrain spending. We take that as a given that the government has made that an objective.

We're here today—and it's what we've done with our reports—to kind of ask, is there a risk in terms of achieving that? Are there risks in terms of fiscal risks? Are there risks in terms of service-level risks for departments?

As I think I've said before, I think at this committee as well, if you're talking about reducing the size of the public service by perhaps as much as 11,000 per year, we're talking about a core public service of about 220,000, where the Treasury Board is the collective bargaining agent for...we're talking about places like the coast guard, and food inspection, and Human Resources Canada. To lose that kind of...and I've worked in all those departments, which is why I'm comfortable talking about them. To lose significant amounts of people and to assume that there won't be reductions in service levels, or health and safety risks, would be a mistake.

The Chair: Thank you, Mr. Holder.

Mr. Martin, eight minutes.

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

Thank you, Mr. Page, for being here. I think it's very fitting and timely that you're here with us today. I can't imagine a more important witness. Prior to Canadians going to the polls once again, they have a right to know what their government's real action plan is to slay this deficit. And in the absence of any information being volunteered by the government.... We've had deputy ministers here; it's like pulling teeth to get any information out of them regarding their real plan.

My first question to you, from these very useful papers that you've written for us, deals with the fiscal outlook comparison. When you compare the PBO's fiscal outlook, the IMF's fiscal outlook, and Finance Canada's fiscal outlook, you know, the Minister of Finance is either being wildly optimistic or deliberately fraudulent.

How can anybody be so far out, and then, in the absence of any information, defend his fiscal outlook? All we have to go by, the one single measurable action plan, is cutting and hacking and slashing the public service, which is exactly where we started when we had Minister Day at this committee.

It's funny.... Well, my question to you, I suppose, is can this fiscal outlook by Finance Canada be taken seriously, or is it chimera? Is it hokum, bunk?

Mr. Kevin Page: No. Again, I think all three organizations, Finance Canada, the International Monetary Fund, and my office are all saying these deficits will be reduced, as Madam Coady said. Actually, we think the deficit, even for 2010-11, will be quite a bit lower than what the government is suggesting for their current fiscal year.

So we're saying the deficit is going to come down. I think, again, the difference between the International Monetary Fund and the Parliamentary Budget Office is that these deficits persist, that there's a structural element to them. Even when the economy gets back to its potential and it recovers from this recession that Mr. Holder talked about, which is certainly very deep, there still is a deficit element to it, and I think we don't see that in the Finance numbers.

Mr. Pat Martin: Mr. Page, there's a good likelihood that the government is going to fall on the budget in March, and they want to go to the people saying that if you give us a four-year majority, by 2015—no coincidence—four years from when this election will take place, we will be in a surplus position of \$2.6 billion. That's essentially the promise they're making to Canadians by posting those numbers.

There's no plan to get us there. There's no plausible course of action that would lead us there. In fact, they're being contradicted by your office and by the International Monetary Fund, which they can't accuse of being biased. Surely, the IMF's numbers are accepted. I think Canadians would be shocked to know, frankly, that this information is being withheld under the guise of cabinet confidence. That's perhaps the most worrisome information you've brought to us today.

Another piece of information that I thank you for very much is when you answered a question that we've been asking for a year now, and that is that Corrections Canada is going to have to hire 4,100 new prison guards to take care of the anticipated increase in prisoners. Secondly, the RCMP is scheduled to lose 1,140 RCMP officers. The law and order party is promising Canadians there'll be more cops on the street and not fewer.

The only action plan I can see here is cutting and hacking and slashing the public service, and hiring more prison guards for all the prisoners they're going to have stacked up like cordwood after their tough on crime agenda. Where else are they going to save money, other than growth in the economy? Have you unearthed any other

realistic methodology to bring us down to the numbers they're promising Canadians?

• (1145)

Mr. Kevin Page: Well, sir, again, we are still talking about a deficit track that is declining and probably a deficit track that most other countries would love to have over the medium term. Again, as I said in my remarks, I think Canada's biggest fiscal challenge is more of a long-term nature.

Once you get through the medium term and we start dealing with aging demographics and even productivity.... Again, we talked about corporate taxes today; both recent governments over the past 10 years have reduced corporate taxes in Canada, but we've still seen very weak productivity growth over the past decade relative to historical trends.

