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•(0905)

[English]

The Vice-Chair (Mr. Paul Szabo (Mississauga South, Lib.)): Good morning, ladies and gentlemen.

We're here today pursuant to Standing Order 81(4) of the main estimates 2004-05, votes 1, 5, 10, and 20 under Treasury Board; vote 1 under Governor General; and votes 1, 5, 15, and 20 under Privy Council, referred to our committee on October 8, 2004.

This morning we are pleased to have from the Office of the Governor General, Ms. Barbara Uteck, secretary to the Governor General; and JoAnn MacKenzie, director general, corporate services. Welcome to you both.

I understand that you have an opening statement, and I'm sure the members will have questions for you as well. Please proceed.

Ms. Barbara Uteck (Secretary to the Governor General, Office of the Governor General): Good morning. Thank you very much, Mr. Chairman.

I am pleased to be here today to address questions on the main estimates 2004-05 for the Office of the Secretary to the Governor General. The office is a government agency whose mandate it is to support the Governor General in the carrying out of her or his traditional and constitutional roles and responsibilities. The office receives its funding through the appropriation bill and with parliamentary approval in the same manner as all other government departments.

The 2004-05 main estimates for the office can be summarized in three areas of activity. The first one is \$14.5 million, which includes the Governor General's salary—\$110,000 annually, which is approximately the equivalent to a taxable salary of \$170,000—and the Governor General's annual program, such as constitutional and traditional activities, a visitor and outreach program at Rideau Hall and La Citadelle, activities to promote citizen engagement in communities across Canada, and an international program undertaken at the request of the government, such as the Governor General's 2004 participation in commemorations in France and Italy in honour of our veterans.

The second one is \$3.9 million for the administration and implementation of the national honours system—which of course includes the Order of Canada, the bravery decorations, the Order of Military Merit, and the Order of Merit of the Police Forces, to name just a few—and the Canadian Heraldic Authority.

The third is \$690,000 for the former Governors General program, which provides funding for pensions and operating expenses for former Governors General.

[Translation]

Allow me to give you an example of the types of specific costs involved in these programs. The budget for the Visitor Services/Outreach Program for the current fiscal year is \$1.2 million. The objective is to promote an understanding of the roles and responsibilities of the Governor General and the history of our democracy to visiting groups of students, and through historical exhibitions and guided tours.

Visitors to Rideau Hall and the Citadelle number on average 200,000 annually and surveys conducted indicated 82% of visitors leave with an increased understanding of our country.

I would refer members of the committee to the attached annexes for a fuller description of the roles and responsibilities of the Governor General and her programs, including the Honours System.

[English]

To ensure transparency and accountability to Canadians, the office has undertaken a number of measures. We have restructured the office to streamline corporate administration and improve our strategic planning capacity, and we have initiated the development of an annual report to Canadians, which will be posted on our website in the spring of 2005. We are complying with government-wide policies that include proactive disclosure of all hospitality and travel reports for public servants, reclassification postings, and contracts over \$10,000. As well, we are actively participating in the 5% government-wide expenditure reallocation exercise that will commence in the fiscal year 2005-06.

We continue to work closely with other government departments to ensure that we share and make public information regarding all expenditures in support of the Governor General. I would refer you to annex D for details.

Mr. Chairman, I would be pleased to take any questions the committee may have.

Merci.

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Thank you very much, Ms. Uteck, for your presentation today.

We'll start questioning with seven-minute rounds, beginning with Mr. Preston.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): Thank you for joining us this morning. It's great to have you out. Welcome.

Last spring this committee tabled a report on the role, duties, and funding of the Governor General. There were six main recommendations that came out of that report, two of which call on your office to take some specific action—and you mentioned a little bit about it in your preamble.

One was “That the Office of the Governor General report on its annual projected plans and priorities and the anticipated results of its activities. In that report, the Office of the Governor General should state the expenses borne by the federal departments and agencies supporting its activities”. Another portion of it was “That the Office of the Governor General prepare an annual report on its activities, including its financial statements, and that that report be available on its Web site. The report could be based on that of the Office of the Official Secretary to the Governor-General of Australia”.

