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# **Standing Committee on Government Operations and Estimates**

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**EVIDENCE**

**Monday, June 20, 2011**

**Chair**

**Mr. Pat Martin**



## Standing Committee on Government Operations and Estimates

Monday, June 20, 2011

• (1630)

[English]

**The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)):** I call to order the fifth meeting of the government operations committee in the 41st Parliament.

We're very pleased to have attending before us, to defend the main estimates of the Treasury Board, the President of the Treasury Board, the Honourable Tony Clement.

Minister, you might want to introduce the other officials you brought with you.

Thank you for being here.

**Hon. Tony Clement (President of the Treasury Board):** I will do that in the course of my remarks.

Thank you for the opportunity to be here today. Let me thank you, through you to the members of the committee, for the invitation.

I'm pleased to be here to discuss the 2011-12 main estimates and the supplementary estimates (A). As you know, strong fiscal management is one of our government's top priorities.

I'm presuming I can go right into my remarks, if that's all right. Then we'll carry on.

**The Chair:** Absolutely.

**Hon. Tony Clement:** By staying focused on balancing the budget and reducing the debt, we aim to keep taxes low and promote long-term economic growth.

[Translation]

We want to ensure Canada continues to be a place where people invest their money and grow their businesses. We want to ensure Canada will offer Canadians opportunities to work and contribute to their communities. These are the objectives driving us. And despite the large injection of stimulus funding we made over the past two years, I am pleased to say we are on track to balancing the books by 2014-15, a year ahead of the plan outlined in March.

[English]

Our government's commitment to this goal is clear in the responsible spending plans set out in the 2011-12 main estimates and supplementary estimates (A). The main estimates currently total \$250.8 billion in expenditures for operating and capital costs, transfer payments, and the public debt charge. This represents a reduction of \$10.4 billion in planned spending from the 2010-11 main estimates.

Also in the main estimates, program and operating votes are down by about \$720 million, or 1.5%, from the 2010-11 main estimates. This amount is accounted for mainly by the winding down of the infrastructure initiatives we had under the economic action plan. The reductions also include a \$3.4-billion decrease in planned statutory spending on interest and other costs.

Also shown in the main estimates is a \$1.1-billion decrease resulting from the implementation of the harmonized sales tax.

The 2011-12 main estimates are in line with decisions from budget 2010 and previous budgets. Budget 2010 outlined our three-point plan to balance the budget. The first part of that plan is the winding down of the stimulus. The second part includes a number of measures to ensure the government lives within its means.

These include a freeze on the operating budgets of departments, and many other measures to restrain the growth of spending. But they do allow for some flexibility to implement budget priorities, among other things, and to accommodate cost pressures related to essential services.

[Translation]

Essentially, we have taken the same approach to balancing the books as Canadian families have. They have looked at their expenses and set priorities. They expect their government to do the same, and that's what we have been doing to great effect.

[English]

The third part of our government's plan to balance the budget includes continuing the strategic reviews on all of our program spending. This process requires departments to assess whether programs are achieving their intended results, are effectively managed, and are appropriately aligned with the priorities of Canadians and with federal responsibilities.

In 2010, the last year of the first four years of strategic reviews, 13 organizations were involved. They identified savings of more than \$500 million annually. Together with measures to restrain the growth of national defence spending, this first cycle of strategic reviews resulted in \$11 billion in savings over seven years, and more than \$2.8 billion in ongoing savings.

Eliminating the deficit will also require new actions planned in the most recent budget, including the strategic and operating review. This process will involve the efficiency and effectiveness of government operations and programs in order to ensure ongoing value for Canadians. We will put about \$80 billion of direct program spending under the microscope. The goal is to find at least \$4 billion in ongoing annual savings by 2014-15. Every organization will be asked to develop two scenarios: one representing a 5% reduction, and one representing a 10% reduction in their spending. Unlike strategic review, the spending base will include all operating expenditures, including wages, salaries, and professional service contracts, for example, as well as grants and contributions, capital, and payments to crown corporations. Indeed, about two-thirds of the review base is represented by operating expenses. With this approach, we are taking a page from the private sector, which regularly conducts operational reviews to find areas for cost savings and productivity gains.

This is the first time in 15 years the government has conducted a review of the scope, and we believe that challenging times like these can also be opportunities to look critically at the programs and services we provide, their relevance, and how best to deliver them.

Let me also take a moment to describe the highlights of supplementary estimates (A), both government-wide and TBS-specific. Supplementary estimates (A) are part of the normal parliamentary approval process to ensure that previously planned government initiatives receive the necessary funding to move forward.

• (1635)

[Translation]

Specifically, the government-wide Supplementary Estimates (A) support the request for Parliament's approval of \$2 billion in expenditures in 19 organizations. This amount is within the spending level specified in Budget 2010. In the Treasury Board Secretariat Supplementary Estimates (A), we are seeking \$1.3 billion. This amount results from the Secretariat's role in funding a cash-out of severance pay for public service employees. This is happening in accordance with the collective agreement for three occupational groups, signed on March 1.

[English]

All these measures are part of the government's larger commitment to the prudent management of taxpayer dollars.

Mr. Chair, I'm proud of the government's economic record and its plan to ensure Canada remains at the forefront of economic growth and job creation. These main estimates and supplementary estimates (A) show the government is on track to implement its freeze on operating budgets.

As I mentioned earlier, program and operating votes are down by about \$720 million from the year before. Also, if you compare spending in the estimates tabled to date for 2011-12 to total spending put before Parliament for 2010-11, you actually see a \$2.7 billion decrease, excluding transfer payments and public debt.

Mr. Chair, we are also committed to improving the accountability and transparency in reporting to Parliament, and have been so for some time. For example, there are changes to the format of the 2011-

12 main estimates. Part I now includes the trend of the budgetary main estimates accounts for the last ten years. In part II, for each department and agency we have added a brief description of the mandate or purpose of the department and the department's explanation of the major reasons for a material change in requirements from the previous year.

This change to the format of the main estimates is on top of improvements we have made over the past decade to supplementary estimates documents. These include a listing and description of horizontal initiatives requesting funding through supplementary estimates, and that means initiatives involving two or more organizations; an expanded introduction that includes descriptions of the largest dollar-value items; and summaries of authorities by ministry.

In addition to my responsibilities as President of the Treasury Board, I am also the minister responsible for FedNor, the Government of Canada's economic development organization serving northern Ontario. It's a position I've held proudly since 2006. In this regard, I'm joined today by Industry Canada's assistant deputy minister for regional operations, Mitch Davies, and at the back, FedNor's director general, Aime Dimatteo, should be around here somewhere, I hope.

Since April 2006, FedNor has invested more than \$263 million in over 1,240 projects to benefit northern Ontario's economy. Our goal is to ensure that these investments and projects are having a positive impact on the economy of northern Ontario communities.

I was pleased to see that budget 2011 included a further commitment to northern Ontario of \$4 million over three years to establish a cyclotron laboratory in Thunder Bay. This investment, through FedNor, will help create medical isotopes for early detection of cancer cells. The Government of Canada is pleased to support the Thunder Bay Regional Research Institute as it continues to develop new leading-edge technologies and products in medical science and research that will benefit the world.

Starting this August, we'll be taking another step to improve accountability and transparency in reporting to Parliament. We will require federal departments and crown corporations to prepare quarterly financial reports and to make them public. This will allow each department to provide a window into its own financial situation on a quarterly basis and give parliamentarians and Canadians enhanced information on government spending. It will facilitate timely oversight by parliamentarians of government expenditures and it will complement other information currently provided by the government, such as departmental performance reports and the annual public accounts of Canada.

I'm joined by the Secretary of the Treasury Board, Michelle d'Auray, and by other officials here, Bill Matthews and Christine Walker, and I previously introduced Mitch. At this point we are certainly here to take your questions.

Thank you, Chair.

• (1640)

**The Chair:** Thank you very much, Minister.

Our order of questioning is that the first round goes to the official opposition, the NDP, and it will be Alexandre Boulerice.

[Translation]

**Mr. Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP):** Thank you, Mr. Chair.

I would also like to thank the President of the Treasury Board for spending some time with us today.

The Auditor General, the Parliamentary Budget Officer and other agencies have recently and in the past few years stressed that the process for reviewing estimates was still and had always been a problem. You might say that every year there's a new way of counting money. As part of the budget, it's difficult to compare the main expenditures from one year over another, even for the Main Estimates. We are always told that it's in the supplementary estimates where we'll see the difference. But it's difficult to have an overall view and compare apples to apples. It's more like we're comparing apples to oranges. It's difficult to retrace the money, check whether it really was spent and where, if necessary, and if it was spent wisely.

You've been in possession of the Auditor General's findings for several months now. She recommended that the way the estimates are written be changed to make them clearer and more uniform so that we can do our job as parliamentarians properly.

I would like begin by finding out what measures you took in the wake of the Auditor General's recommendations in that respect.

**Hon. Tony Clement:** As I said two weeks ago, we thank the Auditor General for her 10 years of service to Canadians.

The first chapter contains a recommendation to the Treasury Board Secretariat to review the reporting practices so that Parliament is better informed of the total costs of interdepartmental measures.

In accordance with the Auditor General's recommendation, I asked my colleagues to review the government's reporting practices in order to establish greater clarity when it comes to the horizontal initiatives, for example.

[English]

It's important to understand that these procedures have been around for 99 years, I'm told. The roll-up procedure, for instance, that was used to report the G-8 legacy fund used a process that has been around for nearly a hundred years. That's not to excuse, but to inform you as to why a particular process was used at the time by the minister of infrastructure.