These are bigger issues, hopefully, that we'll need to address in a future budget as well.

Mr. Pat Martin: If there is a realistic action plan, they're very proud of their first economic action plan. They put billboards all over the country. Now when we're asking, "What is your action plan to get us to this promise you've made to Canadians of a \$2.6 billion surplus", we're told, "I'm sorry, that's a cabinet confidence", which is code for "Secret, we're not going to tell you."

If they have a plan, I can't imagine for the life of me why it's considered a cabinet confidence. They should be bragging about it. They should be promoting it, and, frankly, they'd win votes. If they could actually show us how they would get us to a \$2.6 billion surplus, Canadians would like that. But given the difficulty you've had and the difficulty we've had trying to pry this information out of them, we can only conclude there is no such plan.

Another fact that you've brought to our attention, which I appreciate, is that personnel costs are 67% of their total budget. So it is a logical place to look if you're trying to reduce the budget. But again, they're not even meeting their own projections.

Did I read this correctly, that in year one they anticipated they would save \$300 million?

Mr. Kevin Page: Correct.

Mr. Pat Martin: But in year one you're only able to measure \$180 million.

Mr. Kevin Page: Well, that's what we've seen come through supplementary estimates (B), sir, and again, presumably, the rest of the \$300 million will come in supplementary estimates (C). We've seen \$181,051,000 in some departments come in supplementary estimates (B), so we're still waiting for the rest.

But I think for the question of \$300 million for this year, sir, from a fiscal materiality point of view, it's not a huge issue. In terms of operational restraint, when you're trying to freeze operational spending in a federal government for three years, and again, this ramps up to \$900 million in 2011-12 and \$1.8 billion a year in 2012-13, that's a significant enterprise.

Mr. Pat Martin: Is it feasible to make those cuts without affecting service to Canadians, especially in those key departments that you—

Mr. Kevin Page: Sir, I don't think it is feasible over a three-year period of time to actually freeze and not affect service levels. Even if you do it through attrition, you will be affecting service levels.

I think what our report looked at.... When we look at it, we don't see the evidence of a plan yet, as we stand. Maybe the plan will come, as Mr. Holder said, in the 2011 budget.

Mr. Pat Martin: Maybe we're being asked to buy a pig in a poke, and it's chimera, hokum, and bunk.

The Chair: I'm sure that's where you would like to end your time of questioning, Mr. Martin.

Mr. Regan, for five minutes, please.

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

You'll forgive me, I hope, if I feel some nostalgia for the days when the previous Liberal government used to be criticized for having surpluses that were larger than forecast, for not meeting its target. The Conservatives would be harshly critical of that. It's a remarkable thing now, and I look back fondly to the time when we were in fact, according to them, paying the debt down too quickly.

Wouldn't that be attractive now, when we have a record deficit and the debt's going in the wrong direction? Hopefully, it will eventually come down. The difficulty is, how do we assess that?

Mr. Page, I want to reiterate what you said in your opening remarks, that "this Government provided Parliament details on spending restraint by department and agency in 2006". You're saying that the kind of information that this government, the Conservative government, was actually willing to give freely—at least in its first year in office in 2006—and which you received from the previous governments, you're saying in 2005.... They are now saying that it's a cabinet confidence. To me, that's a ridiculous statement; it's the same kind of information, but now they don't like the information. They don't like what it says, so they don't want to give it out. That's disturbing.

I hope that during their comments in the rest of this meeting the Conservatives will take the opportunity to...I hope my colleagues will explain why they're not horrified, embarrassed, and outraged at the cabinet's decision in this regard and how it makes them look. I mean, they must ask themselves.... How can they consider themselves even small-c conservatives when the government's deficit is so large, when it won't disclose the kind of information that would allow Parliament to assess how it's doing, and how it can possibly achieve what it claims it can? That's a very disturbing question.

Now, Mr. Page, since your last visit here, you've indicated that you did get some information from ten of the government's largest departments and agencies, and that they collectively, based on what they're saying, expect reductions of 1,000 full-time staff. But in fact you're saying that the Treasury Board president's own target for attrition is actually 11,000 full-time staff. They're giving no indication whatsoever of how possibly they're going to arrive at that.

