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Chair: Mr. Kelly McCauley



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• (1540)

[English]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)): Colleagues, we'll call this meeting to order.

Welcome to meeting number 65 of the House of Commons Standing Committee on Government Operations and Estimates.

Pursuant to Standing Order 81(4) and the order of reference adopted by the House on Wednesday, February 15, 2023, the committee is meeting to consider the main estimates 2023-24.

Of course, we welcome back for an opening statement our Parliamentary Budget Officer, Mr. Giroux. They often talk about the legendary 12th man in football. You are the 12th man of OGGO, I would say. I'll hand things over to you for five minutes, Mr. Giroux.

Just before we start, colleagues, I'll remind you that we may have bells for a vote at around 4 p.m. We just need UC to continue until five minutes before the vote, and then we'll suspend to vote. Are we fine with that?

Some hon. members: Agreed.

The Chair: That's wonderful.

Mr. Giroux, the floor is yours for five minutes, please.

Mr. Yves Giroux (Parliamentary Budget Officer, Office of the Parliamentary Budget Officer): Thank you, Mr. Chair.

I hope your reference to my being the 12th man also refers to a potential increase to my salary to equal that of a quarterback.

Voices: Oh, oh!

[Translation]

Good afternoon, Mr. Chair and members of the committee. Thank you for the invitation to appear before you today.

We are pleased to be here to discuss our report titled "The Government's Expenditure Plan and Main Estimates for 2023-24", which was published on March 3, 2023.

With me today I have our lead analyst on the report, Kaitlyn Vanderwees, and Jill Giswold, our office's senior analyst who also handles issues related to estimates.

The government's main estimates for 2023-24 outline \$432.9 billion in budgetary spending authorities. Voted authorities, which require approval by Parliament, total \$198.2 billion. Statutory author-

ities, for which the government already has Parliament's permission to spend, total \$234.8 billion.

Consistent with previous estimates, money transferred to other levels of government, individuals and other organizations account for most of the planned spending, totalling \$261.4 billion. This is followed by government operating and capital costs, which total \$133.7 billion and interest payments on the public debt, which total \$37.8 billion.

[English]

Notable areas of spending in these main estimates include \$76.6 billion for elderly benefits, which represents \$1 of every \$6, and \$49.4 billion for the Canada health transfer, which represents \$1 of every \$9. Professional and special services spending, which includes contracts with external consultants, will be close to \$20 billion, an increase of \$2.2 billion or 13% from last year's main estimates.

As budget 2023 was tabled after the 2023-24 main estimates, these estimates do not reflect new budget measures. As such, the 2023-24 budgetary authorities will rise with these anticipated funding requests in the supplementary estimates.

In accordance with the PBO's legislative mandate to provide impartial, independent analysis to help parliamentarians fulfill their constitutional role, which consists of holding government accountable, my office publishes analysis of the government's budget, as well as the main and supplementary estimates. On April 13, my office published our "Budget 2023: Issues for Parliamentarians" report. The report is designed to assist parliamentarians in their budgetary deliberations, highlighting key issues arising from the budget, which announced \$69.7 billion in new spending on a gross basis.

We would be pleased to respond to any questions you may have regarding our estimates analysis or other PBO work.

Thank you.

The Chair: Thank you, sir.

We'll start with Mrs. Kusie for six minutes, please.

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

Thank you very much, Monsieur Giroux and team, for being here today.

Monsieur Giroux, how has inflation impacted spending in the main estimates and, in particular, spending on the government's initiatives around housing?

Mr. Yves Giroux: That's an interesting question because inflation drives up some government spending, notably spending that is indexed to inflation, for example the old age security and the guaranteed income supplement, which are indexed to inflation. From that perspective, government spending has increased due to inflation. However, if my memory serves me well, federal funding for housing is voted on each year and is program funding that has to be approved by Parliament. This is not automatically indexed, so when inflation rises, the funding, if it remains stable, loses some of its real value as inflation progressively erodes some of the funding that's spent on housing.

• (1545)

Mrs. Stephanie Kusie: You mentioned there's over \$12 billion in revenue or spending decisions for which there are no specific details.

What aspects of this spending do we know?

Mr. Yves Giroux: We don't know anything about that, except that for some years it's a net expenditure, while in other years it's a reduction in expenditures. It's \$12 billion in absolute value, but on a net basis, it's closer to \$800 million, consisting of subtractions and additions. Beyond the mathematical sum of these amounts, we know nothing about what's behind these numbers.

Mrs. Stephanie Kusie: In your report, you mentioned that professional and special services spending will be close to \$20 billion.

Is this significantly more or less than normal?

Mr. Yves Giroux: We found in our analysis that the spending for these services has increased by a third over a number of years, going back to 2016, and I can be corrected on the exact year. It has gone up by a third. It's increased by 13% year over year, so it's a significant increase.

Mrs. Stephanie Kusie: In your opinion, what is the primary driver in increased spending on management consulting?

Mr. Yves Giroux: When it comes specifically to management consulting, which has increased at a faster pace, even though it represents a small portion of it, it's difficult to pinpoint one factor, because management services can take various forms. It's very difficult to figure out exactly what's behind that, especially at a time when the public service has been growing. There are services that you would normally expect the public service to be in a position to provide.

It's understood there's always a component of management services that will be necessary, for example, when the government is embarking on new programs and needs an outside, impartial perspective on its own management, but for the growth to be what it is, it's a bit surprising. It's not questionable, but it's surprising.

Mrs. Stephanie Kusie: You mentioned in your report that the private sector forecast of nominal GDP is \$29 billion, 0.9%, lower per year.

Why is the nominal GDP lower over 2023-27 compared to your March 2023 outlook?

Mr. Yves Giroux: It amounts to differences in the perspectives on inflation. It's a combination of inflation perspectives, which are different, and also real growth, which is slightly different. In total, it doesn't make for a significant gap between the private sector and ourselves. It's mostly based on slightly different perspectives on the outlook for inflation as well as real growth.

Mrs. Stephanie Kusie: Total budgetary authorities have decreased by \$10.4 billion in the 2023-24 main estimates, but you said that the apparent decrease in spending will likely be more than offset by the up to three supplementary estimates tabled over the course of the year.

Can you elaborate on why that may be, and do you expect total spending for the year to increase from the year prior?

Mr. Yves Giroux: We can look at the estimates themselves to get a picture of government spending, but government appropriations are not tabled in one document. Usually, the government tables its main estimates very early in the year, in fact before the fiscal year starts, but it is supplemented by supplementary estimates as priorities become known and the budget gets tabled. For that reason, looking just at the main estimates paints an incomplete picture of overall government spending.

A more accurate picture is provided in the government's budget, which includes most of the elements that the government plans on spending. That's why we indicate that government spending as outlined in the main estimates is incomplete, because the main estimates were tabled before the budget was tabled. We know full well there was at least \$9 billion of new spending announced in the budget, but it was not in the main estimates. There will be at least that much new spending, which is not in the mains. It will have to be included in supplementary estimates (A), (B), or even (C).

• (1550)

The Chair: Thank you very much.

Mr. Jowhari, go ahead, please.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Chair.

Once again, welcome, Mr. Giroux and your team. I consider you and the team the combined 12th member of this committee. Thank you to you and your team for always being available on very short notice when our office calls to ask for clarification. Whether it's on a review of a report you've put out or we have a question we want to clarify, we've seen great response, so thank you once again for that.

Thank you for your report. In section 2, under spending especially for elderly benefits, you've indicated that money for elderly benefits is the single largest area of federal spending, and you further broke it down under the three different programs and highlighted where these funds are going. You specifically talk about the increase in the 2023-24 budget and then the projected budget for 2027-28. You also highlighted some of the policy decisions. Can you elaborate on those three points?