Minister Baird and I have concluded, quite rightly, that the Auditor General was correct, that this procedure in these kinds of circumstances does not meet our test, our high standards for being transparent to Parliament. The Auditor General has indicated that

this was not a deliberate malicious act by myself or by Minister Baird, but there was room for improvement. We have taken that to heart and I have given, as I mentioned, instructions to the secretary that we will come up with a new procedure for similar situations so that there can be a greater transparency and accountability to Parliament.

[Translation]

**Mr. Alexandre Boulerice:** Thank you very much.

You addressed the matter yourself. As for the G8 Infrastructure Fund, you said in the media that it had been developed from the innovation or creativity—if I remember correctly, it was in English—of six of the region's mayors. I really want to highlight the poetry of the expression.

Were the decisions really made in consultation with six mayors or only with the mayor of Huntsville, the director general of Deerhurst Resort?

Mr. Minister, can you tell us how many times you met and if you kept files, notes from those meetings, from those discussions you had and about the criteria you used to choose the 32 projects that were selected? If those notes exist, are you willing to submit them to this committee?

• (1645)

**Hon. Tony Clement:** As the Auditor General said and wrote, every dollar was spent based on the priorities indicated by the municipalities, and we accounted for every amount spent.

[English]

That's an important aspect of this report. There has been no misallocation of funds. There has been no misappropriation of funds.

Having said that, as I said, there's no mystery here. When the G-8 fund was announced, there were quite a few.... I have 16 municipalities. North Bay also had their airport that needed some funding to be ready for the G-8 as we knew it at the time.

As a result of this process, there were over 242 projects that were arrived at to potentially be funded. I went to my mayors, not only the six. I went to all 16 municipalities. Six mayors were represented on a committee where we would convey information to them and they would convey information to us, but I went to all the mayors and said there was no way the Government of Canada would fund 242 projects and told them to get that out of their heads right then. I asked them to give us the best projects they had that conformed to the terms and conditions of the G-8 legacy fund. Those were the ones that we could at least consider for the fund.

So there's no mystery. I know MPs always consult with their mayors about which projects fit the terms and conditions of various infrastructure projects. So they said they agreed that 242 was too much and they suggested 32 or 33, which they conveyed to me, that conform to the terms and conditions that were set out by the Government of Canada. I conveyed them to the department and to the minister of infrastructure, Minister Baird at the time, and that's how that process went.

The Auditor General has said that she would like to have seen more paperwork at the front end of that, and you know what? Looking back on it, I understand her concern. The good news for taxpayers is that at the middle and back end of this process there were contribution agreements signed. There were terms and conditions that were met and verified, and not a penny was spent in a way that was not consistent with the contribution agreements and the terms and conditions.

**The Chair:** We're well over the five minutes allocated to the NDP.

Just before I hand it over to Mr. Jacques Gourde, there was a call for the production of papers, I believe I understood, from the NDP member, asking for the production of criteria and evaluation documentation at the front end that you spoke about. Are you willing to table those documents with this committee?

**Hon. Tony Clement:** Certainly the terms and conditions are a matter of public record.

I should say to our new parliamentarians that I was quite open about decisions that were made by the Government of Canada when it came to these legacy fund projects. So we can certainly share with you the terms and conditions—absolutely.

**The Chair:** I think he asked for the evaluation criteria.

[Translation]

**Mr. Alexandre Boulerice:** The notes from the meetings.

[English]

**The Chair:** They would include the notes from meetings, etc., in the evaluation process.

**Hon. Tony Clement:** As I said, each project was required to meet the terms and conditions, and I can share those terms and conditions with the table, for sure.

**The Chair:** Whatever documents you can provide would be appreciated.

Mr. Gourde.

[Translation]

**Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC):** Thank you, Mr. Chair. First, I would like to congratulate you on being appointed chair of this committee.

Second, I would like to thank the witnesses who are here and the minister for coming. We know that the ministers have very busy schedules. This is really a good opportunity for the committee members to be able welcome them.

Mr. Minister, my first question concerns the 2011-2012 Main Estimates. This budget is \$10.4 billion less than the 2010-2011 budget.

What supplementary investments are planned for the good of all Canadians during the fiscal year in question?

• (1650)

**Hon. Tony Clement:** Thank you for your question. The 2011-2012 Main Estimates show a decrease in certain investments because of the gradual decrease in initiatives in Canada's economic action plan, indeed, the ones that have helped stimulate our economy over the past two years. That was our goal.

Although the first phase of the economic action plan is drawing to a close, our government remains more determined than ever to respond to the priorities of Canadians. That's why, throughout the first phase, we consulted citizens through their provincial and territorial, and municipal governments to determine the priorities of the communities.

By the same token, we are in the process of implementing the second phase of the plan to continue stabilizing our economy, creating jobs and helping Canadians and their families in their efforts to improve their personal situation.

Our government will continue to invest public funds in a relevant, reasonable and responsible way as part of the second phase of the economic action plan. The Main Estimates show a net increase of \$317 million in funding that will come from Infrastructure Canada, for example, as part of the Building Canada Fund - Major Infrastructure Component, through which we will continue to create jobs across the country, as well as make relevant investments in our communities that will prove to be beneficial over the long term.

**Mr. Jacques Gourde:** Mr. Minister, could you please explain to the committee members how the 2011-2012 Main Estimates were improved, so that the parliamentarians can be better informed in that regard?

[English]

**Hon. Tony Clement:** We are obviously very committed to making things more open and transparent. I believe we've had a strong track record in this regard over the last five years plus. But I do recognize the need for more transparency to provide parliamentarians with more information, and we've incorporated a number of major changes to the presentation of the 2011-12 main estimates.

[Translation]

For example, part I of the Main Estimates now takes into account the trend concerning funding allocated as part of the budget in the past 10 years. So, parliamentarians will have data relating to a longer period of time when they assess our budgetary situation.

In part II, various aspects concerning the departments and agencies have been added, including a section on the mission, which provides a brief description of the mandate, the objective of the department or agency in question. So parliamentarians will also have more information about the departments and agencies. Furthermore, this section includes an explanation given by the department or agency in question about the main reasons for significant changes made to the requirements related to the previous fiscal year.

[English]

**The Chair:** Could you finish that thought, please?

[Translation]

**Hon. Tony Clement:** I'm done.

[English]

**The Chair:** Okay, we're all done. We're well over time. Thank you, Mr. Gourde.

Nicole Turmel for the NDP.

**Mrs. Nycole Turmel (Hull—Aylmer, NDP):** Thank you, Mr. Chair.

I have a few comments and questions for the minister. This is interesting, hearing from you that the objective this year is to create jobs. It's also interesting to hear that you want to improve the lives of Canadians. When on the other side last week we raised questions about employment insurance in government, where the hourly pay will be decreased to \$10.25, and when we asked questions about the G-8, we never got the real answers. We see expenses made that should not have been made. At this point you said you will get \$4 billion per year back inside the government from attrition on top of that, and I want to relate that to improving the lives of Canadians, improving the jobs of government employees.

How can the employees inside the government trust what you are telling them, that it will be by attrition, when we don't have real answers to that? We need to know where the cuts will be. We need to know what will happen to them and which departments will be affected. On top of that, we saw 92 jobs that were announced will be lost, auditors' jobs, and their job is to review the contracts of government to make sure there is transparency, to make sure there is accountability. So how can we trust the information we get based on all the information from the G-8 and what happened today?

• (1655)

**Hon. Tony Clement:** Thank you for that.

Of course, Madame Turmel, you'll soon learn that there are always ways to improve, and governments are always looking for ways to be more accountable and more transparent—at least our government is. That's why we rely on the advice of the Auditor General. As I've said from the very beginning, you mentioned the Auditor General's report, and it was very clear that not a penny was misallocated or misappropriated. Every penny was accounted for, and that's the standard we set for ourselves, because Canadians set that standard for us. We're very conscious of that.

You mentioned the process going forward with the strategic and operating review. You asked some very specific questions. Of course we're not at the stage yet where any decisions have been made with respect to the strategic and operating review. There will be a whole process where we will be asking departments for their assistance and their collaboration as we move forward with the strategic and operating review. It would be premature for me to suggest any conclusions at this particular juncture.

We have mentioned, and we mentioned it during the election campaign, that we will be relying primarily on attrition to reduce the ranks of the public service. The advice I have received is that by and large, year upon year, attrition accounts for 11,000 employees who retire or resign or move on to another position in another part of our society and our economy. So that is a good base from which to start.

As I've emphasized to you at this committee, and as I've emphasized to Canadians, we are doing a whole review, though, of programs and spending and the operations of government among 67 departments and agencies. This is, as I said, the largest review that's been accomplished in 15 years. I dare say there will be some difficult choices that will have to be made, and we'll make them sensitively, but we'll make them in the public interest. That's our mandate, our strong mandate from the people of Canada.

**Mrs. Nycole Turmel:** So you are telling us that you know you will cut \$4 billion, but you still don't know where, and that you will ask those workers to do this for you. That's what you are telling us. What I'm seeing is a bit like what happened in Ontario, with Walkerton and the scandal about water. I'm worried that what you are doing without direction, without vision, will have an impact on employees, and that the impact will be even greater on Canadians and the services they are getting.

**Hon. Tony Clement:** I respect your previous role as a public sector union leader, but I wish to stress that you're putting words in my mouth right now.

We're at the start of a process. I think you would be more critical of us if I came to this committee saying that we were going to cut \$4 billion without consulting with anybody, and that all we could do is show you where the \$4 billion is going to be cut. That would be irresponsible and reckless. That is not how our government does things.

We're going through a collaborative exercise. We are asking departments to give us their best advice, within the bounds of our commitment to Canadians. That means not cutting transfer payments to individual Canadians, or to provinces and territories when it comes to health care and other social services. We made that clear during the election campaign. Out of an \$80-billion program spending budget, we think we can find \$4 billion, 5%, and we think we can do this without recklessly cutting services and programs that Canadians value.

