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Chair

Mr. Tom Lukiwski

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• (1830)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Ladies and gentlemen, I will call the meeting to order.

Welcome to the fifth meeting of the Standing Committee on Government Operations and Estimates.

A reminder to all members that the proceedings tonight are televised.

It is my pleasure to welcome Minister Brison.

Minister Brison, I understand you have an opening statement, and perhaps you could also introduce some of the officials with you.

Hon. Scott Brison (President of the Treasury Board): Thank you, Mr. Chair. I'm delighted to be here with you tonight, and with members of the committee.

We're going to be focusing tonight on supplementary estimates (C). I look forward to the discussion.

The mandate of this committee is to study the effectiveness and proper functioning of government operations, the estimates process, as well as the expenditure plans of central departments and agencies.

The Treasury Board is quite central to the work of this committee, so I'm looking forward to having a good working relationship with members of this committee. I'm delighted to be here tonight with Joyce Murray, our parliamentary secretary; Bill Matthews, the Comptroller General of Canada; Brian Pagan, the assistant secretary of the expenditure management sector at TBS; and, Renée Lafontaine, the assistant secretary, corporate services sector, and chief financial officer.

After my remarks, we'd be happy to take any questions you may have.

[Translation]

Let me first talk about the overall estimates process.

As you know, the government prepares estimates to request Parliament's authority to spend public funds. The slide on page 3 shows this process.

[English]

I believe each of your offices was provided with a deck that has that information.

The main estimates and the supplementary estimates (A), (B), and (C) provide information on the planned spending for each department and agency.

[Translation]

Main estimates must be tabled in the House of Commons no later than March 1.

The supplementary estimates present information to Parliament on spending that was either not sufficiently developed in time for inclusion in the main estimates, or that has since been refined to account for new developments in programs or services.

[English]

Later in my remarks I would like to get back broadly to the estimates process to highlight how we believe it could be improved.

I would like to turn now to government-wide supplementary estimates (C). I want to put these estimates into context by going back to the 2015-16 supplementary estimates (B), which are presented to the committee of the whole in December.

Giving the timing of the election in October of last year, the fall parliamentary session opened much later than usual, and most parliamentary committees had not yet been struck.

[Translation]

Out of respect for the newly formed Parliament, the fall supplementary estimates (B) only included the most urgent items that could not be temporarily cash-managed within existing authorities. As a result, there are more items in the supplementary estimates (C) tabled on February 19 than we would normally see.

[English]

The supplementary estimates (C) provide information to support the government's request for Parliament to approve \$2.8 billion in voted appropriations for 58 organizations. These funds are needed to continue government programs and initiatives.

Page 4 of the deck highlights major items over \$100 million, and they include \$435 million to restore financial health to the service income security insurance plan, SISIP, which provides long-term disability benefits to Canadian Forces members.

[Translation]

There is also \$216 million related to military support for Canada's assistance to Ukraine and to operations against the so-called Islamic State in Iraq and Syria.

[English]

There's \$176 million for employment and social development to write off debts owed to the crown for unrecoverable Canada student loans.

There's \$168 million for the green climate fund, \$147 million for the resettlement of Syrian refugees, \$121 million for Global Affairs Canada to cover foreign exchange adjustments and also some contributions to international organizations. There's \$116 million for the construction of three offshore fisheries science vessels for the Canadian Coast Guard.

With respect to my own Treasury Board supplementary estimates, the department is seeking Parliament's authority for an additional \$511.9 million. That includes the \$435 million for disability benefits for Canadian Forces members, which I referenced earlier, SISIP. It also includes \$34 million to establish a contingency to cover any increase in expenditures under the public service health care plan.

● (1835)

As well, there is \$42.7 million in vote 1 for program expenditures, which mostly come from other government departments, to support Treasury Board-led government-wide back office transformation. This amount is offset by funding transferred from TBS to Shared Services Canada for IT infrastructure costs related to workplace renewal.

[Translation]

Finally, let me say a few words about transparency.

We are firmly committed to providing Parliamentarians with the information they need to monitor and review government spending. Right now the system does not enable us to reach this goal because of difficulties with the timeline. Given the timing issues, determined in part by House Standing Orders, the budget items for a given year are not reflected in the main estimates for the same year.

[English]

The current system is not transparent. The current system is, in my view, not functional or effective if the objective is that parliamentarians can hold government—I don't care which government, whether this government or a future government—to account. We aim to change that, and we look forward to working with you as part of this process.

The current system results in Parliament being asked to approve departmental spending plans without complete information on what the departments are actually planning to spend.

We understand that when it comes to the process of approving and reporting on government spending, this misalignment of the budget and estimates processes and the public accounts is an ongoing source of confusion for Parliament, the media, and Canadians. Some governments—we may hear more particulars later this evening—such as the Australian government have reformed their estimates and budget processes in a way that is more rational and effective if the objective is for Parliament to be given the information it needs to do its job.

These are problems that make it much more difficult for the Parliament of Canada, all members of Parliament regardless of party,

to scrutinize government spending. Simply sequencing the main estimates so that they're presented to Parliament after the budget rather than before is, I believe, an important first step to better providing more complete and useful information to Parliament.

I want to work closely with parliamentarians and other key stakeholders and experts to achieve greater transparency and would welcome an opportunity to engage this committee. In fact, a few weeks ago we had a session for parliamentarians of all parties. MPs and senators from all parties were there to discuss potential opportunities to reform the budget and estimates process. Over 70 parliamentarians participated in that.

My officials are currently preparing a discussion paper on the subject of estimates alignment, which we'll be able to share with this committee. I'd welcome the opportunity to return in the future to have a more fulsome discussion on that. I know committees set their own agendas, but we would really appreciate your input on this in terms of looking at models that work better than the one we have now and ways we can improve accountability.