Mr. Yves Giroux: We expect spending on old age security and the guaranteed income supplement to rise significantly over the next couple of years due to two main factors. The first is demographics: As the population of those aged 65 and over grows, that will increase the population eligible for these two programs. Second is inflation, obviously. There's a third factor that contributes to the growth in expenditures for old age security and the guaranteed income supplement, and that's the top-up for those aged 75 and over, which the government recently introduced. These three factors are driving growth in expenditures on old age.

Mr. Majid Jowhari: To clarify, this round the elderly benefit is increased by \$7.5 billion, 11%, and it's going to go up to the tune of \$76.7 billion. Then you're projecting that by 2027-28, it will go to about \$93.8 billion. You highlighted the fact that the 10% top-up is playing a major role.

Thank you for that.

I'd like to go to the expenditures on the consulting side. Under 2.3, "Professional & Special Services", on page 8, you say specifically, "While management consulting only accounts for a small portion (5 per cent) of overall spending on professional and special services, it has shown consistent growth". Is that 5% of the overall spend 5% of \$20 billion? Can you expand on that one, please?

Mr. Yves Giroux: Sure. Spending on management and consulting services amounts to slightly over \$800 million, between \$800 million and \$900 million, which is roughly 5% of the \$20 billion that is spent on professional and special services. That's why we say it's a small portion of the overall expenditures on professional and special services.

Mr. Majid Jowhari: Okay. So it's roughly \$800 million, which is 5% of the \$20 billion.

Can you tell us into which buckets that \$20 billion is going? From your point of view, are those good investments?

Mr. Yves Giroux: I can talk about professional and special services. These include health and welfare services, which in good part is spending to provide health services to first nation communities and remote communities. This also includes other types of spending, such as on engineering services, financial management and economic development, so it includes a wide variety of different types of services.

Whether it provides good value for money I think is a question that it is up to each minister to answer, because we have not looked at the types of services and whether these services are provided at the best cost possible, or whether the services are of very good quality. I assume the departments that are providing these contracts do some sort of due diligence to ensure they get good value for money, but it's not my role to provide that type of assessment.

• (1555)

Mr. Majid Jowhari: Thank you very much.

I have about a minute, and I want to go back to the second pillar of the budget that was put out. It had to do with health care.

In your report, you talked about the total amount of \$198 million and the \$49.4 billion. Specifically, I want to talk about the \$25 billion over 10 years that was earmarked for bilateral agreements. Were you able to get some detail about how that \$25 billion will be spent?

Mr. Yves Giroux: It's not something that we have studied yet, because the agreements are relatively recent and they seem to be straight transfers to provinces and territories, so no, I haven't looked at exactly how these amounts will be spent by provinces and territories.

Mr. Majid Jowhari: Once again, thank you.

The Chair: Well done, sir.

Mrs. Vignola, you have six minutes.

[*Translation*]

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

Mr. Giroux, thank you for being with us again today.

When I look at figure 1-3, which is titled "Year-over-year change in the composition of budgetary authorities", I see that transfer payments are decreasing by about 1%, as are operating and capital expenditures.

Should we link the decrease in transfer payments to the fiscal imbalance? Are the numbers a bit skewed because, owing to the pandemic, there were more transfers to Quebec and the Canadian provinces? Is it a combination of the two? In short, I would like to understand what the decrease in transfer payments is related to.

Mr. Yves Giroux: This very slight decrease in transfer payments from year to year is largely due to the transition following the end of the COVID-19 pandemic. Therefore, the year-over-year numbers are somewhat skewed, as there were still many transfers, payments and expenditures related to the pandemic.

Mrs. Julie Vignola: In figure 2-2, on page 6, I see that, in gross dollars, the increase in the Canada health transfer is constant from 2011 to 2028. However, when I look at the axis showing the annual growth rate, I notice by following the dotted line representing the next few years—the forecast—that the curve drops even lower than what is shown for 2011 to 2017. What explains this phenomenon?

Mr. Yves Giroux: This is because gross domestic product, or GDP, growth will be somewhat slower than we have seen in previous years. Growth in the Canada health transfer, or CHT, is tied to nominal GDP growth. When there is significant growth in nominal terms—that is, economic growth and inflation—the growth is solid.

We see for some of the earlier years that there were one-time non-recurring amounts during the COVID-19 pandemic, so there is a spike in figure 2-2, followed by a fairly steep decline. Going forward, the CHT will grow at a guaranteed minimum rate of 5%, rather than 3%, but economic growth and inflation are not expected to exceed this floor. For this reason, we expect most years to see a 5% growth in the CHT, except for one year when it is expected to approach 6% owing to economic growth.

• (1600)

Mrs. Julie Vignola: Given the aging and growing population, are the transfers you just mentioned, which are at a minimum rate of just over 5%, sufficient to meet the needs and make up for 30 years of cuts in those transfers?

Mr. Yves Giroux: That is a very good question. It always depends on what is considered sufficient or insufficient. Concerning that, we publish an annual analysis of the long-term fiscal sustainability of the federal and provincial governments. We will be updating that study in June or early July to take into account the post-pandemic situation, but also the new health transfers. I hope that answers your question, at least in part.

Mrs. Julie Vignola: I am looking forward to reading that report. The last one was very interesting.

This year, we received the 2023-2024 main estimates before the federal budget was tabled in the House. We expect that some of the announcements in the federal budget will not be in the document I have in hand now. Do you have an approximation of the total amount of spending that was announced in the federal budget a few weeks ago, but not included in the main estimates?

Mr. Yves Giroux: Yes. We estimate that the federal budget contains just over \$9 billion in current year spending that is not in the main estimates. This is because some of the spending announced in the federal budget could not make it into the main estimates.

Mrs. Julie Vignola: So it will likely be included in the supplementary estimates.

Mr. Yves Giroux: Yes, unless the government decides to abandon some of these measures.

Mrs. Julie Vignola: The government is in negotiations with its employees right now. I assume that the expenses related to the agreements that have been signed recently are not in the main estimates.

Mr. Yves Giroux: I don't think so, but there is always the possibility that lower spending in some areas could provide some flexibility to fund retroactive pay increases for employees with agree-

ments, if they are ratified by the union, of course. However, to my knowledge, there is no specific amount allocated in the main estimates.

[English]

The Chair: Thanks very much.

Mr. Johns, go ahead, please.

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

You talked about the management consultants and the increases that you're seeing. The minister has highlighted, both in the House and in the budget, that they're reducing roughly 15% of management consulting fees in 2023-24.

Do you see government moving towards that?

Mr. Yves Giroux: There's no evidence of that in the main estimates. However, the main estimates, like the supplementary estimates, are “up to” amounts. That gives authority to ministers and the government to spend up to these amounts. They don't have the obligation to spend all of them, but I haven't seen that reduction materialize in the main estimates, in good part because the mains were tabled before the budget made that announcement.

I haven't seen that.

Mr. Gord Johns: Given the overall amount of money that's being spent on outsourcing and this unbelievable amount of growth in outsourcing, this 15%, where does that bring us back to? Does that bring us back to what would have been spent in 2021 or 2022? Really, this isn't substantial given the increase, is it?

Mr. Yves Giroux: I'm looking at Jill and Kaitlyn to see if they know.

I think that would bring us back one or two years. It wouldn't bring us back five, six or seven years.

Mr. Gord Johns: What would it take to bring us back five, six or seven years?

Mr. Yves Giroux: It would probably be a 30% to 35% reduction.

Mr. Gord Johns: Okay. Thank you for that.

We talked about the benefits and the cost of benefits of OAS, especially with the increase for those over 75. What would it cost to bring in everybody over 65 to get the same benefit as those over 75? Have you examined that?