• (1700)

**The Chair:** Thanks, Minister.

Andrew Saxton.

**Mr. Andrew Saxton (North Vancouver, CPC):** Thank you, Mr. Chair, and congratulations on your recent election to the chair of this committee. It's my honour to be here today to join you. I'd also like to thank our witnesses for being here today.

Minister, our government was elected in 2006, and since then FedNor has played a big role in expanding economic development opportunities in northern Ontario and in delivering on Canada's economic action plan.

Can you outline for the committee the significant contributions that FedNor has made to development in northern Ontario? Could you tell us how this year's budget and estimates further our economic development goals in northern Ontario?

**Hon. Tony Clement:** Thank you for the question. It's always nice to talk about another aspect of my responsibilities in the Government of Canada.

As the minister responsible for FedNor, I'm particularly proud that since 2006 there have been over 1,240 projects that benefit northern Ontario's economy. Northern Ontario is no different from other constituencies that are represented in Parliament. With the great recession there were job losses. Northern Ontario relies on forestry, mining, tourism, and certain amounts of manufacturing. All of those areas were hit by the great recession as it wended its way through the world economy.

I've tried to focus FedNor's responsibilities on helping to complete the economic recovery. We want to make sure that we help hard-working Canadian families and businesses in northern Ontario, and that every investment decision we make has a positive impact on the economy of northern Ontario. I was pleased to see that in budget 2011 we were able to add \$4 million to the FedNor budget—that's over a three-year period—to establish a cyclotron laboratory in Thunder Bay. That's a great research project. It will help create medical isotopes. We know how important medical isotopes are and how we've had some difficulty in that regard. This cyclotron will be able to create medical isotopes for early detection of cancer cells, which will be helpful to our constituents across the country.

**Mr. Andrew Saxton:** Thank you, Minister.

Would you explain how the capital fund deferral account helps departments save money so that we can further respect taxpayers' money?

**Hon. Tony Clement:** This particular deferral account is really dedicated to the proper management of capital assets and public funds. Over the last number of years, we have been obviously committed to infrastructure projects across the country and focusing those infrastructure projects in a way that is beneficial for the economy.

In the first place, over half a million jobs have been created. We know that through the economic action plan. We know that businesses have grown. We know that investment in our country has increased, and certainly we are now considered a primary positive economic force worldwide.

I think the higher mandate is also to make sure that we make smart decisions with taxpayer money. Obviously taxpayers value infrastructure projects that we have invested in. They have created jobs. But they want us to ensure that there are proper controls in place so that we can get the most value for the dollars that are spent. It certainly makes sense to us, especially in terms of infrastructure projects, to allow funds for capital projects to be carried over to the next fiscal year. It allows for projects to be completed over the course of a number of years, and it provides certainty of funding.

The Auditor General referred to this need for certainty in infrastructure funding way back in a 2006 report discussing the federal government expenditures management system, and we feel that this capital carry-over fund addresses that need for certainty and streamlines how government funds are used as well. I think that goes to a larger story about how we are looking at our strategic and operating review and what we're trying to do to eliminate the deficit.

● (1705)

**Mr. Andrew Saxton:** Could you explain how the improvements in the main estimates have helped make those estimates more transparent for Canadians? Perhaps your officials could expand on that as well.

**The Chair:** In about 30 seconds, I'm afraid.

**Hon. Tony Clement:** I can refer to my notes on that. Certainly we have added to the transparency in the reporting. We're always looking for ways to do so to a greater degree, and I'll certainly be reviewing that over the next little while as President of the Treasury Board.

That's all I can say in 30 seconds.

**The Chair:** Thank you.

John, with the Liberals, has been waiting for a turn.

**Hon. John McCallum (Markham—Unionville, Lib.):** Thank you, Mr. Chair, and thank you to our witnesses for being here.

I want to first try to review the facts briefly with regard to this legacy fund in a way that I hope is fair.

It's my understanding that in terms of the expenditure of money hundreds of kilometres from the borders it was designed for, this was not done maliciously, but in hindsight you think it was probably inappropriate and won't happen again.

With regard to the way in which the projects were chosen, it was basically a group of mayors and yourself, with little or no oversight at the bureaucratic level. All the money was accounted for, but with hindsight I think you agree that perhaps there should be more paperwork and oversight.

Is that a fair summary?

**Hon. Tony Clement:** Let me give you my iteration, which in some ways conforms.

**Hon. John McCallum:** Not too long, if you may, because I've questions arising from that. Is that basically fair, or in what way is it not fair?

**Hon. Tony Clement:** I'd put it in slightly different terms. Do you want to hear my different terms, or do you want to go on to your next question?

**Hon. John McCallum:** No, because I think we'll run out of time. You're perhaps not too far from me but slightly different. Okay.

I think you would understand that for many Canadians, given this past record, which I think you agree in hindsight you would not repeat, and now you are moving from that situation to become essentially the commander in chief of appropriate spending actions and accountability and all those good things, it's hardly surprising that some have likened you to the fox guarding the chicken coop or Dracula guarding the blood bank.

Given this sort of questionable background experience and coming to your new major role, would you at least say to Canadians that given these previous experiences of spending money designed for borders on something totally different, you will never do that again, and that if it were to happen again under your watch, you would resign? Would you commit to that?

**Hon. Tony Clement:** Let me say a couple of things.

First of all, I think we've acknowledged that the Auditor General in this particular chapter made one and only one recommendation. Her recommendation was that in circumstances where you roll up funds into a larger fund and that decreases the transparency, don't do that. She has a very good point. I would say again for the record that this was a procedure that had been used by Liberal governments and by Conservative governments for 99 years in dealing with rolling up expenditures in certain larger funds, but I think in 2011 we have to do better than that. Just because it was done in 1912 doesn't mean we do it in 2011.



So, yes, I think we do have to change those things.

**Hon. John McCallum:** You are committing that you won't do it like that in the future.

**Hon. Tony Clement:** That's right.

**Hon. John McCallum:** And that's an unequivocal commitment on your part.

**Hon. Tony Clement:** In like situations, we would do something that is more transparent, absolutely.

**Hon. John McCallum:** Let me change the subject.

You have spoken about your commitment to greater accountability and, in the throne speech, to greater openness. I'm talking about this hacking into the Treasury Board and finance department computer systems. I understand this happened five months ago, or for five months many of your employees have not been able to access their computers.

This strikes me as a very serious matter, and CBC reported that the cost of fixing it could be as much as a billion dollars. I have no idea whether that's true, but it seems to me you have said very little or nothing about this situation. The parliamentary secretary to the Prime Minister was on a TV show with me recently, and he could not commit to Canadians that their data was secure, whether it's health information, tax information, or whatever their private data. I think that's an extremely important matter for a government in 2011, and I think we have heard very little from you.

What can you tell Canadians about the safety of their private data, what you are doing to fix the situation, and how long this will take? We're out here knowing nothing about what is going on, and I do not think that is acceptable.

• (1710)

**Hon. Tony Clement:** I'm going to pass this over to the secretary, if you don't mind. I do take this very seriously; I want to state that for the record. But she obviously has a little bit more depth in this, because she was here before I got here.

**The Chair:** You have less than one minute, Madame d'Auray.

**Ms. Michelle d'Auray (Secretary of the Treasury Board of Canada, Treasury Board Secretariat):** Thank you, Mr. Chair.

On the issue of cyber security, we have in fact strengthened our networks across the government. There have been some funds allocated by the government to enhance our capacity and our security posture.

With regard to the secretariat, we have in fact had a fairly significant data migration plan, and I think we can ensure the security of data that is held by the Government of Canada for Canadians. We take this extremely seriously and we take all the steps necessary in order to ensure that the data is held and held securely.

**Hon. John McCallum:** This is exactly—

**The Chair:** Actually, John, I'm afraid you're well over time. Your five minutes is up.

Next is Scott Armstrong.

**Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC):** Thank you, Minister, for being here with us today.

As the only representative of Atlantic Canada on this committee, I'm going to ask a question that relates to my region. You're very familiar with the Atlantic region, obviously. You've made many trips out there and you're always well received. And we're very confident in your new position as President of the Treasury Board that you have a firm understanding of the economy and how our region works.

Budget 2011 affirms our commitment to forgiving the debt of the Saint John Harbour Bridge. It also includes funding for refurbishing the bridge. Can you speak to the importance of this project and other similar projects across the country?

**Hon. Tony Clement:** Thank you for the question.

Of course the context of this question is part of an overarching plan that we do have to keep creating jobs, making sure that stimulus is targeted to help regions that need some help, supporting our hard-working Canadians and their families. One of the projects where we felt we could make a meaningful investment is the Saint John Harbour Bridge, and that shows an understanding of the regional economy and how we can make a meaningful investment in a community and help steady the economic situation.

So we have committed to forgiving the debt of the bridge as well as providing the funds necessary for the refurbishment of that bridge. It's conditional on the removal of toll fees and it's transferred to the province. We really believe that this is part of an overarching strategy relating to the Atlantic gateway. Obviously we can see this region reaching out to the rest of the world in terms of increased trade links and economic activity, not only of a national scale but of an international scale, and by eliminating the large toll fees that could hamper business and productivity, we think we're certainly part of the solution.

**Mr. Scott Armstrong:** Great. Thank you.

Going back to the strategic review on a broader basis, we've set the commitment of reducing our expenditures by \$4 billion out of an \$80 billion budget. When you compare the strategy we put in place to do this to what was done in the previous recession in the nineties, where we saw the federal government slash transfers to health care, slash transfers to education, and download other things on the provinces—sort of balancing the budgets on the backs of the provinces—do you think we can do this particular operation and reach those targets through attrition for the most part and maybe sunseting of some programs? What's your confidence level that this is going to be a successful operation?