We've already taken some concrete steps to improve transparency in these supplementary estimates by reporting on government lapses.

● (1840)

I draw your attention to page 6 of the presentation. For the first time, there is actually now an online annex. You can go to the Treasury Board website to the supplementary estimates. There's an online annex to the supplementary estimates, which provides Parliament with an early indication of the lapses expected for this fiscal year. We can discuss this further.

I know you want to talk about frozen allotments. I know that's exciting. Lapses and frozen allotments are something that get all of us really excited. It is an important issue and we can return to that.

I will tell you that it was a significant step to actually make public online this annex that lists the frozen allotments. This is a significant step forward that was recognized by the parliamentary budget officer, who said:

The publication of these frozen allotments a full ten months prior to the Public Accounts of Canada represents an important increase in fiscal transparency, ensuring that parliamentarians are on a less unequal footing with the Government.

To paraphrase, it puts you on more equal footing, to eliminate a double negative.

We appreciate the support of the parliamentary budget office on this. As we move forward, we intend on taking further steps to provide more details and more useful information in a more useful format to parliamentarians.

On that note, I'll conclude my remarks. I look forward to our discussion this evening, Mr. Chair and members of this committee.

The Chair: Thank you, Minister. I have a quick comment. I appreciate, and I think all members appreciate, your comments and your willingness to work with this committee, particularly in a shared concern to reform the budgetary and estimates process. You will find, as I have, that the members of this committee are not only extremely bright and well informed but they are also extremely engaged.

I believe you'll have a great time working with this committee. I'm sure that you'll find, during questions, that their level of knowledge and engagement will be apparent, which is a nice segue into the first round of questions, which will be a seven-minute round.

We'll start with Madam Ratansi.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you, Minister Brison, for being here. I was looking at your mandate letter and you have a huge mandate to fulfill. You have 11 priorities. I know that your goal is to lead the management agenda of the government.

One of the things you talked about is transparency and accountability. I appreciate the fact that you're trying to align both the estimates and the budget process. I was looking at annex B, which talks about cash versus accrual accounting. It confuses the living daylights when your public accounts are in a cash basis and something else is in an accrual basis. While your department is looking at things around making the cycles similar, could we please look at accrual accounting because those are the international financial standards, and accountants read financial statements that way and it's easy to explain.

Treasury Board is requesting \$43 million-plus for the back office transformation initiative. My question would be about your desire to make operations move toward information technology, so that data is available, open, etc.

What are some of the challenges that Treasury Board will face, or has faced, as it moves toward that back office transformation? How can we avoid the problems that Shared Services is facing, for example, where the RFP process is not very transparent sometimes or it's not very well done?

I know that within your mandate you have to work to establish new performance standards with ministries like Public Services and Procurement. The minister will be coming tomorrow.

Could you give me some idea of how you're moving toward it, what challenges we face, and how can we make the process more accountable going forward?

Hon. Scott Brison: Thank you very much, Ms. Ratansi. You're a chartered accountant as well.

The question, first of all, of cash versus accrual accounting is an important one. I mentioned earlier this evening the Australian example of a country that in my opinion has done a good job of reforming its budget and estimates process to render it more transparent and accountable to Parliament.

One thing they did was move to similar systems, with accrual accounting across the board. There were problems with that. They ran into issues and ultimately reversed some of that change. In our work, as we look at options together, I'm open to the Australian model. It is an example of something I haven't said we won't do, but it is something that they ran into issues with.

I may ask Brian to speak to some of the challenges they had with the Australian model. Then I'll answer the second question.

• (1845)

Mr. Brian Pagan (Assistant Secretary, Expenditure Management, Treasury Board Secretariat): We have a number of issues that we would like to address with parliamentarians in terms of better alignment of the budget, the estimates, and the public accounts documents. Currently, we can say that the documents are aligned in the sense that the budget, in volume I of the *Public Accounts*, is on an accrual basis, and the estimates, in volume II of the *Public Accounts*, are on a cash basis.

When we look at experience in other jurisdictions, we believe that there is some merit in that, but we understand that there are differing views and would be happy to work with parliamentarians to better understand those.

As the minister said, we have looked at Australia, where there was a significant problem. Unexpended accrual envelopes grew and considerable sums of money were accumulated without being spent for the purpose for which they were intended. That in itself is obviously a problem.

In the minister's reference to the estimates after the budget, we believe that if we can just get that very simple thing right, a whole bunch of other things with respect to these documents will be more coherent and more transparent, and therefore we will be better able to have those discussions.

We'll be returning to the committee to talk about that.

Hon. Scott Brison: On the whole issue of back office transformation, enterprise-wide solutions are difficult, whether you're in a big company with a lot of divisions or in a government. The challenges at Shared Services that occurred under the previous government are not unique, so I'm not being partisan. These are difficult files. Because we at Treasury Board are a central agency that works across departments and agencies, as part of our mandate we work to establish good governance around these things, but it is not easy when you're trying to implement and procure enterprise-wide, particularly IT solutions.

All government procurement is murky; government IT solutions are murkier. I'd say defence procurement is probably the toughest file, but it's always a challenge. It's one we're engaged in very actively, because modernizing back office support and transforming the back office and IT solutions is not an option; it's something we have to do as a government to modernize and improve the services we provide to Canadians and the value we provide through those services for taxpayers.

We have to do this. It is a challenge the previous government faced; it's a challenge every government faces in managing this. Treasury Board is at the centre of it, and we take it very seriously, but it does take investments.

Ms. Yasmin Ratansi: I have a question, just quickly.

The Chair: Make it a very brief question.

Ms. Yasmin Ratansi: You need to institute proper budgeting, because accrual accounting is based on.... You made a statement that you are asking us to approve departmental estimates, without our knowing what the departments are doing. I think it is important that the departments budget properly, and then accrual accounting would help. Sheila Fraser would be an excellent asset.