I guess the question is, how can we have any confidence whatsoever in the government's financial forecasts?

• (1150)

Mr. Kevin Page: I noted that when it comes to this particular area of spending, which is one of the differences between the PBO's expenditure projections and the Department of Finance's, we have come up with a different assumption. We're assuming that the government will still have restraint, but it will be in the nature of inflation and population, in terms of average growth. It won't be an actual freeze on operational spending.

Until we see the actual plan, we can assess the risk from a fiscal perspective. We'll maintain that kind of forecast going out, so again, we're still waiting for the plan.

Hon. Geoff Regan: I will come back to this in a moment, Mr. Chair, if I have time.

Let me turn for a moment to the question of financial officers. I think they play a very important role in the accountability process within departments. In fact, I'm not saying that because of the fact that the president of the Association of Canadian Financial Officers, Mr. Milt Isaacs, happens to reside in my riding. I'm actually quite proud of that. He made some very important statements to this committee last spring, when he said:

Our main concern is the possible impact of the freeze on operating budgets. The impact that concerns us most is that oversight will become an afterthought. Oversight is making sure that rules and regulations are followed.

He then talked about the role financial officers play in providing that oversight within departments. I can imagine the important role that CFOs play, and auditors and accountants play, within companies, for example, and obviously within government as well.

What is your view? Do you think that's important, that they not be cut or lost through attrition? What is your view about the importance of the financial officers within departments and agencies?

Mr. Kevin Page: I think we can learn lessons from restraint experiences in the past in Canada. There are probably good ways to reduce spending and less good ways. I think you want to be careful that you don't lose financial and service capacity. You want to make sure that when you go through these restraint exercises, your capital is not suffering, the capital of departments.

As part of the stimulus package, we put lots of money back into federal laboratories and things of that nature. As we kind of move out, what will happen to that capital?

Those are all important, but until you see the plan and see how attrition is going to be impacted.... If attrition falls heavily on the financial officer group, we lose a lot. There are certain financial risks we have to be mindful of going forward.

Hon. Geoff Regan: I have only a few seconds left.

If they actually don't take the steps to achieve the goals they've set out, what happens, at the end of each year, for example?

Mr. Kevin Page: Parliament will be asked to approve those appropriations, so the restraint will go forward. I think it's important that you know how that restraint is having an impact on departments and on services for Canadians. Parliament, for sure, can freeze the operational spending if they want to, but then the question really becomes what the impact will be.

I guess we're here today to try to provide you with as much information as we can. Is there a plan, and what will be the impact? Until we see the plan, we can't really assess what the impact will be.

The Chair: Thank you, Mr. Regan.

[*Translation*]

Mr. Vincent, you have five minutes.

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

I find this very interesting, and I will continue in the same vein.

The situation is unacceptable. Mr. Holder was referring to that very bank—I am not sure if he recalls this—which was saying that there would be no recession. Counting on that bank for budgetary advice is a bit doubtful. I will get back to that.

There is mention of a plan, then some other plan, but we have never seen one. The Conservatives have been in power for five years, and we have heard them brag about a plan for five years. Have you ever seen a government plan?

•(1155)

Mr. Kevin Page: You are referring to a government plan on austerity measures?

Mr. Robert Vincent: No, I am referring to a budget plan, with respect to you. Your duty is to assess reports and budgets the government will introduce. They constantly talk about their plans. You yourself were referring to plans: you have never seen their plans, you do not know what their plans are. Over the last five years, have you seen a single plan?

Mr. Kevin Page: Yes. It is possible to say that the Economic Action Plan, around which there was a great deal of transparency, aimed to improve the economic situation and job prospects. It is also possible to assess the distribution of tax measures.

Mr. Robert Vincent: Very well.

When you studied this plan, you said the government had to reduce expenditures by \$300 million. You have been able to find \$180 million; so \$120 million are missing. That is the smallest challenge. The amount is set at \$300 million this year, but will increase significantly over the next few years, rising to \$900 million, then to \$1 billion.