It has been about six months since that report was written. Has your office reviewed the recommendations and made any decisions as to whether or not they're being proactive in implementing them? Is there anything already done, and what can we expect in the near future?

• (0910)

Ms. Barbara Uteck: Thank you very much.

As you know, I am here today to answer questions on the main estimates. Nonetheless, you have raised questions on the report of the committee from last spring.

As I said in my opening statement, we have initiated a program to develop an annual report to Canadians, which will be posted on our website this coming spring. In that report we will be outlining all of the activities in the Governor General's program, including the objectives of those programs and the anticipated results, as well as costs. We will be breaking that out in the annual report, which we will post for all Canadians to see in the spring.

I very much appreciate the reference to the Australian model, which we have looked at. It's very instructive, but we of course will be doing a distinctive Canadian report pertinent to the Canadian Office of the Secretary to the Governor General.

Mr. Joe Preston: The purpose of the reports requested at that time was transparency, letting Canadians know how money was being spent and what activities were being done. Also, I guess whenever we look at budgets or main estimates or a report of this type, it's to try to find savings. At the point you're at in the preparation of this plan, have you found savings?

Ms. Barbara Uteck: I'll just turn to my director general of corporate services, JoAnn.

Ms. JoAnn MacKenzie (Director General, Corporate Services, Office of the Governor General): What I can do is reply to your question in two ways.

We participated in the government's reallocation exercise in the current year and we did find savings. We found about \$150,000 that we gave back to Treasury Board in their review. We are also participating in the 2005-06 expenditure review committee initiative.

Of course, we would talk more to that in the 2005-06 main estimates, but I can tell you that we have filed our report, that we have reviewed our activities, we have reviewed our priorities, and our report is there. It is still outstanding. We have not received feedback from the committee yet. We wouldn't get into the details at this time, but I can assure you that we have done that.

Ms. Barbara Uteck: I might just add that it is part of our regular management practices; in our program planning and in looking at all the events that the Governor General does, it is a critical part of our planning to always look at the most cost-effective ways of doing business.

Mr. Joe Preston: Does your office track the spending from other government departments as that has to do with the Governor General?

Ms. Barbara Uteck: This is something on which we are working very closely with our fellow government departments, those that have a mandate to support the Governor General in some way.

I would be referring to, for example, the RCMP, which is responsible for the security and personal protection of the Governor General, or the National Capital Commission, which is responsible for the maintenance and upkeep of all of Canada's official residences, including Rideau Hall.

I have tabled with you today the 2003-04 report, which I made to the committee last spring. I have been collaborating with our fellow departments to bring together their expenditures for this fiscal year.

Ms. JoAnn MacKenzie: In addition to that, in working with the other government departments, there is a consistent message across all of the federal public service that services provided without charge between government departments have become quite an issue, especially in the sense of who is going to speak to the numbers. In this fiscal year, in 2003-04, we did include a reference in our final financial statement to the services that are provided without charge to our department and we named the usual six departments in that report. The Treasury Board did come back to us and lauded our initiative in doing that. Of course, the work we did in the spring in working with the other government departments did assist them in that approach.

As a matter of course, we do work with the other government departments throughout the year in discussing our priorities or initiatives that they would have undertaken; for instance, the National Capital Commission, when they are preparing their plans for the residence.

• (0915)

Mr. Joe Preston: It's our fear as we move forward in this, as you stated, reallocation program—we talk about it a bit more as a cost reduction program—that we're simply going to reallocate from one department to the other and blame the other guy, if you will. We need to be sure that, as you say, cross-department expenditures are not just moved out of one department and into another and shown as a saving.

Ms. JoAnn MacKenzie: I would just caution you—and I almost said “be careful”—that moneys are not really moving from one department to another. Each of these departments has within its own mandate certain responsibilities in regard to our office. For instance, the budget the RCMP has for security would never be transferred to our department, nor would it be appropriate. It would be the same, I would say, with the National Capital Commission, or the public works department for that matter. So there isn't anything—

The Chair: Thank you, Mr. Preston. Your time is up.