**Hon. Tony Clement:** I have a high degree of confidence. I think you said it in the right context. The budget of the Government of Canada this year is \$250.8 billion. A lot of that is transfers to individuals, such as EI, or transfers to provinces for things like health care and social services. None of that is being touched.

So you're left with our direct programs that do not involve transfers to individuals or to provinces. You're left with \$80 billion out of the \$250.8 billion. We're asking for 5%. Four billion represents 5%, and we believe that we can find it, that there are programs that have either outlived their usefulness or are not seen as essential to Canadians, or that the way government does things—how we operate, how we deliver certain services—can be modernized, and that in itself will actually realize some savings.

So it's a combination of a number of different things, but when added together we believe we can get to that \$4 billion goal.

**Mr. Scott Armstrong:** My last question relates to national defence, because the Department of National Defence is part of the strategic review. As we heard from Minister MacKay last week, it has a very large budget.

As you know, Atlantic Canada depends heavily on the Department of National Defence for a lot of our employment. A huge percentage of our population actually works for the Department of National Defence, compared to other regions of the country. Can you give us any assurances that the cuts that have to be made in the Department of National Defence will take that into account, that they won't severely, disproportionately affect Atlantic Canada?

• (1715)

**Hon. Tony Clement:** I'm really conscious of the fact that there is a lot of excellent work that is being done by the public service in the regions as well as here in the Ottawa area, and obviously one always has to balance out and make sure we have the appropriate balance in terms of our review.

The other thing we've been very clear on is that the Canada First defence strategy, which was first articulated by our government in the previous Parliament or maybe two Parliaments ago now, is critical to our defence of sovereignty in the north Arctic, to our projection of military capability in defence of our values and interests and in concert with our allies, and those are pretty elemental to our work as a government on behalf of the people of Canada.

**Mr. Scott Armstrong:** Thank you.

**The Chair:** Thank you.

Minister, thank you.

Alexandre Boulerice.

[Translation]

**Mr. Alexandre Boulerice:** Mr. Minister, allow me to go back to the G8 Infrastructure Fund. In these brief comments I will be making, I have to ask you first why no senior public servants were involved with you in choosing the projects for approval.

It is difficult to feel that you acted responsibly in this matter since only elected officials were involved with you. There were no senior public servants, no one representing the State. If I am not mistaken, there are no notes. So you cannot provide us with any notes, any minutes. It is a kind of black hole. You made decisions, but there is no record at all of the discussions that you had among yourselves.

Why were there no officials, no senior public servants, with you when you met?

Then you say that money to be spent on sidewalks was actually spent on them. That is not a satisfactory answer simply because the money was supposed to be for easing traffic congestion on the border. No way was it for sidewalks 300 kilometres away from the border or for fixing a town clock! Why was \$250,000 spent on signs for hiking trails, parks and facilities in Muskoka? How does that reduce traffic congestion on the border? Parliamentarians were hoodwinked over this; money was not spent where they approved it to be spent.

Why were senior officials nowhere to be found and why was money used for things that had nothing to do with the uses approved by Parliament?

[English]

**Hon. Tony Clement:** You know, you're absolutely wrong, I must say. To suggest that money was diverted from the border infrastructure fund for the G-8 legacy fund is factually incorrect. It's just not true. The funding was allocated in the budget. It was put in the border infrastructure fund for the purposes of presentation to Parliament. That was a decision that was made by the minister of infrastructure at the time. He has indicated that he realizes, in retrospect, that was not the most transparent way, but the fact of the matter is everyone knew that there was a G-8 legacy fund because I kept announcing via press conferences and ground-breakings that the funds were being used.

So it's a bit precious to say that no one knew what was happening. Having said that, there was no diversion of money from the border infrastructure fund to Muskoka. That's just a falsehood, and I refuse to let it stand.

**The Chair:** There are two and a half minutes left in the NDP's round.

[Translation]

**Mr. Denis Blanchette (Louis-Hébert, NDP):** Good afternoon, Mr. Minister.

We see in the estimates that funds have been allocated for retirement allowances for employees. You announced that this would be done mostly by attrition—and you chose your words carefully.

Here is what I would like to find out from you. What are your goals for cutting full-time jobs in the public service? What is the rate at which jobs in the public service will be replaced? Also, if it is being done mostly by attrition, could you tell me about the rest? How do you want to do that?

**Hon. Tony Clement:** That is difficult to say right here and right now.

Of course, there will be a process that will consider the budget of each department and agency. There will be a process to decide if there is a reason to reduce the number of employees in each set of circumstances.

It is not for me to say, at this very moment, how many jobs will be affected and where job reductions will take place. That is impossible to say right now. But there will certainly be a process and discussions with each department in order to arrive at that decision.

• (1720)

**Mr. Denis Blanchette:** I was not looking for specifics for any department in particular, Mr. Minister; it was more about approaches and intentions.

In order to establish budgets, you have to have targets in mind. If you have targets, it follows that you already have figures.

**Hon. Tony Clement:** My goal is for most of the job reductions to be made through attrition. As for how many jobs will be affected, I cannot tell you that at the moment. There will certainly be other occasions in the future to have that conversation at this committee.

**Mr. Denis Blanchette:** Do I have any time left?

[English]

**The Chair:** No, virtually none, Denis. Sorry.

Bernard Trottier.

**Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC):** Minister Clement, thank you for coming in, as well as the officials.

I want to ask you a question about the Governor General's special warrants. Since the end of the fiscal year, the government has been operating on special warrants. Could you explain how they work and what the impact is on the 2011-2012 estimates of operating in that fashion?

**Hon. Tony Clement:** I remember signing some as Minister of Industry during that period, but I'm going to leave it up to the secretary to explain the process more fully.

**Ms. Michelle d'Auray:** Thank you, Minister.

The Governor General's special warrants are used and applied only when Parliament is dissolved for the purpose of an election and supply or appropriations have not been voted. They have to be used or they have to be put forward if there is a requirement or an obligation on the part of the government in the public interest, and a minister has to attest to the fact that they are, indeed, required.

So there were two warrant periods because the Parliament dissolved before the last period of supply could be addressed before the end of March. The first warrant period was from April 1 and then the second was from May 16. That took us for a total of 90 days. That basically covered the requirements for the government to continue to operate.

The ongoing operations of government are deemed to be a requirement or an essential activity of government to keep the government functioning during an electoral period. When these amounts are put forward to the Governor General—that's why they are called the Governor General's special warrants—and they are based on the attestation of ministers that these are required, these funds are deemed to have been allocated, provided to organizations for that period for the fiscal year. They are then subtracted from the amounts that are put forward in the appropriations bill. So while they may be included in the information or the expenditures and the allocations included in the main estimates, when the appropriations bill is tabled before Parliament, they would be net of the amounts that had been already included in the warrants. So that's how we manage during a period when supply or appropriations are not provided.

**Mr. Bernard Trottier:** Does that mean then that some of the improvements that we were trying to implement prior to the unnecessary election being called...? Does that mean we're behind schedule in terms of implementing some of our improvements?

**Ms. Michelle d'Auray:** In terms of the improvements to the...?

**Mr. Bernard Trottier:** I meant compared to the plans we had in place prior to the election being called, with the postponement to some of the improvements we're looking at across various departments.

**Hon. Tony Clement:** I can maybe jump in here and say that in some cases, because we had a hiatus—which is important for

democracy, and I'm not belittling that by any stretch—definitely when you look at some of the projects we had committed to.... I will speak as a former industry minister and tell you that, for instance, we had committed to a digital economy strategy for spring. Well, that has been knocked off its schedule just because we had, really, a two-and-a-half-month period of electioneering plus the reconstitution of the government.

In terms of essential services, I would say the answer is no, because that's the way warrants work. They are there for essential services provided by government, but in terms of government agenda, we are working very hard to get back on to the government agenda that was enunciated in budget 2011 part one and was re-enunciated in budget 2011 part two.

• (1725)

**Mr. Bernard Trottier:** Thank you. Those are all the questions I have for now.

**The Chair:** Thank you, Mr. Trottier.

I believe Alexandre will start the NDP's round.

[Translation]

**Mr. Alexandre Boulerice:** Mr. Minister, a few minutes ago, you told us that our perception, our view, was wrong and that funds had not been diverted from the Border Infrastructure Fund to the G8 Infrastructure Fund.

I refer you to page 37 of the Auditor General's report. In 2009, Parliament approved vote 55 in the amount of \$83 million for the Border Infrastructure Fund. We have since found out that the \$45,758,945 spent on the...

[English]

**The Chair:** I'm sorry, Alexandre.

Is that a point of order?

**Mr. Andrew Saxton:** Mr. Chair, may I just interject on a point of order right now?

As the honourable member knows, there's another committee called the public accounts committee, which is responsible for reviewing the Auditor General's reports. I sit on that committee normally, and I think that the question you're getting into is really a matter for the public accounts committee to deal with when it reviews the Auditor General's reports. You're really talking about something that happened in the past. It's retrospective. What we're trying to deal with right now is the budget and the estimates that are at hand so that we can get those passed as quickly as possible.

**The Chair:** Just to be clear, what is your point of order? Relevancy? Jurisdiction?

**Mr. Andrew Saxton:** It's not relevant to this committee. It's the public accounts committee that deals with questions of that nature. It's the Auditor General's report in a retrospective manner. We will be dealing with that in the public accounts committee in due course, and your colleague, Mr. Christopherson, is chairing that committee.

**The Chair:** Allow me to rule on the point of order.

From a point of order point of view, you're saying that this committee doesn't have the jurisdiction to ask that question. Is that your main point?

**Mr. Andrew Saxton:** That is going to be dealt with at the public accounts committee. It's an issue of the Auditor General's reports.