We are heading towards an election. The Conservatives are trying to cover up a lot of things, so that they can say that we are heading in the right direction, given that they have set a \$300-million target to reduce spending. Yet, you believe they will not even be able to reduce spending by \$300 million, so how can they expect \$900 million worth of cuts the following year and \$1 billion the year after that?

Mr. Kevin Page: It is true that the gap between \$300 million, \$900 million and \$1.8 billion is wide. Given the current economic situation, with a periodic deficit of approximately \$40 billion, the issue of the \$300 million is not that big of a problem. However, over the next two years, we are going to have to look at far more significant issues.

Mr. Robert Vincent: I would now like to refer to one other point you looked at. You estimated that the deficit will be \$11 billion in 2015-2016. The IMF estimates it will be \$5.4 billion. But the

Department of Finance forecasts a \$2.6-billion surplus. What kind of magical thinking did the department engage in to come up with a \$2.6-billion surplus?

Mr. Kevin Page: It is important to note that we are all relying on the same economic assumption. The differences arise when we transpose economic assumptions within the economic projections. We have found the operating budget freeze to be a good explanation for part of this significant difference. In reality, it is difficult to say whether it is possible to achieve savings. There are other reasons. There can also be differences due to the interest on the debt. However, one of the major differences today is still the issue of the freeze.

Mr. Robert Vincent: Given the accounting information you yourself have and what the minister has, given the fact that the figures are not always correct or that they don't always make sense, would you trust him to administer your own budget?

Mr. Kevin Page: As Ms. Bourgeois said, it is important to assess risk. In a recent report, an economist in my office assessed risk and designed a way to quantify it within the forecasts.

When you look at the history of the tools we use for economic projections in the private sector and fiscal projections, you realize that there is a great deal of risk. Minister Flaherty, like the IMF, indicated that the European and U.S. situation, the exchange rate and the Canadian debt could certainly point to negative risks. And whenever we talk of negative risks or structural deficit, it is not a good sign from a fiscal standpoint.

Mr. Robert Vincent: In other words you would not trust him to administer the budget of Canadians any more so than you would trust him to administer your own budget. It can be said that he is administering both. Based on what you said, we simply cannot trust such a finance minister.

The Chair: Thank you, Mr. Vincent.

Mr. Calandra, you have five minutes.

[*English*]

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

It's always interesting to have the Parliamentary Budget Officer here, and of course it's always interesting to hear my Liberal colleagues waxing poetic on nostalgia and how they think about those times when they were in control of the budget of this country. I can tell you that the provinces, territories, and municipalities of this country certainly don't look back with nostalgia at the \$25 billion in unilateral cuts to health, education, and social services. They certainly don't look back at that and say, "Wow, I wish we could return to that type of budgeting." I can't imagine that our military, after 10 years of misery under your government, looks back and waxes poetic on nostalgia and how beautiful it was when you were in control of them. I know Canadians, when they check their pocketbooks, certainly don't look back and say, "Oh, that was a great time for us. We should go back to that." That's when your government was overtaxing them and stealing millions of dollars in sponsorship scandals.

I guess the only people who actually look back with nostalgia are you and the members of your cabinet who were entitled to their entitlements for so long and are now desperate to return to the time when the entitlement fairy would swoop over this place and allow Liberals to extract all those entitlements.

Mr. Page, there are a couple of things that bother me. You would agree with me that somebody could benefit from advance knowledge of what's in a budget. Would you agree with that?

• (1200)

Mr. Kevin Page: In the context of taking—

Mr. Paul Calandra: I mean a business individual. Somebody having advanced knowledge of everything that's in the budget could potentially....

Mr. Kevin Page: Could potentially, yes, sir.

Mr. Paul Calandra: You've mentioned here a number of times that until you get the information you need, it's hard to make an actual analysis of it. But that didn't stop you from going to the newspapers on January 20—*The Toronto Sun*, *The Globe and Mail*, and *The Toronto Star*—and commenting that you can't square it, that it just doesn't add up. You've had no problem making comments to the media, but you say you can't make specific comments until you see the actual budget and paperwork. If I'm wrong, parliamentarians can tell me I'm wrong. But I don't know of any provincial or federal government that debates and presents its budget in advance of actually presenting it to their legislature or to Parliament. I'm unaware of anyone who has ever done that.