Mr. Joe Preston: Thank you.

The Chair: Before we go to Madame Thibault, Ms. MacKenzie, you referred to a Treasury Board report that lauded the progress made. Could you table a copy of that report with the committee?

Ms. JoAnn MacKenzie: Sure. It's part of our final financial statements that are tabled every year. Following the financial information strategy or FIS initiative, we prepare final financial statements. So those reports went to the Treasury Board and they came back, and as I said, they were quite pleased.

Yes, I could table it. It's not a public document yet.

The Chair: Or just send it to the—

Ms. JoAnn MacKenzie: I will send it to the chair.

The Chair: Okay, thank you very much.

Madame Thibault, seven minutes.

[*Translation*]

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Thank you, Mr. Chairman.

Thank you for appearing before us this morning, Ms. Uteck and Ms. MacKenzie.

I'd like to mention one small but important detail. On page 10 of the document you distributed—the page is not numbered, but I am referring to the page following page 10—there is a table entitled, in English: Statistical Overview of the Governor General's Program. This table is not available in French. I would like to have it in French. If we spend a few seconds on this, I was wondering whether

Ms. Barbara Uteck: I apologize. The page was supposed to be in the report. This may have been an administrative omission. There is a copy of this table available in French. If it is not here, I will send it to you today. I know that it was translated yesterday.

Ms. Louise Thibault: Thank you very much.

It would be interesting if this table included not only statistics on the number of events or activities in 2000, or 2003, up to November 2004, but also the related costs, so that in a very cartesian way, the average person could understand how the budget is being spent.

To this end, I would like to continue the line of questioning of my colleague, Preston, and ask you how the Office of the Secretary to the Governor General measures the return on investment Canadians get from the Governor General's activities. How is this return measured?

Ms. Barbara Uteck: I will answer your question right away, but I would also have liked to give you the French version of the page in question. I apologize for this omission.

As to the way in which we evaluate the expenditures—if that was your question—and the impact of our activities in support of the Governor General, I will refer to a document that I just distributed.

For example, with respect to the Visitor Services Program, we do an evaluation based first on the number of visitors to the sites and their level of satisfaction. We have carried out surveys to determine their level of satisfaction as well as the recognition of information provided during the visits. This is one of the types of evaluations we do.

• (0920)

Ms. Louise Thibault: So according to your logic, the budget could go on increasing, since it would always be possible to provide activities or services that would attract more and more people. To make an analogy, I would say that people would be very interested in talking to government employees rather than to voice mail systems; they would like to have someone take down a message and call them back, and so on. It is always possible to provide better, higher quality service.

However, what I want to know is how the \$19.3 million total budget can be justified. I am also wondering to what extent we should be limiting new activities, while respecting the constitutional and other mandate of the office to meet the wishes of the Canadian public, to ensure that there are no future increases of 90% or 102% as happened in the past.

Like Mr. Preston, I believe that it is necessary to think seriously about reducing the budget. In that regard, I was expecting you to talk not only about what has been achieved and the fact that everything is going well, but also about the steps taken by the office as part of the collective cost reduction effort.

Ms. JoAnn MacKenzie: As I have already mentioned, we will be taking part next year in the departmental cost and expenditure reallocation project. We have also taken part in various exercises. With a view to reducing our costs, we have reviewed and re-evaluated our programs.

Ms. Louise Thibault: We were talking earlier about the other government departments and agencies. Can you give us some specific figures on specific types of activity? For example, can you tell us how much the structure surrounding the Governor General costs and how much the other departments pay for that? Could you give us something understandable and accessible for the average person?

Ms. JoAnn MacKenzie: I think it would be up to the other departments to give you a full report. We expect to give you the figure for our department. I cannot tell you whether, generally speaking, our costs can be compared to those offered by other departments.

Ms. Louise Thibault: You mentioned earlier that you were saving \$150,000 as a result of expenditure reallocation and re-evaluation. Could you tell us in what specific area these savings were made, and how you will continue or accelerate savings in the future?