• (1605)

Mr. Yves Giroux: I haven't calculated that.

It would probably be a bit more expensive, given the demographic composition of the Canadian population. The 10% top-up for those 75 and older is estimated to cost \$2.6 billion in the current year, so it would probably be at least that.

Mr. Gord Johns: What would a 1% corporate tax increase generate?

Mr. Yves Giroux: Off the top of my head, I don't have that answer.

Mr. Gord Johns: Okay, you haven't looked at that.

I think you've done some reports already on tax havens and leakages to the Canadian economy.

Mr. Yves Giroux: Yes, we have done a couple of reports on tax enforcement and the tax gaps. There are quite a few reports on our website on all of these issues.

Mr. Gord Johns: My understanding is that a corporate tax increase of even 1% would cover the gap between 65 and 75. My big concern around that would be that the government is choosing corporate tax breaks versus helping people, seniors, with the cost of living.

We had Michael Wernick here, and he testified about the importance of spending money on training, and about the cuts under the Conservative government around training and leadership training as well.

Do you agree that investing in public service training would certainly help reduce the number of highly paid consultants?

Mr. Yves Giroux: It probably could reduce the amount of consulting that is necessary, but I think that hiring the right types of public servants would probably also contribute to reducing the need for consultants.

It's not just a matter of training. I think it's that, but also a matter of recruiting the right skill sets.

Mr. Gord Johns: We've seen government departments constantly lapse spending. We saw Veterans Affairs under the Harper government leave \$1.1 billion of unspent money. We had a motion in the House to stop lapsed spending on Veterans Affairs back in 2018. It was my motion in the House, and it was unanimously supported, but we're still seeing that.

Can you speak about some of the worst departments in terms of lapsed spending and maybe why they're unable to spend the funds that have been allocated and promised?

Mr. Yves Giroux: Lapsed spending occurs when a department does not spend all of its allocated spending, the spending that Parliament has authorized it to spend. It can occur for a variety of reasons. It can be due to delayed proposals or a delay in acquisition.

Off the top of my head, usually the departments that have the biggest lapses are also those with the biggest budgets. The Department of National Defence usually comes at the top of the list, because it has major procurement projects that can be delayed for a variety of reasons.

I don't remember off the top of my head who is number two, but usually the bigger the department, the more likely they are to be in the top five departments that lapse.

Mr. Gord Johns: Were there any surprises? Were there any that popped out when you were looking at them that had substantial lapsed spending and were failing to deliver on their promises?

Mr. Yves Giroux: We don't have lapses for the year that ended March 31. We'll have the lapses only in the fall, when we get closer to the public accounts. The only data we have is about the lapses for the year that ended in March 2022, over a year ago.

Mr. Gord Johns: Back to the seniors and the OAS, do you see the increase for low-income seniors as sufficient to manage inflation and the cost of living?

The Chair: Give a brief answer, please.

Mr. Yves Giroux: That's a very delicate answer. It's highly subjective. It's a policy decision, which I can't really address.

The Chair: Thanks, Mr. Johns.

Before we start the next round, I'm told that there will not be a vote that will disturb our committee. It may be later, but we'll be done by then.

Mr. Barrett, you have five minutes, please.

Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): Thanks, Chair.

Thanks to the witnesses for appearing here today.

At the beginning of April, it was reported that over the last seven years, the Liberal government increased the cost to run government by \$151 billion per year, adjusted for inflation.

What will the impact be of this increase on the inflationary pressures faced by Canadians?

Mr. Yves Giroux: The Bank of Canada indicated in its monetary policy report a couple of weeks ago that government spending—not just the federal government but also provincial government spending in general and given the fiscal policy stance—contributes to inflation.

The spending that you mentioned is part of government spending, so obviously the cost of government operations also contributes to sustaining inflation. It contributes to a small extent, because it's not major spending—although we can debate what “major” is in the context of monetary policy and fiscal policy—but it does contribute to sustaining inflation.

• (1610)

Mr. Michael Barrett: In the last three years alone, the tax burden imposed on Canadians by the federal government has increased by approximately \$3,000 per person per year, which is about 5% of the average person's annual income. That's on top of inflation.

Would you say that Canadians are getting good value, or their money's worth, from the government?

Mr. Yves Giroux: That's a debatable question. Some would say that people are getting tremendous value for their money; others would say not. It depends on the individual profile.

What I can speak to are performance targets that departments themselves choose and report on. We find that, generally speaking, about half of government performance targets are met, with the others either having no deadline to meet the targets or not being entirely met.

I think that's probably as good an answer as I can give to your question.

Mr. Michael Barrett: The government has proposed a confiscation for compensation. They call it a gun buyback.

I'm wondering if you can speak to the expected costs of that program.

Mr. Yves Giroux: It's something that we considered a year ago, I think, back when we knew some parameters. It was before all the recent changes were announced. At the time, we estimated that the cost of the gun buyback would be several hundred million dollars. You'll have to forgive me for not remembering the exact amount. We estimated, I think, \$800 million for the gun buyback program, but I may be wrong.

I'll have to provide you with a more accurate response in writing.

Mr. Michael Barrett: Would you be able to update the analysis that you completed before and provide it to the committee?

Mr. Yves Giroux: It's probably something we could do if the committee wishes us to do so.

Mr. Michael Barrett: Okay. I'm not sure if we need concurrence for that to happen, Chair.

The Chair: I think we just ask if we can update it.

Mr. Yves Giroux: If the committee wishes to do so and passes a motion, we'd be happy to do that.

The Chair: There should be the will of the committee for that.

Mr. Michael Barrett: That's great.

How much time do I have remaining, Chair?

The Chair: You have one minute, please.

Mr. Michael Barrett: We've heard that the government's fiscal policies are making the job of the Bank of Canada to tame inflation harder.

Is that tension that's being created between the government and the Bank of Canada's objective of getting inflation under control something that needs to be addressed in terms of policy or just in terms of the budget that the government puts forward?

Mr. Yves Giroux: When there's a tension like that, it's up to the bank and the government to discuss it to the extent possible, but there's not that much to discuss when the government decides its fiscal policy and gives a mandate to the Bank of Canada.

As you pointed out, when the government's fiscal policy is sustaining inflation—if not worse—it makes the job of the bank slight-

ly more difficult. It forces the Bank of Canada to increase interest rates slightly more than it would otherwise have to.

It's the federal government, but also provincial governments that are contributing to that by increasing their expenditures. As you pointed out, it can lead to tensions between the fiscal policy and the monetary policy. The way to solve that is by having slightly higher than expected, or higher than otherwise needed, interest rates.

The Chair: Thank you very much.

Ms. Thompson, go ahead, please, for five minutes.

Ms. Joanne Thompson (St. John's East, Lib.): Thank you, Mr. Chair.

Welcome back to the committee.

I'd like to go back to the health transfer and specifically speak about dental care. Certainly you well know that dental and oral care are health care. Certainly there are very strong evidence-based models that demonstrate the health outcomes that follow.

Will you be conducting a cost analysis on the funds that are being spent on dental care and their relationship with the outcomes in health care?

• (1615)

Mr. Yves Giroux: We have asked the government for detailed information on the parameters of the dental care program that was announced in the budget. We have been told that the details we need are not yet available. In fact, we have been told that these are cabinet confidences, so we have not yet been able to cost the dental program that was announced in the budget. I'm hopeful this will change.

As to whether this will lead to savings in other areas of health care, it is not yet part of our analysis because it would be quite difficult to assess the downstream impacts of this program on other health care expenditures.

Ms. Joanne Thompson: Thank you.