You have a problem also with cabinet confidentiality. Now, you were in the Department of Finance and a number of departments in the nineties. I only wish that those people who criticize cabinet confidentiality right now would have had the same level of desire for open government in the nineties when the federal Liberal government was decimating provincial government budgets on health and education.

The reality is, we have cabinet confidentiality because people can benefit or prosper from advance knowledge of what's in a budget. That's the way the parliamentary system has worked. It has always worked that way. That's the way the provincial governments operate, whether they're NDP, Conservative, or Liberal.

Do you not agree that the government of the day—in this instance it's a Conservative government of the day—or any government has the opportunity and absolute right to put together what they believe is their framework, where the country should go, present it to Parliament, and then after that parliamentarians, before they actually pass a budget...?

I can appreciate that the Liberals are having trouble with this, because they don't usually show up or they vote for us when it comes to budgeting. They're in a difficult spot because they actually support everything we do, and then they go, "Wow, my gosh, we're in trouble because they're on the right course. We have to vote for them or just not show up."

But doesn't the government, under a parliamentary system, have the absolute responsibility to treat those things that should be confidential as confidential? Then they go to Parliament, present the budget, and say, "Here it is. Vote on that budget." And then parliamentarians come to you and say, "Based on what you see, are the projections realistic?" And then they and we can make a decision, as parliamentarians, about whether this is appropriate or not.

Sorry to be a bit frustrated on this. I think it devalues the office when we fight this in the media, as opposed to doing what we're supposed to do: look at what the government presents, make projections based on actual knowledge, and not go willy-nilly all over the place and get all upset. Parliamentary tradition has forever been that the government presents a budget it created in secrecy. That's why we have budget lock-ups. That's why there's cabinet responsibility.

Why is it that now we should be forgetting all about that and moving towards a system like the United States has, where we negotiate a budget in public? Maybe we have our little moneys here that we could sprinkle...I know that would be a Liberal attraction, because they love their entitlements—

The Chair: Mr. Calandra, your time has expired.

Unfortunately, Mr. Page, you won't be given an opportunity to respond.

I think I can squeeze two more rounds—one Liberal, one Conservative—before we're—

• (1205)

Ms. Siobhan Coady: Could I move a motion?

The Chair: Why don't you move the motion at the end and ask some questions now?

Ms. Siobhan Coady: Okay. I can do that.

Thank you very much, and thank you for still being available to us today.

I want to go back to the \$300 million, which we have now budgeted.... In the 2010-11 framework, \$300 million was supposed to be saved in reductions this year. And we've seen about \$180 million reflected in estimates. When you went to departments, were you asking for the discrepancy, or where do you think the discrepancy is? Help me out here. I'm a new parliamentarian. When you have \$180 million reflected in estimates and \$120 million is still not reflected, how does that happen?

Mr. Kevin Page: I'm assuming the government will come forward, perhaps in supplementary estimates (C), with the remainder of this \$300 million, with the savings for 2010-11. So they'll ask at the end of the year to provide that kind of clarity as to the distribution of those cuts.

Ms. Siobhan Coady: Do you have any idea of that clarity at this point because you've just gone through asking the departments for some information? Do you know if we're on track or not to realize that \$300 million?

Mr. Kevin Page: I don't know.

Ms. Siobhan Coady: Because you couldn't get the information?

Mr. Kevin Page: No, we haven't asked specifically for that information. Again, we're assuming we'll see the distribution with supplementary estimates (C).

Ms. Siobhan Coady: Okay.

And going back as well, you indicated afterwards that the coast guard came to you after the fact and told you that they're going to be hiring an additional 4,000, and the RCMP would have reductions of 1,000. I'm just looking at those indicators. One of the things we've been talking about at this particular committee is the impact of the Truth in Sentencing Act and those 4,000 new hires that are going to be required—and the impact. If that's 4,000 at the federal level, do you have any indication of what the provincial requirement will be?

Mr. Kevin Page: Just from the work we did on Bill C-25, the Truth in Sentencing Act, our analysis would suggest it will be at least 4,000, and likely more.