**The Chair:** Under the direction of the clerk, Andrew, if you were going to intervene with a point of order about relevancy, it would have been really early on in the meeting when we started talking about G-8 and G-20, which really has nothing to do with the main estimates for spending next year.

But we've allowed that to dominate this whole meeting, and now he's drilling down a little bit into the budget line that gave rise to the legacy fund. From a jurisdictional point of view, I think we set the precedent by allowing ourselves to talk about this for the last hour.

**Mr. Andrew Saxton:** This is a different question, because this is specifically going into the Auditor General's reports. It's simply duplicating what another committee's responsibility is. I don't think it's the jurisdiction of this committee to go back and to look at something retrospectively. We're trying to deal with the budget and the operations.

**The Chair:** To be fair, though, more than a point of order, I think you're making a value judgment as to the quality of the question.

**Mr. Andrew Saxton:** I'm just asking the chair to consider my interjection. Let's stick to what's relevant to this committee, which is passing the budget and the estimates for this year.

**The Chair:** I appreciate that.

I am willing to go as far as to ask Alexandre to connect his line of questioning to the main estimates or the supplementary estimates. They are the topic of the meeting.

[Translation]

**Mr. Alexandre Boulerice:** Thank you, Mr. Chairman. I was indeed referring to—

**Hon. Tony Clement:** Could you repeat the question?

**Mr. Alexandre Boulerice:** Yes, I can.

I was referring to vote 55, Voted Appropriations, whereas \$83 million was allocated to the Border Infrastructure Fund to reduce congestion at the border. One realizes, indeed, that a part of this \$83 million was used and injected into the G8 Infrastructure Fund. You talked about it a great deal in the media, but this was not authorized by parliamentarians themselves. You raised the question yourself earlier. We see that this amount was spent on certain facilities, in Muskoka in particular, in your riding.

I would like to know how you justify this transfer of funds that was not explicitly authorized.

[English]

**Hon. Tony Clement:** Let me say first of all that it's really not my place to say, because I did not make that decision. That was made by the minister responsible for infrastructure. I think if the minister of the day responsible for infrastructure were here, Minister Baird would say—because it was his decision—that he received advice from officials that this was a procedure that had been used for 99 years in various types of activity of the government to roll up smaller funds into larger funds where it merited to do so, and he took that advice. He now says—and he agrees with the Auditor General, just as I do—that in circumstances like this it is better to be more fulsome in description than less. It has fallen upon my responsibility as

President of the Treasury Board to have a government-wide edict on this and policy on this for the future.

So I take your point. You're asking me why I did that. I didn't do it. John Baird did it. He said he did it on the advice of officials because that was the way it was done for 99 years. Now we know that in 2011 we shouldn't do things the way they were done in 1912, and we will govern ourselves accordingly.

• (1730)

**The Chair:** Nycole Turmel, we have two and a half minutes left.

**Mrs. Nycole Turmel:** I would like to go back to the 700 positions that will be cut in public works. If I go back to what you said, Mr. Minister, you said the review will be made in each department to save money over the next three years. How did you come up then with the 700 figure, including 92 auditors, if you are to do a review? How did you choose that number? And will it be like that in each department, where you will cut the jobs and then after that ask them to do a review?

**Hon. Tony Clement:** I think for the importance of clarity we should understand that Madame Turmel is talking about the strategic review that was done over the last year, not the strategic operating review that is going to be done over the next year.

You're asking me a question about a particular decision that was made on the strategic review. I'm going to have to rely on Michelle a little bit to answer that question.

**Ms. Michelle d'Auray:** Thank you, Minister.

I believe you're referring to a program called consulting and audit Canada. Is that correct? If that is indeed the case, it is an organization or a group—and my colleagues from public works would be in a better position to respond to you—that offers audit services on a price point basis. It is not a group of auditors that is embedded in organizations. We have those across the Government of Canada. We have departmental audit committees now in each organization. They provide advice to deputy heads on the financial controls and management of their organizations. Each organization has a chief audit executive. They are staffed by certified practitioners who provide internal audit services to their organizations.

This particular group acted as almost an inside-government consulting service. It is a service we can procure from the private sector quite effectively, and we continue to do so. In this instance, it is deemed to be an area in which the government is no longer required to provide services because they are either inside departments and organizations or they are easily procured in the private sector. So from that perspective, we are not affecting the capacity of organizations to perform audits. We have some very well structured audit committees, many of which—in fact most of which—are chaired by people outside the public sector so that they can in fact give us advice on how we manage and how we establish sound financial controls.

**The Chair:** Madame d'Auray, I have to ask you to wrap it up there. We are well over time.

Minister, you said you could stay for an hour. It has been an hour. The next questioner is a Conservative, a five-minute round. I don't know how your time is. Are you able to stay for a few more minutes?

**Hon. Tony Clement:** I'm infringing on some other responsibilities, Chair, so I thank the committee for its forbearance.

**The Chair:** I understand. We thank you for attending and answering our questions.

If I may say this as a wrap-up—and it is a chair's prerogative to make a comment in conclusion—you can understand some of the questioning associated with the legacy fund funding.

In hosting previous international forums, legacy funds were often \$1 million, \$3 million, and I think \$5 million for Halifax. This one was \$50 million. If the general public or if Parliament knew that there was a \$50 million plan embedded in the border infrastructure fund vote, do you think Canadians would have approved a legacy fund ten times any other precedent?

**Hon. Tony Clement:** In answer to your question, Chair, I would say that if you actually review Hansard, you will see that this was a topic of some discussion in the House of Commons over the last two years. It's not as if this was a revelation that occurred as a result of the Auditor General's report, and indeed we were not hiding it. In fact, we were proud of it. This legacy fund, like the 28,000 other projects across the country, created jobs, created needed infrastructure, and is ultimately defensible.

So I see this as no different from many other funds that were utilized by every riding around this table and all 308 ridings in Canada.

• (1735)

**The Chair:** In closing, could I remind you that there was a request for the production of papers associated with the criteria evaluation and any detailed notes associated with the allocation or distribution of those funds?

**Mr. Mike Wallace (Burlington, CPC):** Point of order, Chair, on that.

Do you not need the committee's official request for that, or can any member ask for anything? Do you not need to have an official motion to that effect, to see if it passes the committee?

**The Chair:** Excuse me. I am going to consult with the clerk.

Mike, you probably heard that answer. As of now, it's a request from a member. For there to be a formal production of papers, it would require a motion and a vote. Seeing as the minister has left, you can predict how this will play itself out.

Thank you to the rest of the officials who are willing to stay and answer more detailed questions regarding the main and the supplementary estimates. I don't think we need to adjourn or to suspend and reconvene. We'll just carry on with the order of questioning, I suppose.

Next is going to be the Conservative Ron Cannan, if you have any questions, or Mike Wallace, then. That's fine.

**Mr. Mike Wallace:** Thank you for staying. I have a few questions for you.

You were here earlier last week to give us an education on this, and I really appreciate it. I have a question for reviewing these estimates that come after the supplementaries this year and so on and so forth.

I have 2010 because I have the public accounts for 2010 that are published. When I look at the mains for 2009-2010, I see they were at \$7.7 billion, and then the next year, in 2010-2011, you asked for \$4.9 billion, which was a 36% decrease. But then when I look at what you actually spent at Treasury Board, it's half of that, when I look at what's in the public accounts books. Why do you ask for so much and then why does only half of it get spent? How am I supposed to follow that bouncing ball?

**Ms. Michelle d'Auray:** Mr. Chair, I'll take a stab at that, and then if I'm not successful I'll turn to Bill Matthews.

A number of the votes that we request in terms of main estimates are central votes. They're attributed to the Treasury Board Secretariat, but they are actually expended by other organizations. So for example when we look at the operating budget carry-forward at \$1.2 billion, while it is attributed to the Treasury Board Secretariat, it is actually expended and disbursed in the course of the year to a raft of departments and agencies. So the actual expenditures related to that are reflected in their own expenditures. That's why there is a difference in terms of the spending authority that we request and the actual expenditures, which are made by organizations once we distribute the funds.

The same thing happens with, for example, the payroll, which is vote 30. We request funding and the spending authority on behalf of the government as a whole, but then we redistribute those depending on the need and use by departments. So it is reflected in each one of those organizations.

Is there anything you'd like to add?

**Mr. Mike Wallace:** How do I follow that?

**Mr. Bill Matthews (Assistant Secretary, Expenditure Management, Treasury Board Secretariat):** Perhaps I can just elaborate. The secretary gave two examples, and there's one more coming this year. There's a new vote, vote 33, for the capital budget carry-forward, so you will see this practice for yet another vote.

The best way to follow it is to actually go through departments. When you look at volume II of *Public Accounts of Canada*.... I suspect that's what you have in your hand.

• (1740)

**Mr. Mike Wallace:** Yes.

**Mr. Bill Matthews:** Okay.

When you look at volume II, what you will find in there is authority granted through the main estimates and then through other means. If you see a vote transfer or something allocated from the centre, you will actually be able to follow departmental spending.

My suggestion is that when you're evaluating spending for Treasury Board Secretariat as a department, you distinguish between central votes and then the operations of the department. If you're looking for spending of the operations of the department, that's a separate discussion from the central votes.

**Mr. Mike Wallace:** Okay.

I know the President of the Treasury Board said he's looking for input. I will have input on the estimates, from somebody who's trying to use them, in the fall. I'm going to be working on this all summer long. We'll see if it helps or not; I have no idea.

Let's go to vote 33, the new vote, just for example. It will enable departments to carry forward up to 20%. This is on top of the 5% carry-forward that they don't spend, is that correct?