As someone who helped build a primary health care team for very vulnerable persons at street level and put in dental care, I'm very excited about the data piece attached to the health transfers. I think that data system, which is a national system, will go a long way toward being able to provide that outcome.

Switching now to carbon pricing, I'd like to take the opportunity, if I could, to clear the air.

Is it true that all revenues gained from carbon pricing are redistributed as rebates to those under the federal carbon pricing system?

Mr. Yves Giroux: My understanding is that all the revenues for a carbon levy—the vast majority, at the very least, if not the totality—are to be redistributed to households in the provinces in which they are raised.

Ms. Joanne Thompson: Thank you.

With carbon pricing, why did your office not use a comparison in your comments on carbon pricing, when we know there are comparative models out there that very clearly speak about the cost of climate inaction? I use the example of my province of Newfoundland and Labrador without the impacts on the Atlantic provinces of hurricane Fiona and the real cost now on the south-west coast. Could you speak to why the actual price of climate inaction wasn't included?

Mr. Yves Giroux: We did attempt to cost the impacts of climate change on the Canadian economy between now and 2100. We have estimated, in our best attempt at estimating, the most likely impacts of climate change on the Canadian economy. What we have not done is compare a world where nobody acts on climate change with the so-called “benefit” of acting on climate change, because this is a very difficult counterfactual to find.

We have estimated the cost of the carbon tax, how much households will receive, how much it will cost, the cost of climate change and so on, but we have not found a credible, reliable model that would allow us to tangibly cost the benefits of acting on climate change. And even if we did, we'd have to assume that in that counterfactual nobody does anything on climate change, which is not very credible. That's the difficulty of trying to estimate the benefit of implementing a carbon levy or a carbon tax and other actions to fight climate change.

Ms. Joanne Thompson: Thank you.

If I could switch to debt-servicing costs for a moment, what measures is the government taking to bring down the public debt?

Mr. Yves Giroux: Right now, I don't see measures to bring down the government debt. What we see are deficits for the foreseeable future. These deficits will continue to increase the federal debt.

What we are seeing, though, is a commitment by the government to reduce the debt-to-GDP ratio. So the debt in absolute terms will continue—or is expected to continue—to increase, but compared to the overall size of the economy, it's expected to represent a slightly diminishing share of the national economy.

• (1620)

Ms. Joanne Thompson: When do you expect the—

The Chair: I'm afraid that's our time.

Ms. Joanne Thompson: Thank you.

The Chair: Mrs. Vignola, you have two and a half minutes, please.

[*Translation*]

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

Mr. Giroux, in her speech, the Minister of Finance announced that spending on consulting, professional services and travel would be reduced by approximately 15%. Approximately how much will be saved?

Mr. Yves Giroux: I believe the government is targeting about \$3 billion in savings through cuts to travel and consultants. I'm not sure if these figures are accurate, but my colleague Ms. Vanderwees can correct me if I'm wrong.

Ms. Kaitlyn Vanderwees (Analyst, Office of the Parliamentary Budget Officer): Thank you for the question, which I will answer in English.

[*English*]

In dollar amounts, the government has indicated its plan for reducing consulting professional and special services and travel by \$500 million this fiscal year and \$1.7 billion ongoing. To give you some information, in 2021-22 management consulting was \$800 million.

[*Translation*]

Mrs. Julie Vignola: Okay. My understanding is that this is not a substantial amount in the context of the budget, which is over \$430 billion. Is the decision to make these cuts driven more by politics or by logic? Was the decision based on waste or was it related to public pressure? Was it because people were unhappy, so cuts would be made where it was most apparent, but spending would not be cut elsewhere?

Mr. Yves Giroux: That is a good question. The minister is probably in a better position than me to tell you why these expenditures were targeted. Indeed, one can speculate, since this comes on the heels of the controversy surrounding a well-known consulting firm. With my experience in the public service, reducing travel costs is a fairly easy target. If all the travel cost reduction exercises had been implemented as planned, I don't think the Ottawa airport would still exist.

Mrs. Julie Vignola: Okay.

As I already said, the main estimates—

[*English*]

The Chair: I'm afraid that's your time.

[*Translation*]

Mrs. Julie Vignola: Thank you.

[*English*]

The Chair: We'll have some more rounds for you, though.

Mr. Johns, go ahead, please.

Mr. Gord Johns: Thanks.

It's my understanding that a 1% corporate tax increase back in 2015 would have generated \$2.6 billion. That would have been enough to cover the gap for those 65 to 75 who aren't getting the 10% increase in OAS.

Is it possible for you to formally respond to this committee on what it would cost to increase the OAS by 10% for those between 65 and 75, and what the corporate tax rate of a 1% increase would be in today's dollars?

Mr. Yves Giroux: If the committee wishes for me and my office to do so through a motion, we'd be happy to do that.

The Chair: Colleagues, are we fine with that?

Some hon. members: Agreed.

The Chair: Consider it so, Mr. Giroux. Thanks.

Mr. Gord Johns: Thank you, committee members.

Have you looked at and done an analysis...? The U.K. has done an excess profit tax on oil and gas of 25%. Have you considered looking at what that would generate for oil and gas, the big grocery stores and the big banks?

Mr. Yves Giroux: We have looked at the cost, or we are in the process of looking at the revenue-generating measure of an additional tax on big banks. I think we've already done that analysis, which was announced in the budget.

To be honest, Mr. Johns, we've done so many reports on various topics that I sometimes lose track of exactly what we have done and what we are still working on. I don't think we have done that for the profits of oil and gas companies, but I may be wrong. Sometimes I'm asked questions about whether we've done this or that, and we have and I've forgotten about it.

I can get back to you on that specific question and send you the links if we have done that analysis.

Mr. Gord Johns: I think all of us are dealing with our health care system and the stresses on it. We know that mental health and the toxic drug crisis are adding a whole element to it. It's backing up our health care system. Patients aren't getting the care they need.

Have you looked at the cost of not investing in mental health care and the toxic drug crisis versus the preventative measures of investing in mental health and the toxic drug crisis?

I cite the blue ribbon report on crime that British Columbia developed in 2014, which said that every dollar spent saved \$12 to the system.

• (1625)

Mr. Yves Giroux: Unfortunately, it's not something that we have looked at. It's very difficult for us economists and accountants to look at the costs of not doing something or the additional costs that are incurred by inaction in some areas. It's possible, but we have not done that analysis yet.

The Chair: Thank you, sir.

We'll go to Mrs. Block for five minutes, please.

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

I join my colleagues in welcoming you back to our committee to provide us with more explanations on your report on the mains.

I know that, as you mentioned, the mains were tabled before the budget and they don't include any new spending in the figures that we're looking at. I want to note for you and my colleagues here today that Canadians back home in Saskatchewan are absolutely blown away by the figure of \$1.22 trillion in projected federal debt. They are gravely concerned by the \$43.9 billion, which is the amount projected to be the cost of servicing Canada's national debt this fiscal year. As it has already been noted, the debt-servicing costs have increased by 60% since last year.

With the plan by this government to continue running deficits, have you done any estimates or analysis on how much the debt-ser-

ving costs will grow under the government spending plans over the next few years?

Mr. Yves Giroux: To answer your question, we released an economic and fiscal outlook in March, just before the budget. In that economic and fiscal outlook, we estimate that the debt-servicing costs—this was before the budget—will increase to about \$46 billion by 2027-28. It's highly contingent on the movement of interest rates, obviously, and on the fiscal path.

Because that was before the budget, and the budget included net new spending, the real figure right now, if we were to update that, would probably be slightly higher than \$46 billion in public debt charges by 2027-28.

Mrs. Kelly Block: Thank you very much.