Hon. Scott Brison: I agree with everything you just said, Ms. Ratansi. It is something we should look at. As we're reforming the budget and estimates process, I don't want perfection to be the enemy of the good. If we can identify some concrete steps we can take to make things better, we can do a full portfolio of changes in the future. But I want to make some concrete changes to get things better before the next budget year.

• (1850)

The Chair: Thank you, Minister.

Mr. Blaney for seven minutes, please.

[*Translation*]

Hon. Steven Blaney (Bellechasse—Les Etchemins—Lévis, CPC): Thank you, Mr. Chair.

I welcome you, your officials, and your parliamentary secretary to this Committee meeting, Mr. Minister. It is a pleasure to have you here. It is also heartening to know that you want to work collaboratively. You can count on us to play a constructive role as the opposition.

In regard to the changes, I would say that it will be important to convince us of the need for those changes. If I look at, for example—and that brings me to my question, Mr. Minister—the Update of Fiscal and Economic Projections, 2015, which gathers government data, it is clear that there is a positive budget balance of \$1.9 billion in the 2014-15 fiscal year.

You are just starting a new term in office, Mr. Minister. At this point, it is important to know that we are on the right track. In your election platform, you made it clear that in the short term you would post a modest deficit of less than \$10 billion over the next two fiscal years, to make investments in infrastructure and Canada's middle class. You expected to return to a balanced budget in 2019.

I see headlines here.

[*English*]

I have an article from February. The headline says, “Federal Deficits Could Exceed \$52B Over 2 Years, If Liberals Keep Their Promises”.

Also, the headline from a National Bank study says, “Liberal deficits could total \$90B after 4 years”.

Mr. Minister, you are the guardian of the taxpayer. You're the one who says “no”, and you're also the one who signs the cheques.

[*Translation*]

We would not want you to develop tendinitis from signing cheques, since the sun will set on your sunny ways and the taxpayers will be the ones to pay the price.

I do have a question. At the dawn of your new term in office, you play an important role. Are you prepared to meet the commitment you made in your platform, and respect the opposition parties, which, as you know, want a balanced budget? I would like to hear your thoughts on that, Mr. Minister.

Hon. Scott Brison: Thank you very much, Mr. Blaney. I appreciate your question and I am very pleased to see you have our election platform. It is an outstanding document.

We may not agree on that, but we still inherited a deficit from the previous government. Clearly, we also inherited a situation that requires us to create economic growth. Since 2011, our economy has seen anemic growth. For us, the priority is to make significant investments to renew our infrastructure across Canada, and to strategically invest in the middle class to create jobs. Economic growth is a priority for our government and we will work on it. That will be front and centre in our budget; that is exactly what we will do in the budget. It is important to recognize that the former government—your government—increased our national debt by \$150 billion. We will make different decisions and invest strategically to boost economic growth.

Hon. Steven Blaney: Mr. Minister, it is true that during the economic crisis, our government made investments, with the agreement of the opposition parties, including the Liberals.

However, how can you claim you inherited a deficit? Data from the finance department shows that there was a budget surplus of \$1.9 billion. At the time you took office, the budget was balanced. You committed to run modest deficits. Can you commit this evening, as president of the Treasury Board, to safeguard the interests of taxpayers? The taxpayers in my riding, as well as business people, are worried, Mr. Brison.

We must also think of our children. Sustainable development means that we will not saddle them with a system that is not sustainable. It has come to the point where we will be borrowing to buy groceries. This is what you will do, and this is not sustainable development.

You are the one who can act as the government's control valve. You can say that you have to meet your commitments. Indeed, this was in your platform, which was why you were elected. Of course, only 41% of the population voted for you, which means that 59% of the population said they did not want a deficit.

A \$10-billion deficit is bad enough, but according to the headlines, you are on a slippery slope, Mr. President of the Treasury Board. Are you ready to take on your role as guardian of taxpayers' interests and guardian of the commitments made by the Liberal Party during the last election campaign?

I repeat, at the end of the year we had a \$1.9-billion budget surplus. I can table the document; it is available online, on the Finance Canada website.

•(1855)

[English]

The Chair: I know it might be difficult, Minister, after a lengthy preamble like that, but please give as succinct an answer as you can.

[Translation]

Hon. Scott Brison: Mr. Blaney is a good guy. I like him a lot. We work out together at the gym, once in a while.

[English]

Hon. Steven Blaney: It shows a lot, doesn't it?

Voices: Oh, oh!

Hon. Scott Brison: It's why we're so strong. We have big muscles, Mr. Blaney and I. We're tough guys.

[Translation]

Mr. Chair, it is very important to recognize that such experts as David Dodge, Kevin Lynch, and Larry Summers, former U.S. Treasury secretary, agree with us and say that we need to invest now, particularly in this time of anemic growth.

[English]

We're investing strategically. We will invest strategically. You'll see that in the budget. We will do so in a disciplined way. We will grow the economy. We will invest in the middle class. We've committed to that. We believe in that. The OECD and some of the top economic thinkers in the world agree with us.

I very much welcome Mr. Blaney's questions today, and look forward to further conversations on this.

The Chair: Thank you, Minister.

Mr. Weir, seven minutes, please.

Mr. Erin Weir (Regina—Lewvan, NDP): Thank you, Mr. Chair.

We've had some broad questions about the overall fiscal framework. I'd like to focus on a couple of specific areas.

As the Treasury Board is undoubtedly aware, the Global Transportation Hub near Regina is mired in a controversial land deal that saw this crown corporation pay more than twice what the land was worth to sellers with connections to the governing SaskParty. There have been calls for an RCMP investigation.