Ms. JoAnn MacKenzie: The budget reduction last year was related to the promotion of honorary distinctions. The program is designed to promote the impact of honorary distinctions in the regions. We had planned to be able to reduce these costs, and we are trying to continue doing that. However, we will be better able to discuss that in the context of our main estimates for 2005-2006.

• (0925)

Ms. Louise Thibault: When you say that you will be better able...
[*English*]

The Chair: Excuse me, Madame Thibault, your time is up.

Now, seven minutes to Mr. Szabo.

By the way, thank you, Mr. Szabo, for filling in as chair for the first few minutes of the meeting. I do appreciate that very much.

Mr. Paul Szabo: You're very welcome.

Welcome, Ms. Uteck, Ms. MacKenzie.

I was delighted, actually, to be involved in the process that we went through last year of the review of the Office of the Governor General. It was a very good learning experience. I'm not sure if all the members have it, but it tells an important story that I think was very timely and probably identified perhaps the need for all Canadians to know a little more about our Constitution, the monarchy, and the roles that each play.

I remember I asked you a question that in hindsight perhaps shouldn't have been so flippant. I suggested to you that it was very difficult to find efficiencies in a department whose purpose is pomp and ceremony. I suspect that this also really continues to be the case. The official functions that the Governor General does preside over indeed are an important element of Canadiana and our tradition.

I want to ask you perhaps two or three questions. One of the things that I think are important for the committee to know is this. What is the general planning horizon for the Governor General to participate in a function? I can understand that there may be some emerging issue and that it may be very important from a state perspective, but in general you've given us many statistics about the various functions. How long would it take if, for instance, Paul Szabo invited the Governor General to come to the 100th anniversary of our city?

Ms. Barbara Uteck: Thank you very much.

With respect to your comment about pomp and ceremony, I would comment, as I believe I did last year, that there is more to the role of the Governor General than pomp and ceremony. I think pomp and ceremony play a small part in the overall program. The priority of the Governor General is to reach out to Canadians and to bring them together with an understanding of our shared values and our shared history. In some cases the ceremony is a key part of that, but sometimes it's also Her Excellency visiting small isolated communities where governors general have rarely, if ever, been. It's visiting small communities, schools, and shelters for the homeless or shelters for abused women where her visit points to our values for caring for others.

Those kinds of activities are every bit as important as the ceremonial or constitutional duties such as reading the Speech from the Throne.

With respect to our planning horizon, as I think you would understand, we normally plan about six months in advance, but we review invitations on a regular basis. Every invitation that is received at the office is considered and we have scheduling meetings every two months. But we also review invitations more regularly on a daily basis, because flexibility and the ability to respond to Canadians and to invitations by the government to do other things that are not in the calendar in the long run have also to be responded to.

So a number of factors are brought to bear in accepting an invitation.

Mr. Paul Szabo: Are there any matters of an international perspective that you are aware of on the horizon that in fact are coordinated with, say, other countries?

Ms. Barbara Uteck: Yes. Her Excellency has been asked by the Prime Minister to participate and lead the Canadian delegation to the land mines conference in Kenya on December 2 and 3. That will of course involve cooperation with our Department of Foreign Affairs, which will in turn work closely with the host government for that conference.

• (0930)

Mr. Paul Szabo: Who is responsible for the—for lack of a better word—financing of that particular event?

Ms. Barbara Uteck: The Department of Foreign Affairs.

Mr. Paul Szabo: Notwithstanding that the Governor General will participate in a lead role, it has nothing to do with her estimates.

Ms. Barbara Uteck: That's correct.

Mr. Paul Szabo: I must suspect that often is the case with some events, that they are in fact the initiative of another government department. It might be the National Capital Commission, it could be Canadian Heritage, it could be Foreign Affairs, or whatever.

Having said that, since those don't affect the ups and downs of your budget, could you give us an idea of the total of the program expenditures, which are some \$16 million to \$17 million? Relatively, your estimates are flat from the prior year. Of that total amount that you have and that you're here to respond to, roughly how much would be fixed costs versus those that are variable in nature, that will change as the volume of activity under your responsibilities would change? Do you have any idea?