In your report on the mains, dated March 3, 2023, you made the following observation on page 2. I think you made this observation when we discussed the supplementary estimates (C). I'll just quote it here: "The Government chose not to table the corresponding Departmental Plans at the same time as the Main Estimates. These plans provide important details regarding what the Government expects to achieve with the money requested from Parliament". You also noted that "parliamentarians' ability to meaningfully scrutinize [the government's] spending request is undermined by the absence of the Government's plans".

I guess what I want to know from you is this: How can we improve the process when it comes to the tabling of departmental reports and plans? Should there be some sort of penalty for departments that don't table their plans in time for the estimates process?

Mr. Yves Giroux: I like your idea of penalties for departments that don't table their departmental plans in a timely manner. I'm all for that. But I think a more realistic and feasible approach to ensure that you as parliamentarians could better hold a government to account would be fixed dates for a budget, or a fixed window that would be early enough in the year that the main estimates would reflect budgetary expenditures and budget initiatives.

As well, the departmental plans would reflect new items that are in the budget for them. You collectively would have a good sense, when you study the main estimates, of how that reconciles with the budget, because budget items would, by and large, be found in the mains. Departmental plans would also reflect the government's priorities as stated in the budget.

With a budget tabled in late March, or really anywhere in March, or even April, it's not feasible for the departmental plans to reflect budget priorities, and it's not possible for the main estimates to paint an accurate picture of government spending. That's why I've been suggesting, for a while now, that a budget date sometime in February, preferably early in February, would facilitate your job and would also ensure that what is in the mains makes sense to you and reflects what's in the budget.

• (1630)

Mrs. Kelly Block: Thank you very much.

The Chair: Thank you.

We'll now go over to Mr. Bains for five minutes, please.

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

Thank you to our guests for joining us again today.

I'm going to ask a little bit about the green economy. The U.S. is offering substantial incentives through investments in the green economy. Budget 2023 is reflecting similar measures to incentivize investment in Canada's emerging green economy.

Do you believe these market-based incentives would ensure that Canada remains competitive as the world shifts to a more climate-conscious economy?

Mr. Yves Giroux: That's a difficult question for me to answer. Whether or not Canada remains or becomes competitive depends on a variety of factors—the presence of an ecosystem to ensure that these businesses can thrive, a competitive tax regime, inputs that are available at a reasonable price, and an energy supply that allows these businesses to manufacture what will be needed for a greener economy. Of course, subsidies and tax assistance will contribute to making Canada more competitive, but it is difficult for me to assess in a general manner whether this will be sufficient, too much or not enough. It requires a drill-down approach by sector and even by specific types of products.

For sure, though, the government assistance that was announced in the budget will certainly contribute to making Canada more competitive as it reduces the overall costs for companies that want to establish in Canada to build new machinery equipment and new forms of energy.

Mr. Parm Bains: Thank you.

Significant funding in these main estimates is going towards new health care transfers. Do you believe these funds would help alleviate some of the issues that provincial health care systems are struggling with right now?

Mr. Yves Giroux: With the amounts that have been announced and will be provided through the new health accord, I certainly hope they will contribute to alleviating some of the pressures on the health care system, because we're talking about dozens of billions of dollars over a number of years. I'd be very discouraged if they did absolutely nothing. I'm very hopeful they will lead to improvements in the health care system, or, at the very least, a stabilization of the system.

Mr. Parm Bains: It was touched upon a little earlier, investment in public service training.

Could public service training investments reduce overall costs in the long run?

Mr. Yves Giroux: I think they could, especially if the training is targeted to areas that are most in need, when it comes to the provision of policy advice and government services. For example, if one thinks about training for the persons who work in call centres to better handle customer queries, that can only improve and enhance the customer experience, citizen experience or taxpayer experience. If it's well targeted and addresses needs that are documented, it

could certainly help improve the quality of services, be it services to Canadians or services to ministers or parliamentarians.

Mr. Parm Bains: One of the challenges in that same area, as identified by Vice-Admiral Topshee in his experience, was that once department employees develop the necessary talents, they're soon identified and often hired out into the private sector.

Is there any amount of investment in the public service that...? Or is this part of a new normal that pushes governments to continue using outside services?

• (1635)

Mr. Yves Giroux: It can be one factor. It's quite common in areas such as IT services, where the expertise is in very short supply. Providing training to government employees in these sectors risks making them even more attractive to the private sector. That's one big risk. It explains why government departments have to use outside consultants.

I've discussed this with a couple of government deputy ministers. That's what they clearly told me, especially when it comes to IT. That is one reason that explains the use of external consultants, because it's very difficult to find that expertise, even if the government wanted to hire employees with that expertise.

Mr. Parm Bains: Thank you.

The Chair: Thanks, Mr. Bains.

Next, we have Mrs. Kusie for five minutes, please.

Mrs. Stephanie Kusie: Thank you, Chair.

Federal spending on elderly benefits has been increasing, and you project that by 2027-28 federal spending on elderly benefits will reach \$93.8 billion.

Can you tell us the primary reasons these costs are rising, and how federal spending is accommodating the increase?

Mr. Yves Giroux: There are three main factors behind the increase in elderly benefits. The first is the recent top-up of 10% for elderly benefits, for those aged 75 and older. That's a one-off. The are two other main factors. First, there is demographic growth. As Canada's population ages, not only are there more seniors, but they represent a larger share of the Canadian population. The second main factor is inflation, because these benefits are fully indexed to inflation. When there is inflation, these benefits increase. They increase with population; they increase with the level of prices; and they also increase as a result of discretionary policy decisions.

They're accommodated within the federal budget through increased government revenues. In the absence of savings elsewhere, they either increase the deficit or crowd out other types of spending. What we are seeing for the next couple of years is that these will grow at a relatively solid pace, but not at a pace that will make this unsustainable at the federal level.

Mrs. Stephanie Kusie: Thank you.

The Canada health transfer is expected to grow by \$4.2 billion, to a total of \$49.4 billion in 2023-24, and rising to above \$60 billion in 2027-28. Is this growth driven by the new federal-provincial agreement, from 3% growth to 5% growth, or are there other factors that are impacting this amount?

Mr. Yves Giroux: The growth in the CHT going forward is impacted almost exclusively by the new agreement to increase the CHT by a minimum of 5%. In the absence of that enrichment, it would have grown by a smaller amount each year, as nominal GDP growth is expected to be lower than 5% in most years, except for 2025-26, if I'm not mistaken, when nominal GDP growth is expected to be above 5% anyway. That's a year in which the enrichment to the CHT would not have made a big difference, whether it happens or not.

Mrs. Stephanie Kusie: Thank you.

The government earmarked \$3 billion over five years to implement a new framework for long-term care standards. You mentioned that this will not be adequate. What about this do you think is not sufficient, and how do you think the government will have to reprioritize to address these spending gaps?

Mr. Yves Giroux: We did a report a few years ago, if I'm not mistaken, where we looked at how much it would cost to implement national standards when it comes to long-term care, notably the number of hours of care per day, per person, as well as increasing the salaries and wages of those who work in long-term care. I think it was at the request of an NDP MP.

We found that the costs would be significantly higher than the \$3 billion over five years that is mentioned in the budget, or the funding that has been earmarked for that specific initiative.

• (1640)

Mrs. Stephanie Kusie: The federal debt-to-GDP ratio is projected to increase temporarily. What is driving this increase, please?

Mr. Yves Giroux: The federal debt-to-GDP ratio is increasing in the short term as a result of slower-than-expected GDP growth—so, inflation and nominal GDP. Inflation is expected to slow down. Also, government spending, notably the deficit, is expected to increase, which will put pressure on the debt-to-GDP ratio. This is what is driving the increase in the ratio.