In Monday's adjournment debate, the parliamentary secretary for transport confirmed that her department had provided \$27 million to the Global Transportation Hub, but did not seem particularly concerned about how the money was spent. Today's *Globe and Mail* reports that the Treasury Board has placed Transport Canada under special oversight. Will that include an investigation to ensure that federal tax dollars were not wasted in a suspicious SaskParty land deal?

Hon. Scott Brison: Thank you very much, Mr. Weir.

You worked at Treasury Board at one point or another.

•(1900)

Mr. Erin Weir: That's true.

Hon. Scott Brison: I think Mr. Blaney worked at Public Works, my old department, a long time ago.

First of all, I want to broadly address the issue of Transport Canada's operating budget. We're working closely with Minister Garneau on this, and he will respond to specific questions related to Transport. I'm certainly willing to speak with Minister Garneau about that.

Treasury Board, particularly our comptroller general, Mr. Matthews, is engaged across every government department and agency, with which we work closely. Like me, Mr. Matthews is a Dalhousie University graduate. He has a commerce degree so he must be a smart fellow. We work closely with departments and agencies with the objective of establishing strong financial governance and identifying potential issues.

Would it be all right with you if I were to check into that, work with my colleague minister, and get back to you?

Mr. Erin Weir: I would certainly appreciate that.

Just to clarify, you'll ask Minister Garneau specifically to look into the Global Transportation Hub to make sure that federal funds were not misspent.

Hon. Scott Brison: I've been around long enough to know that when I don't know the answer to a question, I say I don't know the answer to the question. I will talk with Minister Garneau about that. I commit to get back to you on that.

The last thing I want to get drawn into is provincial politics from Saskatchewan. I don't know what the situation is there, but from a federal government perspective, we will certainly check into that.

Mr. Erin Weir: That's fair enough.

To touch on another issue, yesterday at this committee, the Privy Council Office indicated that it will spend about \$1 million annually to support the new Independent Advisory Board for Senate Appointments, and that its recommendations will not be made public.

Will other departments or the Senate itself spend additional funds on this process?

The Senate remains unelected, unaccountable, and under investigation. Why is the government pouring more money into this unnecessary institution rather than simply following the example of every provincial legislature and abolishing the upper House?

Hon. Scott Brison: Well, I've checked my mandate letter extensively and Senate reform is not in it, but Senate reform is something that's important to our government. My colleague, Minister Monsef, has put forward proposals in conjunction with our House leader.

This is something we take seriously in terms of strengthening the Senate and improving the appointment process. That process is under way now. As you know, there's an interim process because of the urgency of the appointment of senators from certain provinces. There's a panel, an independent advisory board of eminent Canadians that has been appointed to that task. We are moving forward with Senate reform.

Mr. Erin Weir: Can you confirm that \$1 million a year will be the total federal contribution to the cost of that board, or might other departments be spending money on this new regime as well?

Hon. Scott Brison: Ultimately, I think you're talking about disbursements that occur within the Senate and the Parliament. The appointment process is what we're talking about, and to reform any process requires investment. We believe these are sensible investments aimed at a greater good for a stronger Senate, and a process that's more transparent and ultimately renders the Senate appointment process more meritorious.

I want to be very clear though, Mr. Weir. My view is that the Senate of Canada does important work. We believe that the Senate can be strengthened, but there's some very important work that occurs in the Senate and at Senate committees.

We can have a difference of opinion, but I believe that there are important steps we can take, without the need for opening up the Constitution, for example. Through the appointment process, we can further strengthen the Senate, and I think Canadians want to see that.

Mr. Erin Weir: There is a difference of opinion, but there's also an empirical question about the cost of this new process, and certainly that money could otherwise be used to fund good research and important studies for which the Senate is sometimes credited. There is a question about whether this is the most efficient use of money.

• (1905)

Hon. Scott Brison: Would you agree, if the process we're speaking of rendered the Senate more effective and the appointment process more transparent, that it would be a sensible thing?

Mr. Erin Weir: If it rendered the process more transparent.

I was disappointed to learn that the recommendations won't be public.

Hon. Scott Brison: Would that be a laudable objective, though? Is that a laudable objective with which you would agree?

The Chair: Mr. Weir, you will have a three-minute round I believe toward the end of this. We're at our seven minutes now.

Hon. Scott Brison: My problem there is you've got to understand that come June 19 I will have been around here elected for 19 years

and by that point sixteen and a half of those years will have been in opposition so I'm more accustomed to asking questions sometimes. I apologize to my colleague.

Some hon. members: Oh, oh!

The Chair: Thank you, Minister.

Mr. Graham, seven minutes please.

Mr. David de Burgh Graham (Laurentides—Labelle, Lib.): Minister, thank you for being here. You have more experience on this particular file than I think any of us wants.

I want to dive into your favourite topic of frozen allotments and uncommitted authorities, which I know you're very much looking forward to doing. When we look at these allotments of \$5.1 billion, I'm wondering this. The Conservatives tell us they balanced the last budget. I find that very hard to believe. How much money went unspent in that toward the number they claim was a surplus?

Hon. Scott Brison: There are a couple of things on this, David. I was joking a little bit with Mr. Blaney, but I don't want us to get into.... I've sat on committees that get too partisan and it's not a lot of fun.

On this, if you take a look at the "Fiscal Monitor" it's a picture in time of one month, one quarter, what have you, and it's like saying you check your bank account one day and you have \$10,000 in it but you haven't paid your mortgage, you haven't paid your car payment. Or you think, I must have money in my account, I still have cheques left, kind of thing. It's not exactly a broader picture. It doesn't necessarily reflect the overall.

In terms of the frozen allotments in that question, I just want to give you some examples. These are funds that are approved by Parliament but the Treasury Board will restrict access to the monies for various reasons. I'll give you just a couple of examples.