Ms. Siobhan Coady: And likely more?

If organizations such as the coast guard are choosing not to replace people—because, of course, Mr. Day has said 11,000 positions will remain unfilled—how are we ensuring that appropriate levels of service are going to be maintained, with the appropriate training, and that the overlap is taking place for critical personnel? Did this come up during your review?

Mr. Kevin Page: No, but I think as we move forward to the 2011-12 estimates process and this committee and other standing committees are looking at the plans and priorities, they should be seeing the three-year plans and they should be integrated with the human resource plans in the context of fiscal savings and service levels. That conversation should come together at that time.

Ms. Siobhan Coady: I just want to go back again—and I asked it earlier, but perhaps for more clarity: what did you ask the Conservative government and what further information do you require? I'm asking you for specifics because at the end of today's meeting I'd like to move a motion to try to get some of those materials, as we've had to do in the past. Is there anything specifically that you requested that you did not receive?

Mr. Kevin Page: What we could do for you is.... We publish all the requests to deputy ministers. We try to operate transparently, and we make that available on our website and also when we get responses. When we get responses from deputies, we also put that up on our website. We could quickly put that together and send it to you almost instantaneously.

Ms. Siobhan Coady: This is such an important issue, we want to make sure we have a handle on what further information we require to ensure we have clarity in our budgeting processes.

I think my colleague also has a question.

The Chair: You have about a minute.

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

We can all recall the great fanfare that the government made associated with the creation of your office. The Parliamentary Budget Officer was going to be a mechanism whereby Parliament could hold the government to account and get access to information and have a second opinion about the government's management of finances. In view of that, your inability to get access to the information you require from government is disappointing, to say the least.

When you were here in December I asked you a series of questions about information—for instance, about whether you had any idea what departments have done to achieve the savings they are projecting. You had no idea then. Do you have a better idea now, because as you have said, you have some information from 10 departments, or some of those departments?

• (1210)

Mr. Kevin Page: Almost, perhaps, out of frustration, after trying to go through central agencies to get this information, we had a conversation about how we needed to find different ways. So again, knowing that these departments have to produce human resource plans, knowing that personnel represent almost 70% of operational spending, we went to the human resource plans to kind of get at whether there was a plan from the bottom up. The results are highlighted in our report today. We don't see evidence of a strong plan.

The Chair: Thank you, Mr. Regan.

Thank you, Mr. Page.

Mr. Cannan, go ahead for the last round. Welcome to the committee. We look forward to your participation.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair and committee members. It's an honour to be a new member of the committee and to be brought up to speed.

Thanks, Mr. Page. We had a chance to chat briefly before the meeting. I had an opportunity to work with some of your staff last year—Mr. Khan and others. I thank you for your professionalism.

I just wanted to offer Mr. Regan clarification. I was a city councillor for nine years. During those years, when we had the surpluses, they were felt at the local level—provincially and at the municipality. So the surpluses might have been here in Ottawa, but at the local levels, we were forced to run a balanced budget.

One of the things I heard loud and clear in the last month—and many of you around the table had round tables with your constituents and met with local individuals—was that Canadians generally want us to get over this recession, to get through it, and to do the best we can. The IMF was very clearly supportive of our government's plan to balance the budget by 2015-16, and they thought doing so was not only appropriate but also credible. The net debt was the lowest among the G-7 countries.

My question to you, Mr. Page, as we work forward, instead of vilifying everybody, and we work in a collegial manner to try to get something constructive from the information you have gathered—you mentioned receiving additional information—is whether you have some suggestions of how we can work together to get this country out of this recession.

Mr. Kevin Page: Again, in the context of highlighting some markers, if you will, for the next budget, I think it's important that we see the plan. We were talking about Budget 2010. We're not actually talking about Budget 2011. So this was a plan that we should have seen some clarity on in 2010. We should see the austerity plan, with respect to operational restraint or any other austerity plan, should it be coming forth in the 2011 budget.

We think it's important analytically as well to be clear to parliamentarians when we're debating a new measure, whether it's reduced corporate income taxes, new spending for Afghan training missions, or other spending that we may see in the budget, that it be debated in the context of our fiscal balances—is it cyclical or is it structural? We're saying it's primarily a cyclical problem—a lot of it will go away—but there is a structural component to it. And I think the IMF produces that analysis. They want Canadians to know that as well.