Mrs. Stephanie Kusie: What changes by this government need to happen to successfully reduce the debt-to-GDP ratio, in your opinion?

Mr. Yves Giroux: If the government wanted to keep the debt-to-GDP ratio on a downward trend in each and every one of these years, it would need to either increase taxes this year and next or decrease spending—or a combination of both—to ensure that the ratio maintains a downward trajectory in each and every one of the next five years.

Mrs. Stephanie Kusie: The outlook for real GDP growth over 2023-27 presented in budget 2023 is slightly weaker compared to the PBO's March outlook. What is creating this weakness, please?

Mr. Yves Giroux: It's a difference in the growth. The growth is expected to be slightly lower in the outer years, because of the faster growth earlier in the period. It's a displacement in growth.

Mrs. Stephanie Kusie: Do you think there have been changes to Canada's economic outlook since your March report?

Mr. Yves Giroux: There's nothing substantial, nothing fundamental. Our March outlook is still valid, by and large, in our opinion.

Mrs. Stephanie Kusie: Thank you very much.

The Chair: Thank you, Mrs. Kusie.

We have Mr. Kusmierczyk, please.

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

Thank you, Mr. Giroux and your team, for again coming to OGGO and providing some excellent responses.

Your report highlighted the significant investments that are being made for seniors. One dollar out of every six dollars in the budget is being spent on our seniors, and rightfully so. That includes programs like OAS and GIS.

Under the Conservative government, there were 2.7 million more Canadians living in poverty and 45,000 more seniors living in poverty. I wanted to ask you if the significant investments that the Liberal government is making in our seniors, in Canadians, through programs like OAS and GIS, are having a positive impact on Canadians' well-being.

Mr. Yves Giroux: I haven't looked at the number of seniors living in poverty or below the low-income threshold. I assume the recent investments in or enrichments to elderly benefits will have a positive impact on the number of seniors living below the low-income cut-off. When I say "positive impact", I mean lowering the number of seniors who live in poverty.

Mr. Irek Kusmierczyk: I'm going to take that as a yes.

The 2011 Conservative Party election platform unequivocally states, "we will not cut transfer payments to individuals or to the provinces for essential things like health care, education, and pensions". Less than one year later, they introduced cuts to the old age security, basically, by increasing the age of eligibility from 65 to 67. I wanted to ask you why the Conservatives would raise the age of eligibility for OAS from 65 to 67. What was the point of that?

Furthermore, what impact would that have had on our seniors had the Liberal government not reversed it in the very first year it came to office? What impact would it have had on our seniors if the Conservative cuts to OAS had been allowed to continue?

• (1645)

Mr. Yves Giroux: I can't speak to the intention of the government when it announced that in 2011. I can probably safely say that there are two main reasons for doing that. One reason can be to reduce the overall cost of the program. The other reason can be to provide further work incentives. When the country is faced with labour shortages, it provides an incentive for older persons to remain in the workforce for a couple more months or up to two more years.

The impact this would have had on seniors is difficult to determine precisely. It's quite clear that in the absence of old age security for an additional two years, there would be more seniors living in poverty.

I should point out, however, that the change was scheduled to be implemented very gradually over a number of years. I don't remember exactly the timeline over which it was to be implemented.

Mr. Irek Kusmierczyk: As I understand it, those Conservative cuts to old age security would have started taking place this year, in 2023. Is that correct?

There would have been hundreds of thousands, if not millions, of seniors who would have been robbed of average annual payments of up to \$7,000 had the Conservative policy still been in place. Is that correct?

Mr. Yves Giroux: I don't know how many exactly, because I think the intent was to implement it gradually—advancing or postponing the age of retirement or eligibility for elderly benefits by two months per year or something like that. It would have made a difference to probably thousands and thousands of seniors.

Mr. Irek Kusmierczyk: You could agree that trying to save money on the backs of our seniors is not a good idea, as the Conservatives have put forward. Is that correct?

Mr. Yves Giroux: That's a policy decision. I'll let you, amongst yourselves, as parliamentarians, debate what is a good idea and what is a bad idea when it comes to policy decisions.

Mr. Irek Kusmierczyk: Let me switch to some good news. This year, 2023, is the year when the basic personal amount, which was increased by the Liberal government in 2019, I believe, has been fully implemented. It's this tax year, in 2023.

How many seniors will benefit from the fact that the basic personal amount has been increased to \$15,000? What impact will this have on our seniors?

Mr. Yves Giroux: It will certainly make more seniors tax-free. It will ensure that more seniors do not pay taxes. Those who still pay taxes will pay lower taxes, with the increase in the basic personal amount.

The Chair: That is our time, I'm afraid.

Mr. Irek Kusmierczyk: This Liberal policy will put more money back in the pockets of Canadian seniors. Is that correct?

The Chair: Thank you, Mr. Kusmierczyk. There will be one more round.

Mrs. Vignola, go ahead, please.

[*Translation*]

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

Mr. Giroux, the 2023-2024 budget puts in place new, unannounced measures of about \$800 million. I could not find any specific data on the end use of these funds; it is quite unclear. Is it usual not to have details on the end use of unannounced funds, or is this new?

Mr. Yves Giroux: It's not something that's usual, especially when the amounts are fairly specific and vary from year to year. You mentioned the net amount over five years, I believe. Again, the

amounts are positive and fairly accurate in some years, but negative in other years. So the absolute value of these amounts hovers around \$12 billion, over a five-year period.

This raises a lot of questions, but doesn't give us any answers. We have asked officials these questions and they have not answered us, as they are not authorized to provide us with those details. This is highly unusual.

Mrs. Julie Vignola: You're anticipating my next question. I was just wondering if you had any answers. So you don't have an answer and we don't have an answer. Should we be concerned that we don't have an answer about \$12 billion?

Mr. Yves Giroux: I do not want to suggest that there is anything untoward or unduly hidden. However, I am concerned for one reason: When the government announces the measures behind these amounts, it will be very difficult to match the amounts that are mentioned in the budget with the initiatives that will be announced. So it will be very difficult to know when these amounts will be revealed, used or reallocated. When the amounts are negative, savings are implied. It will be difficult to determine the source and bring that back to the amounts that are in the 2023 budget.

• (1650)

Mrs. Julie Vignola: The government recently increased seniors' pensions by 10%, but only for those aged 75 and over, leaving out those aged 65 to 74. Do you have an estimate of how much the pension increase for those aged 65 to 74 would be?

Mr. Yves Giroux: We have not estimated the value of such a measure, but I believe the committee has expressed a desire for me to do that work. So, if that is indeed the desire of the committee through a motion, we can provide you with a more detailed estimate of the cost of applying this to seniors aged 65 to 74 at a later date.

Mrs. Julie Vignola: When you live in poverty, lack food, don't have money for clothes or a decent roof over your head or to get the one you have repaired, among other things, physical health and psychological health take a hit. Ultimately, this ends up driving up the costs to the health care system and community organizations, among others.

Have the direct, indirect and induced impacts of not increasing the pension for seniors aged 65 to 74 who fail to support themselves until they reach 75 and get their 10% supplement been calculated?

Mr. Yves Giroux: To my knowledge, no cost-benefit analysis has been done—as I think that's what you're referring to—on whether or not to increase benefits for seniors aged 65 to 74 by 10%.

Mrs. Julie Vignola: Has the calculation of the economic impact of increasing seniors' pension ever been done? What does increasing that pension by \$1 mean in terms of economic and social benefits, not just in terms of short-term spending, but also in terms of medium-term spending? Has that kind of calculation ever been done from a prevention perspective?