**Ms. Michelle d'Auray:** It is in fact a separate allocation for capital only. It's only capital. In the rest of their operating vote, they have a 5% carry-forward. For those that have a separate distinct capital vote, it will allow them to carry forward up to 20%.

**Mr. Mike Wallace:** I believe some departments have the operation and capital amalgamated.

**Ms. Michelle d'Auray:** That's correct.

**Mr. Mike Wallace:** Are they going to be forced then to pull that out, to keep that separate, so they can understand this?

**Ms. Michelle d'Auray:** Mr. Chair, those who can take advantage of the capital vote are those that have a distinct and separate capital vote. Those that have capital under \$5 million, for example, embedded in their operating vote are limited to 5%.

**Mr. Mike Wallace:** Right.

What is stopping a department from saying, oh, well, if we don't spend, we can carry forward 20 points, so let's overestimate what we need and hopefully carry some forward? What are the checks and balances to make sure that people aren't loading up in their capital budgets because they know they can carry more forward?

**The Chair:** This is the last question. We're over our time now.

**Ms. Michelle d'Auray:** Thank you, Mr. Chair.

The departments are set in their votes by the main estimates and by the allocations and the authorities that are provided to them, either through statute or by authorities established by the Treasury Board. Once those are set, they can only move money around from one vote to another by coming to the Treasury Board for approval.

So there's a fairly rigorous system of checks and balances. With the operating budget freeze, departments can move money into capital, but they cannot move money from capital into operating in order to increase their operating vote unless there's a really significant reason or justification for it.

Really, those votes, when they are established, are pretty well...I wouldn't say entirely locked in, because there is some flexibility, but there is a process whereby they have to come to the Treasury Board for approval.

**The Chair:** Thank you, Madame d'Auray.

John McCallum, it's your turn next, my friend.

**Hon. John McCallum:** Thank you.

Perhaps I could return briefly to where I was before: computer issues. I find it not very satisfactory when everybody I ask says the same thing, whether it's you, Madam Secretary, or the minister, or Dean Del Mastro. Everybody says they take this matter very

seriously. Well, I should hope we take this seriously, but that's not the question.

Can you guarantee the security of Canadians' private information? What is being done to fix this? How long will it take to fix it? What will it cost? Those are the questions. I assume you take it seriously.

**Ms. Michelle d'Auray:** Thank you for the question.

We have taken a number of measures to reduce, for example, the number of connection points to the Internet. This is across the government. We have in fact streamlined and solidified those connecting points. We have also established a greater number of monitors that are essentially technical monitors that allow us to detect any elements of penetration or attempts at doing so.

In terms of the databases that hold the personal, individual information of citizens, those are kept well away from Internet access points. They are in fact quite layered within very structured networks, if I can put it that way, and databases. Very few people have access to them. There are no interfaces between those databases and the public-facing Internet. They are completely.... I mean, we talk about firewalls, but these are kind of lead walls. They really are not connected. There are very limited access points.

•(1745)

**Hon. John McCallum:** So that means you can guarantee the security of Canadians' private information?

**Ms. Michelle d'Auray:** What I can do is guarantee you that we take all the steps necessary to make them as secure as possible.

Every time there is a change, an innovation, we take steps to protect, to retrench even further. Is there a 100% or a 110% guarantee? Even the most secure corporation will say "We will take every step necessary". Is there a blanket guarantee? It's difficult to say in this environment.

Can I assure you that Canadians' information is safe and secure? To that, I can say yes.

**Hon. John McCallum:** Thank you very much.

Now, to change the subject almost totally, if I can, I'll go to supplementary estimates (C) for 2011. These were never voted on because of the election, and they contained expenditures approaching \$1 billion—\$900 million and some, I believe. As one example, Atomic Energy of Canada was going to receive \$175 million for ensuring isotope production and other things.

Out of all of this money, this close to \$1 billion that was never voted upon, were other sources found so that this money was spent? Or was some of it not spent? What happened?

**Ms. Michelle d'Auray:** In many respects, when the supplementary estimates, or the appropriations bill to support the supplementary estimates, were not voted, and the House was dissolved, we had to look for the end of the fiscal year to the existing sources of supply and central votes, or votes that would have remained within organizations: things or tools that we call "frozen allotments", central votes such as vote 5, which is a kind of contingency vote.

So where there were authorities linked to the expenditures and the requirements for those organizations, under the authority granted to me by the Treasury Board, we essentially depleted those votes, but they had to be tied to the activities and the authorities for which those funds could be expended. Where the funds were expended and there were no authorities allowed, then some of those initiatives were not covered, just because either the source of funds was depleted or the authorities were not available.

**Hon. John McCallum:** So some of these items never went through as expenditures.

**Ms. Michelle d'Auray:** A small portion of them did not go through. We were able, using the existing frozen allotments source of funds such as vote 5, the contingency, to cover the most important requirements.

**The Chair:** Your time is up.

**Hon. John McCallum:** Thank you very much.

**The Chair:** Peter Braid.

**Mr. Peter Braid (Kitchener—Waterloo, CPC):** Thank you, Mr. Chair.

I thank the officials for being here this afternoon.

To start with, I have two questions. On page 336 of part II of the main estimates, there's a reference to the workplace development innovation fund. I wonder if you could elaborate a little on that fund: the purpose of the fund, what it achieves, or what you hope it will achieve.

**Ms. Michelle d'Auray:** Thank you for the question.

There was what was called a "horizontal review" of human resources activities across the Government of Canada. A number of decisions were made as a result of that, whereby the consolidation of activities was brought to the Treasury Board Secretariat, and the creation of the office of the chief human resources officer.... Concurrently, a number of authorities were also recognized, through the Federal Accountability Act, to deputy ministers: to become responsible to take on the full responsibility for the development of their managers, their workforce. The reductions, however, that were made to the central.... We had a number of centrally funded and managed initiatives for training and development and we thought that they had run the course of their usefulness. The results were, at the outset, very productive, but as the years went by we realized that departments were probably better placed to train and develop their employees, especially in some key areas for their service delivery, their program activities.

What it didn't leave, though, was a lot of opportunity for smaller organizations that perhaps did not have the same amount of resources available to them. So there was in fact an initiative created to allow organizations that did not have a lot of resources to put forward some workforce or workplace development initiatives. This

is what it is designed to cover. The proposals come from a range of organizations, usually fairly small ones that don't necessarily have the wherewithal to be able to fund some of their development initiatives.

• (1750)

**Mr. Peter Braid:** Thank you.

Secondly, of course, as we know, the government is about to embark on the strategic and operating review. The Treasury Board Secretariat is of course the federal government's employer, and liaises with government departments across the whole of government.

What process or what structure will you put in place to facilitate the strategic and operating review? And how are you going to get government departments to deliver the goods?

**Ms. Michelle d'Auray:** Well, one element that was established with the creation of the cabinet when the ministry was established was in fact a separate subcommittee of the Treasury Board, the strategic and operating review committee. That committee is chaired by the President of the Treasury Board. A number of ministers are members of that committee. That is the committee that will have the responsibility to review the proposals that are brought forward by ministers on behalf of their organizations.

The process is very much as the president described, which is that 67 or so organizations will be asked to come forward with proposals for reductions of 5% and/or 10%, based on their analysis and their knowledge of their organizations and their operations' activities, the relevance and results of their programs, and which ones or which proposals could be brought forward. The Treasury Board subcommittee will in fact have the mandate to review those.

**The Chair:** You have 30 seconds left, Mr. Braid, if you have a quick thought.

**Mr. Peter Braid:** Can you explain how the upcoming SOR will be any different from previous strategic reviews in terms of process or structure? Or will it essentially be the same?

**Ms. Michelle d'Auray:** As the president indicated, there are some differences. The most important one I would put forward is that all organizations are being reviewed at the same time, which gives an opportunity to see the overarching impact.

The other element is that there is a distinct focus on operations. Is there a way that we can do things better? Can we be more effective? It's not so much what government does but how we're doing it. We are in a very distributed environment where every organization has the same thing as every other organization. Is there a different way in the current environment for us to do things more effectively, to use technology better?

I'll wrap up, Mr. Chair. Thank you.

**The Chair:** Yes, let's call it a wrap. Thank you.

Next is Denis Blanchette.

[Translation]

**Mr. Denis Blanchette:** Good day, Ms. d'Auray. First of all, you mentioned that when departments and organizations conduct their review, they ask for the assistance of arm's length external advisers.

I would like to know, on the one hand, what selection criteria are used to select these external advisers. Furthermore, can you tell us what benefit this provides to you? Have you assessed the appropriateness of continuing to call on these external resources for this type of exercise?

• (1755)

**Ms. Michelle d'Auray:** Thank you for your question.

The external advisers were identified in the course of these strategic reviews. Thus they were a part of the activity and the modalities of the four-year cycle of activity that has just come to a close. They advised the ministers and deputy ministers. The first objective was to find people who were first of all familiar with the operations of an organization and could provide a sort of external confirmation of the fact that the process was properly implemented. They were not necessarily experts in certain types of activities, but rather people who had the competency to confirm that the review had been well and duly done. They had to be independent—in English we say “at arm's length”. They had to be people who had no links with the organization in question, and were not already sitting on boards or committees directly related to those organizations. And so they were people who really had expertise or specialized knowledge, or had the trust of the ministers and deputy ministers.

**Mr. Denis Blanchette:** Did you prepare some sort of assessment of their contribution? Would you repeat the experience?

**Ms. Michelle d'Auray:** If I may say so, I think that the value added in most cases was evident. Indeed, this allowed us to obtain the perspective of people from outside the activity who were in a position to confirm that the reviews had been duly and properly carried out. We also required that all of the programs and activities be reviewed. This gave Treasury Board the additional assurance that the review had indeed been completed and that all of the programs had been properly examined. And so this acknowledgment was very useful because the nature of the exercise was to confirm that the review was complete, and to review the recommendations that were made.