One is, for instance, when there's a commitment to transfer dollars to another department or agency in exchange for a service. Another is the reprofiling to future years.

For instance, freezing allotments sometimes occurs with defence procurement where we set aside a certain amount of money with the expectation that money will be expended in the future. Again you can go to the Treasury Board website and see \$5.1 billion laid out in terms of specific examples.

There's \$2.8 billion of the frozen amounts that are funds that have been approved for reprofiling to future years. This includes \$630 million in capital and operating funds for major defence projects like I mentioned; \$675 million for claims settlements and other transfers supporting indigenous peoples.

I'll give you one example here that falls under Treasury Board, and that's \$507 million for maternity and parental benefits and severance. That falls under "Treasury Board Central". It's an important one because Treasury Board, by doing this centrally, takes that financial cost out of departments and agencies, and Treasury Board manages it. We do that because we believe there is a public good to not having departments and agencies making hiring decisions with limited budgets based on whether there's a possibility that somebody may need parental benefits or severance. There are some very important and progressive reasons why Treasury Board will manage some of these centrally.

We are managing government contingencies. This year, part of this for Treasury Board is \$750 million of government contingencies that won't be allocated. There are carry-forwards from other years for operating capital budgets of \$560 million. The rendering of this public "earlier in the budget" process, as the parliamentary budget officer has said, is a significant step in terms of transparency. It's an important step. It's just the beginning in terms of transparency and providing better information to parliamentarians and Canadians.

• (1910)

Mr. David de Burgh Graham: I have another question for you. You want to reform the supplements system and I think it's really interesting. Have there been recent reforms or has there been a fairly constant system for a long time?

Hon. Scott Brison: It's been a process that, on a secular basis over a period of time, I think has become less meaningful. There was a time when the main estimates and the ministers coming before committees to defend their estimates was considered a big deal to parliamentarians, and it was central to the job of parliamentarians.

We were talking about the Senate earlier, and I have to tell you that within the Senate, there are senators who actually, I must say, understand this process more thoroughly and who make a point of holding ministers to account on estimates in a very effective way. I think my officials would agree with that. You might want to go to a Senate committee where ministers are appearing on their estimates.

This is something that's happened on a secular basis over a longer period of time. It's not purely a partisan thing. The question is, how do we fix it? This is something we take very seriously. I know there's been really good work done by the officials in our department on this. I pointed out earlier the Australian model.

I think, Mr. Graham, you were at the session we did with parliamentarians a few weeks ago.

Mr. David de Burgh Graham: I arrived very late because I had rural caucus before it.

Hon. Scott Brison: I'm a proud member of rural caucus as well.

I do want to come back to committee specifically to focus on some of the ideas around reforming. There is a deck that we presented to members of Parliament and senators who came to that meeting that night and, if I may, we will provide that deck to the committee. We haven't set a date to come back to this estimates and parliamentary supply process, but I would like to provide that to committee members soon, such that you can start thinking about this as we move forward. It's really important. It's in our wheelhouse at

Treasury Board and it's in the wheelhouse of the OGGO parliamentary committee as well in terms of making this work better.

The Chair: Thank you.

We're out of time, but I'll just let you know, Minister, that Treasury Board has already given us that deck you referred to and it has already been distributed.

We'll go to the five-minute round now, starting with Mr. McCauley.

Mr. Kelly McCauley (Edmonton West, CPC): Minister, thanks for joining us today. I appreciate your dedication to open government. I think if you attended yesterday's session, you would have felt, as we did, that it was like something out of an episode of *Yes, Minister*, the way we were getting answers, so I appreciate your commitment to transparency.

I won't go over the billion dollar questions as my cohort here did, but with regard to the \$81 million to support increased demand for health, rehab, and support services for Veterans Affairs, is that for the reopening of those nine outlets that have been closed, or how is this money being divided up, spent, and prioritized, especially across such a large country and with a large number of vets requiring service? Is it based solely on the election promise to reopen those nine outlets or is it based on actual proven need by geographic region?

Hon. Scott Brison: First of all, Veterans Affairs and treatment of our veterans and those who have served Canada so valiantly is something all of us as parliamentarians consider to be an important priority.

There are a couple of things. One is the nature of military service today, most recently in Afghanistan and now in terms of the members of the Canadian Armed Forces who are serving in the mission against ISIS as part of the training as we go forward. The nature of military service has changed. In fact, supporting veterans in the context of this changed environment—for instance, with the increase in the incidence of post-traumatic stress disorder and some of these other related challenges—necessitates that governments change the way we treat veterans, and update and modernize that. We take that seriously.

The requested funds are to support an increase in the number of disability benefit applications being processed, increasing requirements for health services for such things as prescription drugs, and, I want to stress, for increased support for mental health services.

• (1915)

Mr. Kelly McCauley: I appreciate that. Is this specifically for those nine? Is it specifically for payment for the costs for reopening those nine or is it for separate services, as you're now saying?

Hon. Scott Brison: We are reopening the nine offices.

Mr. Kelly McCauley: So it is separate.

Hon. Scott Brison: The funding I'm speaking of here is to improve service delivery to veterans. I mentioned some of the areas, including improved mental health.

That doesn't obviate what we believe to be an important priority, and that is to reopen some of these offices.

We were told clearly by veterans that these offices, the physical location of these offices, and the capacity to go and to talk with people was very important to the services we provide.

Mr. Kelly McCauley: I appreciate that and that's excellent. I think it's reflected as well in the extra \$435 million. Is that \$81 million for the cost of those nine offices, or is it for the extra pharmaceuticals you mentioned or extra services across the country?

Hon. Scott Brison: The number of disability benefit applications processed is a big part of this, as well as the mental health side.

There are also five years to improve service delivery to veterans and their families.