Mr. Yves Giroux: That calculation may have been done before, but not recently, at least not to my knowledge. I know it's not something we've done. I don't know if it was done by the government when the 10% increase for those aged 75 and older was being considered or announced.

Mrs. Julie Vignola: Thank you.

[English]

The Chair: Thanks.

Mr. Johns, go ahead, please.

Mr. Gord Johns: On that thread, we saw how the Conservatives want to raise the retirement age from 65 to 67. Now we see this government creating a two-tiered OAS system: They are giving a 10% increase to those over 75, but those between 65 and 75 aren't getting it, despite the fact that we're in an inflation crisis.

Do you see that as a policy designed to force seniors to continue in the workforce in order to make ends meet?

Mr. Yves Giroux: That can be one of the intentions behind that. I'm not sure about the extent to which that will be effective, because it's not something that I have personally studied, nor have we looked at the incentive impact of a differential treatment of those ages 65 to 74 versus 75 and above, but it's quite possible.

Mr. Gord Johns: As I said earlier, this is about the same price as a 1% corporate tax increase based on 2015, which has significantly risen, to cover the increase for those 75 and older. A 1% corporate tax would cover that.

We saw the government announce that over 10 years they're going to contribute \$25 billion in health care transfers in four areas: rural health, health care workers, mental health and modernizing the health care system and data. I'm going back to the mental health discussion. We have some provinces.... My home province, with the new Eby announcement, is going to have about 9% of health care spending on mental health and related to substance use; Ontario is at 3%, with a Conservative government here.

Have you seen any precedent in transfers on that health care transfer where there's money that has to be spent on a certain area, like mental health?

• (1655)

Mr. Yves Giroux: Yes, that was taking place years and years ago when the federal government was setting up trusts for specific areas, notably for the purchase of medical equipment, way back when, when money was made available to provinces and territories for these specific purposes. I remember wait times, and I remember medical equipment. That was mostly end-of-year money that was provided to provinces through the establishment of trusts.

Mr. Gord Johns: Do you find it difficult to calculate that yourself? Given that this \$25 billion is going to be in four areas, it's not going to be very clear—pretty cryptic, at best—how much of that will end up going to mental health care.

Mr. Yves Giroux: I think it will be challenging to determine the portion of it that will go to specific areas, including mental health, because when it comes to funding for health issues, it's very difficult to follow the money. Money is fungible in an area of need such as health care, where there are billions of dollars spent in every ju-

isdiction, so it will be very difficult to determine the proportion of the \$25 billion going to mental health.

Mr. Gord Johns: This year, the Treasury Board Secretariat plans to implement the 2022-24 national action plan on open government and publish new datasets to the open government portal, "including those that Canadians specifically request". Which datasets would you recommend adding to the open government portal?

We heard during the McKinsey study, especially from Sean Boots, that public contract data is particularly lacking. What info and datasets need to be added to the open government portal to allow effective oversight of whether procurement regulations are being followed and an evaluation of contract value for money? Do you have any thoughts on that?

Mr. Yves Giroux: If you ask me what types of data should be made available on the open government portal, we could be here for a long time. I would probably say it should be the opposite: What data should not be there? I think there is a good case to be made for limiting the information that's not publicly available to what's commercially sensitive, cabinet confidences or solicitor-client privilege, but it should be open by default. I think that would relieve a lot of the pressure that's put on access to information shops in the government and it would simplify many people's lives.

So what type of data? I think it should be the vast majority of data held by government departments and institutions.

Mr. Gord Johns: I've asked you this before. The UN special rapporteur on extreme poverty and human rights discussed privatization as a cause of poverty, even while privatization costs government more. We're seeing it here today.

Do you have any comments on that? How much money is going to commissions, to subbing out and to profit, for these large consulting companies?

The Chair: Unfortunately, that's our five minutes.

Maybe you can get back to us as you commonly do, Mr. Giroux, on that question.

We have Mrs. Kusie for five minutes, and then Ms. Thompson for five.

Mrs. Stephanie Kusie: Thank you, Chair.

Monsieur Giroux, I'm wondering if you could tell the committee the amount of carbon tax collected for GST and HST. Would you have that number with you, the revenue that is received from GST and HST that is the carbon tax?

Mr. Yves Giroux: I can certainly get back to the committee with that information.

Mrs. Stephanie Kusie: Okay, thank you.

You talked about open government, but you also stated in your “Issues for Parliamentarians” report that you recommend that Parliament consider adopting a new legislative or administrative framework to improve transparency and comprehensibility for parliamentarians and the public.

What are your primary concerns with the current policies?

Mr. Yves Giroux: My main concerns relate to the fact that, for parliamentarians and Canadians who have an interest in budget making, the main estimates are tabled before the budget, so the mains do not include any budgetary initiatives. You're asked as parliamentarians to review the main estimates and approve them. Then the budget comes along with new initiatives in the budget that are not in the mains, so it's a bit confusing.

Here we are on May 8. The budget was tabled at the end of March, but nowhere in the main estimates are budget items, so these will find their way into supplementary estimates (A), (B) or maybe even (C). It makes it very difficult for parliamentarians to figure out where the budget initiatives are in these appropriation bills that you are asked to approve. That is my main concern.

Similarly, departmental plans do not include any of the budget initiatives. You have these instruments, these pieces of information, that don't include budget initiatives, so it's a bit confusing, to say the least, for anybody—even people who are very studious and try to make sense of all these documents—to follow the money and follow it appropriately.

• (1700)

Mrs. Stephanie Kusie: Why do you think the current framework exists, if there are so many challenges in interpreting it?

Mr. Yves Giroux: It serves a couple of people very well. The current timeline for tabling the budget gives a lot of flexibility to the government and to the Minister of Finance to table a budget when they are ready and when it suits them, whereas a fixed tabling date for a budget or a shorter window, an earlier window, would force the government to table its budget at a time that may not be convenient or at a time when there are still lots of unknowns when it comes to the specific decisions that the government has not yet made.

Mrs. Stephanie Kusie: In the 2022 fall economic statement, the government put aside \$8.5 billion in additional spending over 2022-23 to 2027-28 for any anticipated near-term pressures. I think you addressed this a little bit in one of my previous rounds. What pressures do you or the government expect to materialize in the near term?

Mr. Yves Giroux: I can't speak for the government. We asked what these items were for, and we were referred back to the explanation in the fall economic statement.

It could be a number of things. It could be pressures to spend more on health care. Maybe that was what they were referring to. It could also be additional spending on national defence issues. It could also be assistance to Volkswagen. They were in discussions with the company, and they knew that it was going to be somewhat expensive, so they set aside some money. It can be a number of things, but without having the details, it's very difficult to determine

exactly what it was and whether some of these pressures have, indeed, materialized or have gone away.

Mrs. Stephanie Kusie: The government plans to realign previously announced spending. Are the details of that reallocation included in the budget?

Mr. Yves Giroux: There were no details except for the 15% reduction in consulting services and travel. There were no details, not yet at least, in the budget that I am aware of. We have asked that question, and we were not successful in getting more information than what was in the budget.

Mrs. Stephanie Kusie: Are you—

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

Mrs. Stephanie Kusie: Thank you very much. My apologies, I thought I had more time.

The Chair: Ms. Thompson, you have the floor.

Ms. Joanne Thompson: Thank you.

I'll just go back for a moment to the data piece around the federal spending on health care, to draw a link to the benefit of data, across the country, with which we are able to evaluate, first of all, how funding's allocated. For the first time, I understand, we're going to be able to ensure that mental health funding, for example, ends up in mental health services, primary health care and so on, to long-term care. It's also about the evaluation of the impact to health or health delivery.

We've also heard in this committee, through the outsourcing study, about the transformational work that is happening through many of those contracts around digitalizing government and about the obvious reality of what that's going to mean for service delivery. What does that strong data metric—the ability to do that analysis—mean for your reports?