Would we repeat the experience? I would say that we would. Currently, the issue concerns the delays in undertaking the strategic and functional reviews, as the time frame for those is tighter than the time frame for the strategic reviews themselves were.

**Mr. Denis Blanchette:** Let's move on. Regarding vote 20, Public Service Insurance, I'd like a very brief explanation of what this is about and why there has been a 10% increase for this year.

**Ms. Michelle d'Auray:** Thank you for your question. Vote 20 is a central vote that concerns the insurance services we offer to public servants and retirees. It is the health care plan, for instance the possibility of having medication reimbursed; it also includes life insurance and disability insurance. There are about 20 plans and types of benefits, services, that are offered in this context.

The increase is due to two main factors: the first is that the public servants are getting older, as well as the retirees who benefit from these programs, and the second factor is that the cost of pharmaceutical products has been increasing. Those are the two key factors that are behind that increase. If you study similar plans throughout the country, you will see that these two same factors have caused an increase in costs.

[English]

**The Chair:** Denis, that concludes your five minutes. Thank you.

Mike Wallace.

**Mr. Mike Wallace:** Thank you, Mr. Chair, and thank you, Denis, for asking my question.

In the mains there is \$100 million for vote 30. Then in the supplementaries you have a vote 30a and it's up by \$1.3 billion. Those are two significant numbers. Why wasn't that number covered off in the mains to start with? Why is it in supplementary (A)?

Then there's a little piece here that says “not been provided from Vote 15, Compensation Adjustments”. Are they normally covered under 15 and they're not this time? Could you just explain that verbiage to me?

• (1800)

**Ms. Michelle d'Auray:** I will attempt.

On the request in the supplementary estimates (A) for \$1.3 billion for the pay list, it is to meet the obligations of the Government of Canada as per the collective agreements that were signed with bargaining agents representing over 100,000 employees, whereby there was an agreement to eliminate the accumulation of severance for voluntary departures. In that agreement there was also an option for members to avail themselves of an early cash-out—if I can put it that way—of their severance. Therefore, we had to provision for it. We provisioned for it on the assumption that perhaps 75% of the union members would avail themselves of this.

On the question about the timing, when the mains were prepared, the amounts and all of the collective agreements had not yet been signed. That is why you are finding them in the supplementary estimates.

**Mr. Mike Wallace:** Estimating this cash amount as 75%—it may not be 75%, but let's say that—are we funding it all in one year, or will we be looking at the bulk for the severance piece so you can early option, are we paying for it all at once? Are we going to pay for it over years? How are we doing this?

**Ms. Michelle d'Auray:** Employees have the option to avail themselves of the full amount or a partial amount, and they have to make some indication, depending on where they are in the collective bargaining agreement, to give an indication to departments. I think the first decision is due July 1 or thereabouts. So the payout would be, depending on what the choice is, the full amount or half of the amount. We can't predict how people will make those decisions, but we have to be able to provision, and therefore extend the funds. We estimate that a fairly significant number will wish to draw the full amount or at least a fairly significant part of it in this fiscal year.

**Mr. Mike Wallace:** Is this benefit available to non-union members also?

**Ms. Michelle d'Auray:** That's correct.

**Mr. Mike Wallace:** MPs don't pay EI, don't forget. When you get fired, you won't be collecting.



So we're estimating how much will be coming through. Any new employee will not qualify for this "I'm leaving so give me the severance package" program that has been in place in the past.

**Ms. Michelle d'Auray:** That's correct. That is the nature of the agreement we made.

**Mr. Mike Wallace:** And that will apply to unions and non-union staff.

**Ms. Michelle d'Auray:** That's correct. It is an issue of us no longer being able to accumulate. So it is frozen in time as of the date of the agreements. Not all employees who are represented or bargained for have achieved a collective agreement, but for those who have and for those who are non-represented, these provisions apply.

**Mr. Mike Wallace:** Those are my questions at this time. Thank you, Mr. Chair.

**The Chair:** You were just about out of time anyway. That's perfect.

Nycole Turmel.

[Translation]

**Mrs. Nycole Turmel:** Thank you, Mr. Chair.

Firstly, do you know the percentage of casual employees in the public service? Secondly, what is the percentage of employees hired through employment agencies? I am not necessarily talking about the number of employees. Although, in fact, I would also like to know how many people are involved, because I was unable to find those figures. They must be in the main estimates, but I would like to have more information on that.

**Ms. Michelle d'Auray:** Thank you.

I don't know if I have the data with me to answer your question regarding the employees who are neither indeterminate nor term employees, as we call them.

As for temporary services, normally we report the amounts concerned in the Public Accounts of Canada, at the end of the year, when expenses have been incurred; these people are not considered public service employees. They are hired as needed. And so they do not have an employer-employee relationship with the public service.

• (1805)

**Mrs. Nycole Turmel:** You do not have that information right now, but could you provide us later with the percentage of so-called term employees in the public service?

**Ms. Michelle d'Auray:** Yes, we can provide you with that information.

**Mrs. Nycole Turmel:** I know that it is in the reports, but I would also like to know the amount allocated to employment agencies.

**Ms. Michelle d'Auray:** If I may, Mr. Chair, I think that this will only be available when the Public Accounts of Canada become available, that is to say in the fall.

**Mrs. Nycole Turmel:** Could we have an example from last year's accounts?

**Ms. Michelle d'Auray:** We can provide you with some examples taken from the 2010 Public Accounts.

**Mrs. Nycole Turmel:** I would appreciate that.

Thank you.

[English]

**The Chair:** That's very helpful. Thank you.

There are still two and a half minutes left if the NDP wishes to use them.

Alexandre.

[Translation]

**Mr. Alexandre Boulerice:** Yes, please.

I would like to ask a question on a topic I know has already been raised. I think our colleague, Mr. Wallace, referred to this briefly earlier.

Regarding the main estimates, in his report, the Parliamentary Budget Officer pointed out that the greatest percentage increase in your department was for the Treasury Board Secretariat, for employee benefits. There was a 217% increase. I believe this is for a reserve fund that is being constituted in order to be able to pay out entitlements on cessation of service or employment.

The main estimates show that there is a \$100-million increase in vote 30 related to compensation. That is not a petty sum. The increase is mostly due to an increase in the number of separation payments and other benefits in connection with the departure or retirement of public servants.

So this has been announced. We see that there will be massive layoffs, and attrition. There are going to be cuts in the public service. In light of these two elements combined, i.e. the 217% increase in the Treasury Board Secretariat budget and this increase of \$100 million, can we determine how many full-time employees will be receiving separation pay?

**Ms. Michelle d'Auray:** Vote 30 covers not only separation payments, but also maternity leave and other statutory payouts. We noted an increase. There are two factors at play here in the public service.

Firstly, people are reaching retirement age and can thus retire without penalties. And so they are leaving the public service and when they do, they receive severance pay.

Secondly, approximately 15,000 people join the public service in any given year. These employees are young and have children. So the increase is equally due to benefits related to the care of children—maternity and paternity leave—and to departures and retirements.

The \$100 million increase was requested because these two phenomena are occurring at the same time. In the course of the past seven years, we saw total increases of approximately 19% in disbursements from this fund, payouts that are due equally to retirements and statutory leave.

It is quite difficult because we reimburse the departments once the funds are requested. We are not necessarily in a position to predict, on a yearly basis, what the requirements will be from one or the other quarter. However, this is what we have seen over the past seven years.

[English]

**The Chair:** That's very helpful.

Just before we go to Kelly, I have a supplementary to Alexandre's question. What is the maternity leave top-up for the public service? I might be able to ask Nycole that as well. Do we top it up to 95% of your ordinary wage?

• (1810)

**Ms. Michelle d'Auray:** Mr. Chair, I think I'd have to get back to you on the specifics of that.

**The Chair:** Okay. I was just curious.

Kelly Block.

**Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC):** Thank you very much, Mr. Chair.

As always when you go towards the end of a session and ask questions, many of the questions that you had in mind have been asked.

I want to follow up on something that my colleague Mr. Wallace asked. He was asking you about the new central vote that was created for capital budget carry-forward. More specifically, he was asking how you ensure that isn't just being carried forward and then somehow being brought back into an operating budget. I recognize that you've said it's more of a one-way valve, that once it's moved there, it stays there for the purpose for which it was allocated.

I'm wondering what happens when we're responding to a natural disaster, whether here at home or abroad, or when our armed forces are called in to move in and help out as a result of our partnership with NATO. How do departments go about accessing funds for that or ensuring that they can move forward with some of the things of this nature that we're called to do?

**Ms. Michelle d'Auray:** Thank you for the question.

The questions you are posing in terms of being able to deploy rapidly are not related to the capital budget carry-forward. Those are two separate initiatives.

The ability for the forces—or for the RCMP in certain circumstances, if that is required—is within their deployment capacity. They have to be able to be ready to deploy fairly quickly. That capacity for rapid deployment was one of the core components of the Canada First defence strategy.

If there is a requirement for additional funds, or for an emergency, or a different circumstance, then the normal procedures would apply: requests going to cabinet would go to the Treasury Board and once approved would find themselves in various appropriations bills, if that is required. Otherwise, organizations generally have a certain amount of flexibility to reallocate within their existing authorities and their votes to meet specific requirements.

**Mrs. Kelly Block:** Thank you.

In the minister's opening statement he referred to the fact that 2010 was the last year of the first four years of strategic reviews. I'm of the understanding, in response to a question by another colleague of mine, that the strategic reviews are a process conducted on an ongoing basis and are part of the mandate of the Treasury Board Secretariat. Is that correct?