We're talking about the estimates now in supplementary estimates (C). In a couple of weeks we'll have a budget as well, which will have more—

Mr. Kelly McCauley: I realize this is a question out of the dark, and if you haven't got the exact details, that's fine, we can—

Hon. Scott Brison: These are not related to reopening those offices.

Mr. Kelly McCauley: Yes. That's what I'm asking.

Hon. Scott Brison: No, it's not specific to the opening of those offices, but we are reopening those offices—

Mr. Kelly McCauley: That's what I'm asking.

Hon. Scott Brison: Sure. Thanks, Mr. McCauley.

Mr. Kelly McCauley: Okay. We're short on time.

I want to pull up another issue we had yesterday that we could not get a clear answer on. There was \$1 million asked for shutting down Canada's economic action plan. We realize it's a controversial issue from the past, but seeking \$1 million...I'm trying to figure out what that \$1 million is for.

My understanding is they're looking for \$1 million extra to shut it down. The answer we got was, "No, this is money already spent this year before the change of government."

The Chair: I'm going to have to cut it off now. Perhaps your colleague Mr. Blaney, in his next round, would be able to pursue that line of questioning, and perhaps the minister would be able to respond at that time.

Hon. Scott Brison: It's up to you, Mr. Chair. I'm prepared if—

The Chair: We'll move on if we can because I want to make sure everyone has an opportunity to question the minister before we have to adjourn.

We'll go to another five-minute round for Monsieur Ayoub.

[*Translation*]

Mr. Ramez Ayoub (Thérèse-De Blainville, Lib.): Thank you, Mr. Chair.

Mr. Brison, ladies and gentlemen, thank you for being here this evening to answer our questions. Of course, transparency is an important element, as is the new way of seeing things, and I am very proud of this.

I would like to ask you a question about the Service Income Security Insurance Plan. There is a call for new money, amounting to almost half a billion dollars, specifically \$435 million. It is an enormous sum. I wonder what the initial budget was and what will be the percentage increase as a result of this request.

What are the main reasons for this request? Was the forecast wrong to begin with? How long has it been known that sooner or later such a significant increase would be required? Did someone bring this file to your attention right away and advise you that there was a shortfall of half a billion dollars in the forecasts, or did this happen suddenly, within the last few weeks?

I would like to have some idea about the process used to determine that there was a shortfall of 435 million dollars.

Hon. Scott Brison: Thank you very much, Mr. Ayoub. I appreciate your question.

In the current economic environment, with very low interest rates, we must invest to make our public-sector pension plans stronger.

Please allow me to answer in English, since this is a very technical question.

● (1920)

[*English*]

Mr. Ramez Ayoub: Go ahead.

Hon. Scott Brison: There are a couple of factors here. One is the demands on the military pension and disability. SISIP and the SISIP disability have been increasing for a number of reasons. I mentioned earlier to Mr. McCauley's question some of the issues around investing in mental health, and supporting mental health is part of that.

The other thing is in the very low interest rate environment that we have now, pension plans have faced some challenges, and we are committed to first of all maintaining the prudential strength of our public pension plans, but also maintaining transparency around our pension plans. This investment reflects that.

I've been informed by my official Brian that there's been a 66% increase in benefits over three years resulting from Afghanistan veterans, as an example. This is something that whatever government was there would be faced with. There's a very real need to maintain the prudential strength of our pension plans during a time when, in the case of SISIP, as an example, payout will grow. We're in a very low interest rate environment. This investment reflects that.

[*Translation*]

Mr. Bill Matthews (Comptroller General of Canada, Treasury Board Secretariat): I would just like to add one thing.

[English]

The minister already mentioned the factors of the low interest rates and the increasing number of claims because of the service in Afghanistan. The third piece is the amount of benefits that are actually being paid out has increased recently because of a settlement related to a lawsuit, the Manuge case. That's actually driving up the payments of individual claims.

I believe your first question was around what was the starting point of the fund for the current year. We started the year with about \$370 million—I think \$368 million to be exact. We're adding \$435 million, so we're basically more than doubling what's there. But it's those three factors now that you have: interest rates, increasing numbers of claims, plus the Manuge settlement.

Mr. Ramez Ayoub: Is there a way to plan those kinds of differences a little ahead?

Hon. Scott Brison: The answer to that is that we are taking a look at public sector pension plans across the board in the Treasury Board to try to be able to foresee and predict the need for these investments. Rest assured, as we're making these investments we will do so in a very transparent way, and we will be accountable to Parliament and vote for them, and explain them, and engage parliamentarians in them.

I think we would all agree that in terms of public sector pension plans we need to first of all maintain their prudential strength, but we have to do so in an open and transparent way. We also have to make sure that we are utilizing the best possible pension management approaches in terms of long-term pension security for pension holders and maximizing return in a responsible way.

The Chair: Thank you, Minister.

Mr. Blaney, for five minutes, please.

[Translation]

Hon. Steven Blaney: Thank you, Mr. Chair.

Mr. Minister, I will repeat that it is truly a pleasure to welcome you this evening. As the saying goes, we must give people a chance. However, you have not convinced me yet that you will be the one to say no. Is there someone at the controls? Will you protect the taxpayers from this propensity to create huge deficits?

My first question is on an awareness campaign that appears on page 19 of the supplementary estimates (C). The overall advertising budget is \$9.5 million. One of the goals of the campaign is to prevent illegal use of marijuana among young people. We are aware of the devastating effects of marijuana. A total of \$1 million is provided for this purpose. Can you confirm that this amount will be spent on that goal?

If there is time, the people with you could answer my other question, which is about the shipbuilding program. There is a sum of \$116 million. Would it be possible to have a detailed explanation for the additional cost of the ships?

I will repeat my first question. Out of the the total \$9.5-million advertising budget, will the \$1 million allocated to preventing the illegal use of marijuana, especially among young people, be invested for this purpose?