Third, as I said, our major fiscal challenge is not even short term. Really, in terms of fiscal challenge, it's longer term. It's aging demographics. It's a weak productivity growth rate. It would be nice—and other countries are legislated to do so—if Minister Flaherty and the Department of Finance produced a budget that had a fiscal sustainability analysis. When we look at the Americans, and we look at budgets coming out of Washington or London in the U. K., or when we look at other countries, they're actually legislated to produce this type of analysis. So when you're debating this, you could say that Canada does not have a sustainable fiscal structure when you look to the long term. I think that will put whether it's new spending measures or it's tax reductions in a different context. So my suggestion would be more analysis along that line so that you can debate new measures in a richer context.

Mr. Ron Cannan: Ed, do you want to close it off now?

Mr. Ed Holder: Thank you, Mr. Page. I truly hope that after the budget is announced it will be supported by the Liberals, our Bloc colleagues, and the NDP, so that we can have that analysis done. So I truly hope that an election is not forced on the government. If I've heard anything over these last several weeks, it's that Canadians

don't want an election. And I would like you to have that opportunity, frankly, to analyze the budget. I would call on my colleagues opposite to help us through this period, because this economic recovery is fragile. I think we all recognize that. We need all parliamentarians working together for the sake of this country, so I implore them all to support the budget so that we can go forward and let you do the analysis you talked about.

It was rather interesting, too, Mr. Page, when you made the comment earlier, in response to one of our colleagues opposite, on the question of the \$300 million. You said from your standpoint we'd have to wait and see. So you're not saying that it's not achievable; you simply said it would play itself out. Someone once said—I think it was my Cape Breton mother—that the proof of the pudding is in the eating. And I would say, from that standpoint, we need to wait and see. I truly hope you'll have an opportunity to do that analysis, as we have asked you to do.

Thanks very much for showing up today.

● (1215)

Mr. Kevin Page: Thank you.

The Chair: Thank you, Mr. Holder.

This would normally be the end of our time with Mr. Page and his colleagues. Madam Bourgeois has a comment she wishes to make.

[*Translation*]

Ms. Diane Bourgeois: That's okay, Mr. Chairman; Mr. Page answered my question. His last comment was quite clear. In other words, we are blindly passing the Government of Canada's budgets.

Thank you, Mr. Chairman.

[*English*]

The Chair: Thank you.

Madam Coady has a motion, but that doesn't require the presence of the witnesses.

On behalf of the committee, I want to thank you all for your work, not only before the committee but for us all. Thank you.

Madam Coady, do you wish to move your motion?

Ms. Siobhan Coady: Yes. Thank you.

Just listening this morning, I started to write up a motion that I think is important so that we get the information. I'd like to move that the Standing Committee on Government Operations and Estimates request from Treasury Board details and impacts of all reductions that factor into the forecasted 2010-11 \$300 million in budget operating freeze, the plan to achieve the \$6.8 billion in budget operating freeze, which is over the operating period; and that the Treasury Board president and relevant officials appear before this committee to address the issues raised in the PBO report; and, finally, to have the materials that were requested by the PBO.

That's why I was asking for details on those materials, but I request that the materials requested by the Parliamentary Budget Officer be made available to this committee.

The Chair: That motion is in order. It arises out of the subject matter of today's meeting.

Are there any other comments? Does anyone wish to debate it?

Mr. Paul Calandra: I have one comment. Ms. Coady is asking for information that will be going into the budget that will be presented in March.

Ms. Siobhan Coady: Just for clarification, I am asking for details on the reduction. When they made the \$300 million reduction, they must have had some details on the impact. As you know, we've had almost a year now, so I'm sure they have those details on the impact. They've already budgeted for this reduction. What are the go-forward plans for achieving those savings?

Then I'd like to have the Treasury Board officials and the president appear to talk about achieving those goals.

Thank you.

(Motion agreed to)

The Chair: The steering committee is now going to meet in camera.

Thank you all, colleagues. We'll see you on Thursday morning.

The committee is adjourned.

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