Ms. JoAnn MacKenzie: I can tell you that. I'll give you some percentages.

Of the \$16 million, 60% is salary dollars. In the other 40%, we're talking about non-salary dollars, so that's

[*Translation*]

the operating budget.

[*English*]

At least 35% of that amount is fixed, in that it would be related to your core and overhead, that type of cost; and 5% is related to some of the visits we were talking about, a very small amount.

When we're talking about what you're referring to, fixed versus other, it's the old term "discretionary", or which activities are part of the Governor General's program, where we have direct discretion. In those activities, you would never include elements like an investiture ceremony or some of the public events. There are very few when we're talking about the calendar of events.

Mr. Paul Szabo: Two-thirds of your expenses are fixed.

Ms. JoAnn MacKenzie: More than that. At one point when we had looked at our calendar and we were looking at what was fixed, when we wanted to table a budget of discretionary events in front of the Governor General, it was very low.

Mr. Paul Szabo: Thank you kindly.

Ms. JoAnn MacKenzie: Okay.

The Chair: Thank you, Ms. MacKenzie.

For seven minutes now, we have Mr. Julian.

Welcome to our committee.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you very much. I'm pleased to be here.

Thank you, Madame Uteck and Madame MacKenzie, for coming here today.

As a short initial comment before I ask my questions, I should mention to you—as I'm sure you're well aware—that there is an increasing deterioration in the quality of life of Canadians across the country. We have Canadians who aren't able to access employment insurance. In my region, we have people without housing; the number of homeless has tripled. The line of people in front of the food bank in my area is getting longer and longer. The average Canadian is earning 60¢ an hour less than they were in real terms ten years ago. Generally, what we're seeing across the country is Canadians getting poorer and poorer, and their quality of life and the quality of public service is deteriorating. That's context that I raise for the questions I would like to ask, concerning the travel budget of the office.

As you know, concerns have been raised in the past about the travel budget of the Governor General. I'd like to ask what the travel budget is in terms of this year's estimates for the Office of the Secretary to the Governor General.

Ms. JoAnn MacKenzie: The overall travel budget is just under \$200,000.

Mr. Peter Julian: So that would not include special travel outreach that is done in the framework of other initiatives. For example, you mentioned the Canadian delegation to Kenya for the land mines conference. That would be additional funding.

• (0935)

Ms. Barbara Uteck: That's correct. All international travel by the Governor General is supported by the Department of Foreign Affairs. The travel budget that appears in our main estimates is the travel budget for domestic travel within Canada.

Mr. Peter Julian: Has that remained relatively stable over the course of the last few years?

Ms. Barbara Uteck: Yes, although it can vary. The Governor General travelled somewhat less last year. In previous years she had

gone to many small communities, whereas last year she went to six cities as part of an urban visit program. That meant there were fewer domestic trips than in the previous years.

Ms. JoAnn MacKenzie: We also had a special program in 2002, when the Governor General, as part of her regional celebrations, did visit six regions across Canada. That program was planned and was very specific: to bring the message of the 50th anniversary of Canadian governors general out to regions from coast to coast to coast. During that year, we also celebrated Order of Canada investitures in the regions and brought that message and that celebration to regions as well.

In the statistics that you have in front of you, you will see that in the year 2002 there is an increase in distance travelled, and then there's a decrease in 2003. That would be part of the reason for that.

Ms. Barbara Uteck: If I could, I would just say something about the travel budget that's in our main estimates. In 2003-04, total travel expenses for the office represented 5.6% of our total budget. That was approximately \$950,000. This included travel for recipients who were coming to Ottawa to be invested in the Order of Canada, to be awarded with a bravery decoration, or to be awarded with the Order of Merit of the Police Forces. In many of those cases, those people are brought to Ottawa. Their travel is therefore included in our travel budget; it does not only include the travel by the Governor General and public servants who may accompany her to execute programs in various communities across Canada.

Mr. Peter Julian: Thank you for your comments.

Do you have a travel schedule from now to the end of the fiscal year?

Ms. JoAnn MacKenzie: Yes.