• (1925)

[English]

Hon. Scott Brison: Thank you very much.

From marijuana to shipbuilding, we run the gamut here.

[Translation]

Let me begin by discussing the marijuana legislation. For many years the Government of Canada's approach has failed to reduce marijuana use, particularly among young people. Our responsibility is to implement an evidence-based approach.

[English]

The evidence is quite clear. Nobody is condoning, supporting, or promoting the use of marijuana, Mr. Blaney. We want a legal framework in laws that are more effective. Some countries that have chosen to focus efforts on health promotion, prevention, mental health services, and addiction services have found that to be more effective in reducing the use of drugs, marijuana being one, than simply a criminal justice approach. We can differ on the approach, but I want to be very clear, Mr. Blaney, that nobody here is advocating or promoting the use of marijuana.

You've raised a question on shipbuilding, and I think you may be speaking specifically to the three offshore fisheries science vessels, the \$116 million.

As you know, we are committed to a national shipbuilding program across Canada. For the funding of the three offshore fisheries science vessels, I've been working most recently with Minister Tootoo. It's part of replacing the aging fleet, which is important.

What's important is you're managing shipbuilding, which falls broadly between Fisheries and Defence, and also Public Works, which is now Public Services and Procurement, and Industry. As a government we seek to balance Public Services and Procurement, my old department. Their job is to have an open and transparent process that gets the best value for taxpayers. Industry seeks to maximize industrial regional benefits, IRBs, most recently called ITBs, or technology benefits, and then the departments, Defence or Fisheries, have their needs in that.

Treasury Board overall plays a leadership and coordinating role and works with all departments and agencies to have the most efficient procurement processes that address those three government objectives: jobs for Canadians, value for tax dollars, and the best possible equipment for our military and our Coast Guard, as examples.

The Chair: Thank you, Minister. That's the end of our time.

I'm sorry, Mr. Blaney, we're out of time.

Hon. Steven Blaney: Mr. Chair, not as a question but as a follow-up, if I could have a confirmation of the \$1 million that is invested I would appreciate it.

•(1930)

Hon. Scott Brison: I'm sorry about that. I'm not being evasive, I'm being long-winded, and that's different.

Mr. McCauley's question earlier was related to funds being used, and we're updating the Prime Minister's website to improve communications to Canadians with a digital process. The previous Prime Minister had the *24 Seven* thing—

Mr. Kelly McCauley: It's completely different.

Hon. Scott Brison: But we're not cancelling the action plan as it were, Mr. McCauley. The action will still occur, but we're just not going to advertise it as much.

Mr. Kelly McCauley: Thanks very much.

The Chair: Minister, it is 7:30, and you've graciously given us an hour; however, normally in our rotation we end with a three-minute round that goes to the third party. Would you agree to sit through another gruelling three-minute question and answer session?

Hon. Scott Brison: I have to tell you, Mr. Chair, that over the various years, I've been in opposition and I've been in government. It's like Mae West, "I've been rich and I've been poor, and rich is better." Between opposition and government, government's a little better, but I have great respect for the work of opposition members. I think that at one point I was in the fifth-place party in the House of Commons, so the answer is absolutely yes, I will stay.

The Chair: We have three minutes. Please be as precise as possible, because the three minutes are for the question and the answer.

Hon. Scott Brison: I was part of a 12-member caucus at one point.

Mr. Erin Weir: I'll pick up on the point about marijuana. While the government figures out its framework to legalize marijuana, will it decriminalize marijuana to at least ensure that people are not receiving criminal records or going to jail for simple possession and use?

Hon. Scott Brison: That process is currently... My colleagues Minister Wilson-Raybould and Mr. Blair, as parliamentary secretary, are working on this. There is a process. I'm not an expert on that process.

We want to get it right. I think that having Mr. Blair there, given his law enforcement background, is very helpful, but we want to do the right thing, not based on ideology but based on evidence. I'm confident that we will get it right, but I'm not aware of some stopgap measure in the interim.

The Chair: Mr. Weir, if I may have a quick interjection, I won't penalize your time for it.

Again, the primary function of Minister Brison's being here is to talk about the supplementary (C)s. I know there's always a tendency to get into the political sphere, but again, if we could concentrate our comments, please, on the reason for the minister's appearance tonight, I would appreciate it.

Mr. Erin Weir: No problem, Mr. Chair.

The supplementary (C)s include a request from the Canada Revenue Agency for additional funding for tax compliance measures, which I support, but given the revelation that the Canada

Revenue Agency violated its own guidelines by offering a secret deal to millionaires who had avoided taxes through the Isle of Man, how much can we expect it to collect through these compliance programs?

Hon. Scott Brison: Mr. Weir, the last government that I was part of back in 2004-06 made a significant investment at that time in the capacity of Revenue Canada to go after offshore tax havens. In fact, my understanding is that the investment yielded significant financial returns to the government in terms of identifying them.

We are investing in the capacity for Revenue Canada to ensure that Canadians can have confidence in the tax system. That people will be paying their fair share is something we take very seriously as a government. I've had this discussion with Minister LeBouthillier. It's a priority for our finance minister and our Minister of National Revenue.

Unreported tax is identified by the audit program. Just as an example, it grew 24% in three years, to \$11.7 billion. The international large business program detected \$7.8 billion in unreported tax last year.

I'll tell you that one of the best articles I've read on this was in *The Economist* magazine, sometime in the last couple of years. The Economist Intelligence Unit did a very good study of offshore tax havens to try to quantify this and, of course, our officials in the Department of Finance and in the ministry or CRA have.

This is a very important issue. The integrity of our tax system is an important question of fairness, and we take it seriously.

•(1935)

The Chair: Thank you, Minister. I'll have to stop it there.