• (1705)

Mr. Yves Giroux: I think it means that we are better able to provide analysis and information to parliamentarians that is impartial and also non-partisan. That's the usefulness of that type of data. It's essential.

Ms. Joanne Thompson: Thank you. I agree. I'm very much a data person.

I want to reference the automatic tax filing that was in the budget. For me, that was a real celebration. Again, it goes back to my work with people who really struggled to receive government supports because they had not filed income tax.

Do you see the PBO bringing a report to government on the impact of that service for persons on benefits?

Mr. Yves Giroux: That is certainly something that we could look at if there was a specific question or questions that this committee or another committee wanted us to look at when it comes to the benefits of auto-filing. I think the CRA itself would be in a very good position to do that. It can sometimes be a bit delicate for us to request and handle specific tax information. I don't see any big reason why the CRA itself would not be more than happy to provide that type of information.

Ms. Joanne Thompson: Thank you.

I certainly see that as the ability to link people to government supports who are otherwise not able to. There's the benefit to that in terms of cost savings. Obviously, we know that people entered the system in other, more expensive ways, generally through emergency supports.

I want to link back to the Canada health transfers. How will jurisdictions with older, less healthy populations in rural and remote areas fare compared to younger and more urban jurisdictions in terms of the transfers? Is there a precedent for transferring funds to provinces that's not just on a per capita basis?

Mr. Yves Giroux: It's quite well known that younger populations are less demanding on the health care system. To put it otherwise, they cost the public health care system less. As we get older, we tend to cost more in terms of health care services. Provinces or regions with an older population tend to have greater public health care needs. Urban populations that are younger have different challenges, but generally speaking, they tend to need less in terms of health care expenditures.

The Canada health transfer is a per capita transfer that is equal. It does not take into account the differences in demographics across provinces. Provinces receive the same amount per capita, be they older or younger on average. It does not take into consideration the differences in the composition of populations.

Ms. Joanne Thompson: On a very personal note, in my province we introduced a health accord that really looks at health outcomes across the continuum of determinants of health. I'm very hopeful that the data management piece is going to show the impact of housing, access to mental health services, transportation, etc., on health outcomes. I'm excited about that.

The last time you were here, you said—

The Chair: That's your time, unless it will be really brief.

Ms. Joanne Thompson: No, I'll pass. Thank you.

The Chair: Thanks very much.

Colleagues, if you don't mind, I have a couple of questions for the PBO, and then we'll wrap up. I just have some housekeeping items on some budget stuff.

Mr. Giroux, thank you for bringing up the fixed budget dates. I recall that it was a recommendation from two previous OGGO reports on the estimates, and something I'll continue to push for as well. Thanks for bringing that up.

I just want to ask you this quickly. Mrs. Kusie brought up the issue around inflation and housing. I'm wondering if the PBO has looked into the effects of money laundering and the price of housing. Have you looked into that, or is that something you could look into for us?

Mr. Yves Giroux: It's not something we have looked at, because data would probably be quite difficult to obtain on money laundering. I'm not sure if there is a government agency that has solid data on money laundering. If they do, I hope they do something against it. It's something that might be doable. It might be very difficult to do, depending on the quality of data that is available, if there's anything available at all.

• (1710)

The Chair: If that's something you could do, maybe you could get back to us, if that's a doable thing for you.

Mr. Yves Giroux: Okay.

The Chair: It looks like the government settled with most of the public sector unions. I'm not going to say that there have been wildly inflated numbers, but there have been numbers from one extreme to the other on the cost. Would you be able to provide to us what the costs will be from the changes? Then, is there such a thing as an all-in cost currently for the average FTE for the public service? Is that something you could provide to us? I've seen, again, some wildly exaggerated claims on both sides, so I'm wondering if we could clear the air, so to speak, and get an actual number.

Are we fine with having that reported to us, colleagues?

Some hon. members: Agreed.

Mr. Yves Giroux: Okay.

The Chair: That's wonderful.

That is all I had, except to pass on my sincere thanks.

About a month ago, OGGO passed a motion requiring witnesses to get back to us within three weeks of all requests. You're the very first ones we've had to put this threat across to, even though I know you were planning on doing it anyway.

I want to thank you sincerely for everything you continue to do for us. I will dismiss the three of you.

Colleagues, just really quickly, we need to approve the budget for the estimates. That's the usual providing of headsets, even though I don't think we'll need to.

Can we adopt the proposed budget, in the amount of \$1,500, for the study of the subject matter of the main estimates 2023-24?

Some hon. members: Agreed.

The Chair: Thank you, colleagues.

Then we have a request from the Auditor General. She is doing a study on the McKinsey contracts. She has asked for her and her named staff to have access to the McKinsey docs we have so far. She needs permission from us to grant her that access. I assume we will; otherwise, it's going to cost a lot of money for her to re-access that stuff.

Are we in agreement, colleagues?

Some hon. members: Agreed.

The Chair: That's wonderful.

On Wednesday, we have three departments with us: PCO, the Transportation Safety Board and Defence Construction. We had two sets of meetings booked to bring in the various departments about the redacted documents. That's also set for Wednesday, so 4:30 p.m. to 6:30 p.m., and then 6:30 p.m. to 8:30 p.m., although I'm hearing that, because of resources, there is a chance that the second part, 6:30 p.m. to 8:30 p.m., may not happen. We will know tomorrow. I'm told there's a strong chance that we may lose the second part, but I'll let everyone know tomorrow.

Go ahead, Mr. Jowhari.

Mr. Majid Jowhari: Thank you, Mr. Chair. Thank you for the opportunity.

I just want to make sure that it's on the record that the Liberal team has raised a concern about two back-to-back meetings and the fact that last Wednesday's meeting got cancelled without any notice and without consultation. We also noticed that the meeting for this Wednesday has also been scheduled without any notice or consultation.

I've communicated that to you. I just wanted to make sure that it's also on the record.

Thank you.

The Chair: Sure. For these two meetings, there will probably be a very last-minute notice, to be honest, because it's very difficult to get the resources. For example, the clerk and I were discussing on Friday that we got resources for Friday night. The notice is so last-minute.

I apologize, but these extra meetings will have a last-minute notice. It will be one or two days' notice. We'll provide as much notice as possible.

I'm trying to get resources for next Tuesday, but I can't promise anything, because it's given and then it's taken away. I understand.

The comments we got back were that we would go ahead with the meetings and leave it to us to try to figure out a time. Is there a real opposition to having them back to back? We chose back-to-back because that was just the only time we had available. If that's not a preference, we'll try not to, but right now we're just basing it... We're trying not to do Friday evening, but we'll take what's given to us.

• (1715)

Mr. Majid Jowhari: Thank you.

Having consulted with the team on the Liberal side, there is definitely a preference not to have it back to back.

Thank you, sir.

The Chair: We will take that.

Go ahead, Mr. Johns.

Mr. Gord Johns: There is definitely a preference from our side not to have it on Friday night. A lot of us already have events planned in our communities and ridings.

The Chair: Mr. Johns is proposing Saturday morning, it appears.

Some hon. members: Oh, oh!

The Chair: No, we're trying not to do it Friday night, or even Thursday night. We recognize that it's difficult in terms of travel times, especially for people like Mr. Johns and Ms. Thompson.

I don't want to say that it's getting imposed upon us and we're getting scraps, but there are so few resources. This is what is available. At the same time, the poor clerk has to run out and try to find the nine departments to get them to agree. A lot is out of our control, but I will take what I'm hearing and we'll try to work around it as best we can.

If there's nothing else, colleagues, we are adjourned.

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