**Ms. Michelle d'Auray:** Yes, it is correct.

The process was launched in 2007, so 2010 is the last year of the four-year cycle during which we covered almost 70 organizations and 98% of direct program spending on a four-year cycle.

We would normally have started a new cycle, but in the current environment we are launching the strategic and operating review that covers organizations in a one-year span. So we have put a hiatus on the strategic review process for the duration of the strategic and operating review.

**Mrs. Kelly Block:** I recognize that it has happened as a result of our commitment to balance the budget by 2015 and look for those efficiencies. How did the Treasury Board go about triggering a new process and putting the strategic reviews on hiatus?

**Ms. Michelle d'Auray:** The discussions revolved around learning the lessons from the strategic reviews and what was effective and what would work in a one-year cycle or a one-year process. We now have a good understanding, for example, of all of the core programs in organizations, so it wasn't a requirement for us to get a fairly lengthy description of the activities of organizations. This allowed organizations and ministers to focus on the proposals they could bring forward.

One of the elements that is key to this particular exercise or initiative, as I mentioned earlier, is the focus on how we deliver programs and services. Are we as effective and efficient as possible? We have not had an opportunity to look at all organizations at the same time. Is this the best way for us to conduct the business of government? Are there different approaches we can take? I believe the minister indicated that we had not looked at this from a comprehensive or complete perspective for about 15 years, and that is indeed the case. This will give us an opportunity to take stock of our effectiveness. Are we doing things in as modern a way as possible?

• (1815)

**The Chair:** Kelly, your five minutes is up.

We're going to have bells for votes any minute, and even though we're only a few steps away from the chamber—

**Mr. Mike Wallace:** On what?

**The Chair:** On the opposition day.

**Mr. Mike Wallace:** No, it's tomorrow, I thought. There are no votes today.

**The Chair:** I understood there were.

Very good. Then we can continue with our rounds if there is a will or an interest.

It's the Liberals' turn. John McCallum. Do you want to speak?

**Hon. John McCallum:** Thank you.

Could we go back for a moment to our previous conversation? In terms of the supplementary estimates (C), you said that some of the amounts in those estimates were funded through contingency reserves or other means while others were not. Since the revised supplementary estimates (C) were not passed, is it possible to have information as to what the estimates were in the light of available funding?

**Ms. Michelle d'Auray:** Thank you.

I don't think we would be tabling revised supplementary estimates (C) that were not appropriated in previous years, but what I can do is ask my colleague Ms. Thornton to give you an appreciation of what has been covered.

**Hon. John McCallum:** Thank you.

**Ms. Sally Thornton (Executive Director, Expenditure Operations and Estimates, Expenditure Management, Treasury Board Secretariat):** Thank you.

As you may recall, on March 1 officials were before this committee to present the supplementary estimates (C)—\$920 million with the voted appropriations. When Parliament was dissolved on March 26 prior to supplementary estimates (C) being voted on, we were immediately driven by the Financial Administration Act, section 30. That is the section that dictates what we do for supply when Parliament is dissolved for the purposes of a general election.

The first question we had was whether we would need a Governor General's special warrant for the last fiscal year, knowing that if we did need one it would have to be issued by the Governor General no later than March 31. So we very quickly had to go through the material in supplementary estimates (C). We knew we had the \$920 million of requests in that. We knew there had been no notices of opposition motions tabled.

We got back to departments. The first thing was, could they defer, and there were certain things that could be deferred—not many. Second, could they manage internally using any appropriation? If you'll recall, the test for a Governor General's special warrant is that it must be required urgently for the public good, which means core operations, but also there must be no other appropriation available from which to make that expenditure. So departments could, within their existing voted appropriations, if they had any funds available that were within that same vote, put those funds towards those needs.

The second test—and after that when departments had done their internal management—was to determine if we had other appropriations in the Government of Canada that could be used to meet those needs. For this I'm moving into the Treasury Board central votes. The central vote that we did have some funds available in was Treasury Board vote 5, which is the contingencies. We were able to administer \$519 million from vote 5 to cover specific items in the supplementary estimates (C).

That included, for example, the Nortel purchase—for Public Works to purchase for DND; payment to Veterans Affairs Canada to cover the *ex gratia* payments for the Agent Orange; and a payment to AECL for their operating pressures.

At the end of the day, we were able to meet the requirements of supplementary estimates (C) by drawing on existing allocations—Treasury Board central votes—so we did not have to resort to Governor General's special warrants for that period.

**Hon. John McCallum:** So are you telling me that all of the items in supplementary estimates (C) were able to go through?

**Ms. Sally Thornton:** Not all of them. Anything that was an authority and not a dollar vote could not, so you will see this again, as we explain things like the student loan forgiveness for HRSDC. None of those could be done.

There were also a number of deferred authorities—for example, increases to draw-down authority for the translation bureau revolving fund. They were just deferred, and you will see them again in subsequent supplementary estimates.

● (1820)

**Hon. John McCallum:** Okay, thank you.

Again, to change the subject, in terms of 2011-2012 estimates, I am just curious why on page 339 there seems to be a 30% drop in expenditures for registration of lobbyists. I wonder why there should be a 30% drop in one year.

**Ms. Michelle d'Auray:** Mr. Chair, we'll have to get back to you on that specific question.

**Hon. John McCallum:** Do I have a last question?

**The Chair:** You have 30 seconds.

**Hon. John McCallum:** One of the things in the Budget Implementation Act is to allow government departments to share support services. My question is whether there is information on plans for how this new provision might be used, and whether there was any consultation with public sector unions on this issue.

**Ms. Michelle d'Auray:** There are a number of initiatives that could be under way, pending this legislation. For example, could a department offer to provide technology platform services, if I can put it that way, to have the data around human resources run off a single platform or a single cluster, as opposed to having it on two or more departments? So it is really around platform consolidation and being able to offer those services to organizations. I would put it more as a cost avoidance mechanism at this point, rather than having departments having to build or replace their existing systems—which may not be at top performance—and their being able to use the services and systems that another organization could provide. So it truly is a cost containment, as opposed to a cost reduction, if I can put it that way.

**The Chair:** Thank you.

Mike Wallace has asked for another round.

**Mr. Mike Wallace:** I won't take the whole five minutes.

Just briefly, for my New Democratic friends, and for my education also, the word “severance” is often associated with somebody being let go or being laid off because there's no more work. But in this instance, when we refer to it in here, and in our case in the vast majority of the changes, severance also refers to people choosing to sever their employment relationship with the Government of Canada. So it's not that they're getting laid off. It's not that they're getting fired. Because of agreements that have been signed in the past, federal employees, if they decide to leave the federal employ and go to the private sector or to the province of Quebec or Ontario or go work somewhere else, are entitled to a severance payment.

In here we are saying there are no more severance payments in the future for new employees, but for those of you who have qualified for that severance, we are bulk-paying you up front, whether you want to take half or full payment, but we're calling it severance.

My point is this. I think when it comes to language, we need to be careful. I don't know how this translates. I'm not French. I don't have access to how it relates in French. But for here, if we were to go out the door and say that in supplementary estimates (A) we had \$1.3 billion in severance package money that we didn't have before, it would sound as though we were laying off a whole bunch of people to pay them out. But that is actually not the case. This is for people who, if they were to choose to leave the federal service, would be entitled to this payment.

Is that correct?

**Ms. Michelle d'Auray:** Yes. It's a severance for voluntary departure or retirement. Severance in the instance of a person being laid off would still be paid. So it truly is for voluntary departures.

• (1825)

**The Chair:** Thank you very much.

Is that all you had?

**Mr. Mike Wallace:** That's all I had.

**The Chair:** We still have a few minutes left. If they wish to avail themselves, the NDP can have a round.

Denis.

[Translation]

**Mr. Denis Blanchette:** In that case, how many people does this \$1.3 billion set aside for voluntary departures represent?

**Ms. Michelle d'Auray:** Once again, that will depend on the number of persons who will choose to avail themselves of this. As I indicated, collective agreements were concluded with close to 100,000 people. This does not mean that they will leave tomorrow, but simply that a good number of them will be entitled to a part of

this separation pay if they choose to leave. According to their number of years of service and the monetary value of the separation pay, they can ask for all of the amount or a part of it.

We can't necessarily say how many people will decide to avail themselves of this and what part of the amount they will ask for. We have to be in a position to meet a strong demand. People can indeed ask for the full amount of these severance payments even if they continue to work in the public service. We have to be able to pay out these amounts since this is an agreement we concluded.

**Mr. Denis Blanchette:** I understand the dynamic, but you need hypotheses to do calculations and obtain a figure. I'd like to know, since normally figures aren't just pulled out of the air, how many persons you used in your hypothesis to arrive at this figure.

**Ms. Michelle d'Auray:** We used prior calculations and referred to past experience, in other situations. We also consulted colleagues who establish forecasts concerning the take-up of various benefits. They told us, after looking at our analyses, that approximately 75% of those entitled to these payments might ask for them.

So our calculations were based on that information, and the average number of years of service involved.

[English]

**The Chair:** Is it one week per year of service that you earn throughout your working life?

**Ms. Michelle d'Auray:** It is up to a maximum, I think. It hovers between 28 and 30 weeks.

**The Chair:** No, but do you earn one week per year of service?

**Ms. Michelle d'Auray:** Yes, up to a maximum.

**The Chair:** I see. Very good.

There are still a few minutes left for the NDP. No, we're concluded. We are wrapped up.

We'll thank our witness.

Let me say that in listening to you answer very complex issues in a very clear way just how much we appreciate how competent and capable our senior departmental officials are, and what a great benefit it is to us lay people to have people like you to interpret these things in digestible ways. Thank you very much for your professional presentation.

**Ms. Michelle d'Auray:** I'm sure we'll be back.

**The Chair:** I'm sure you will.

The meeting is adjourned.







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