Ladies and gentlemen, we are out of time.

On behalf of all our committee members, I thank the minister and the officials for being here.

Hon. Scott Brison: Thank you.

The Chair: We do have a couple of very brief items to discuss, if I could ask the committee members to stay at the table.

Minister, thank you very much. You are excused. We appreciate your appearance.

Hon. Scott Brison: Thanks very much.

If you'll have me back, I would like to come back to talk about the main estimates, but also about reforming the budget and estimates process. Having served in opposition, I referenced the fact that I have some time, so if you want to talk about some other things too, I am open to that as well.

I want to make it very clear to all members of this committee that committees are the place in Parliament where effective work should be done across party lines. If committees can't function in an effective and constructive way, developing good public policy and holding government of any stripe to account, that is a real problem. I have a personal commitment, having served sometimes in committees that didn't operate that way. I think it is really important. I say this particularly to new members of Parliament. The work you do on parliamentary committees is incredibly meaningful, incredibly important, and to your staff and the team who support you—the work that they do in supporting your work—this is meaningful work where you can develop good public policy and really make a difference in the lives of Canadians.

I look forward to working with this committee as we move forward, and, Mr. Chair, I really appreciate the opportunity.

The Chair: Thank you, Minister. We appreciate your appearance.

Hon. Scott Brison: I want to thank those who accompanied me here.

I just want to finish on this note. We have exceptional public servants in the Government of Canada. We have some members of this committee who have worked in the public service and who would share that view. We are well served, and I really want to thank them for being here tonight.

Thank you all.

The Chair: Since this is still being televised, I would ask the committee to go in camera for about two minutes.

Ms. Yasmin Ratansi: I just want to remind you that you missed one of our members. You skipped the schedule. It should have been a Liberal member for five minutes. You went straight to....

Mr. Nick Whalen (St. John's East, Lib.): Can I just make a point of order to have it on the record that you skipped over my time and gave it to the NDP?

The Chair: The schedule I have indicates I did not skip over that. The schedule that we adopted at the start shows that in the first seven-minute round we go Liberal, Conservative, New Democratic Party, and Liberal.

Mr. Nick Whalen: Yes.

The Chair: In the second round, we have Conservative, Liberal, Conservative, and in the third round, three minutes for the New Democratic Party.

Mr. Nick Whalen: No. That is, in fact, incorrect.

Ms. Yasmin Ratansi: Where did you get the third round from, Mr. Chair? This is what we adopted.

The Chair: This is what I have been given. My understanding is that this is what we adopted.

Ms. Yasmin Ratansi: No, we have been following this for the past....

Mr. Nick Whalen: No, that is not what was adopted.

The Chair: We'll go back and check exactly the record. Our clerk is going to examine....

Mr. David de Burgh Graham: There was never a third round.

Mr. Nick Whalen: There was no third round, and it was Conservative, Liberal, Conservative, Liberal.

The Chair: Nick, I know you weren't here yesterday, but we did exactly this rotation yesterday.

Ms. Yasmin Ratansi: No, we didn't. We followed this rotation, but it was not Mr. Weir. It was first Mr. Grewal.

The Chair: No, I have the lineup from yesterday, and I can assure you we followed the exact rotation we did today. I am not going to get into an argument.

Ms. Yasmin Ratansi: It's not a problem.

The Chair: We'll go back and check the rotation that was adopted. The committee obviously has an opportunity to adopt whatever speaking rotation it wishes, so let us first check and see exactly what our records indicate, and we will deal with that tomorrow. There was certainly no intent to skip over anyone.

Mr. Nick Whalen: I don't want to take it away from Mr. Weir, either.

The Chair: We'll go back and find out exactly what we adopted.

Ms. Yasmin Ratansi: Okay.

The Chair: Very briefly, these are the two issues that I had. One, as I mentioned yesterday, is for everyone to give consideration to the meeting schedule the week of March 21. The Tuesday meeting will not be held because it is budget day. My question to you for consideration was whether we have a full meeting on Thursday, March 24. That is the day before we break for two weeks for our Easter constituency weeks. If we do not have a full meeting—and it will be up to this committee to determine that—I suggested that we have a subcommittee meeting on agenda, so we can get our work plan established, but I will leave it up to the consensus, hopefully, of this committee. Did you wish a committee meeting to be held on Thursday afternoon, prior to Good Friday, or not?

● (1940)

Ms. Yasmin Ratansi: Do we have an agenda for the meeting? If we don't, then let's go with the subcommittee.

Hon. Steven Blaney: I would defer that to the subcommittee, to see if there's a witness.

Ms. Yasmin Ratansi: I'm fine with the subcommittee.

Hon. Steven Blaney: We already have some extra meetings this week, so it balances.

Mr. Erin Weir: I would prefer, and would quite strongly advocate for, a full meeting on that Thursday, especially given that we're missing the meeting on Tuesday.

The Chair: Since we don't seem to have unanimity, maybe let me check on it.

I'll make a decision on that, but first I'll find out if there would be a full two-hour agenda for the Thursday. If not, then I would suggest we go to a subcommittee to develop the work plan. I'm not one to have a meeting for a meeting's sake. I like to have a meeting with a firm agenda in front of us.

Mr. Erin Weir: I absolutely agree, although I guess I would note that the subcommittee did recommend some items that were pushed back to make room for the estimates. Certainly it would be possible to explore those topics on the Thursday.

The Chair: Duly noted.

The second point I have is more a point of information than anything else. If we want to have our supplementary estimates (C)

voted upon, we'll have to deal with that tomorrow, because we have to report it back to the House by this Friday.

I'd like to keep open about 10 minutes toward the end of tomorrow's meeting for the votes. Okay?

Ms. Yasmin Ratansi: Perfect. Thank you.

The Chair: With that, we're adjourned.

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