Mr. Peter Julian: Would that include some international travel as well, in addition to the trip to Kenya?

Ms. JoAnn MacKenzie: That hasn't been determined yet.

Ms. Barbara Uteck: There's no other international travel planned at this time.

Mr. Peter Julian: But you have the domestic travel that would already be scheduled from now until the end of the fiscal year.

Ms. Barbara Uteck: There is some domestic travel, yes.

Mr. Peter Julian: As part of the office work, do you track the international travel and the overall expenses even if they are paid through other budgets, through Foreign Affairs, for example?

Ms. JoAnn MacKenzie: We track some of it. We track any of the expenses that are related to our employees. We are not in the position to be able to track all of the expenses. For instance, if Foreign Affairs is the lead in organizing some of the events overseas, they would have more of that information on their books. However, we definitely would be sitting with our delegation, and we would have a fairly good idea of what they are incurring as expenses.

Does that answer your question in part?

Mr. Peter Julian: That answers my question in part, yes.

• (0940)

Ms. JoAnn MacKenzie: But what is the bigger question?

Mr. Peter Julian: Well, the bigger question... There's a largely domestic travel budget of \$200,000. On top of that, there would be a budget that you would track—and this would include largely employees of the office—and that would be paid for through Foreign Affairs. In addition to that, there would be a travel budget that you would not be tracking but would be paid for exclusively through Foreign Affairs.

Ms. JoAnn MacKenzie: Correct. If they had their delegation out there, if there were expenses incurred by the missions overseas related to the support to the office, that information would be on their books. It would be reported to Parliament through their office.

Mr. Peter Julian: So for the portion that you track, in addition to the \$200,000, what would be the amount to this point in the fiscal year?

Ms. JoAnn MacKenzie: This year we haven't had a state visit or any.... Is international travel what you're asking about?

Mr. Peter Julian: Yes.

Ms. Barbara Uteck: There have not been any state visits out in the current fiscal year, and we have not had reporting back yet on the visits to France and Italy for the commemoration in honour of our veterans, which took place in the spring and in the fall of this year.

Mr. Peter Julian: When would those figures be available? Are they released quarterly? Or do you track that sort of thing?

Ms. Barbara Uteck: As part of our preparation for coming to the committee, we have asked Foreign Affairs to give us these figures, but we don't yet have them. As soon as they're available, I will make them available to the committee.

The Chair: Thank you, Mr. Julian.

Mr. White, for seven minutes.

Mr. Randy White (Abbotsford, CPC): Mr. Chairman, unlike my colleague across the way, I do think pomp and ceremony can have savings as well, and so can reaching out to Canadians.

Did you indicate that the estimates this year are \$150,000 less than in prior years?

Ms. JoAnn MacKenzie: I indicated that we gave up \$150,000 after the estimates were tabled, and that was in 2003-04.

Mr. Randy White: If that's the case, the \$150,000 is back in there if the estimates are the same as the previous year, right?

Ms. JoAnn MacKenzie: Correct.

Mr. Randy White: How do you consider that a savings if the money is still in the estimates of the Governor General?

Ms. JoAnn MacKenzie: What I also continued to say was that in the 2005-06 expenditure reallocation exercise, we have reviewed our priorities and we are contributing to that exercise.

In 2004-05—and I'm not playing a numbers game here—there was another exercise that the Treasury Board did come forward with to the departments, and that was the salary cap. You'll recall that as we were going through a reduction for the \$150,000 in a reallocation exercise, departments were also asked to examine and to freeze salary levels for 2004-05. That exercise would have complemented the \$150,000 that we would have frozen the previous year. So there was a continuation of funding reallocations, if you will, or savings that we were trying to find within the department.

All of these exercises were going on in the late fall and last spring, so there was overlap in some of these exercises.

Mr. Randy White: I'm only an accountant, and you lost me. I'm going to come back to that in a minute.

The \$150,000, if it were less in the estimates, represents less than 1% of the budget. Do you consider less than 1% to be a huge quantum leap in reductions in budgets?

Ms. JoAnn MacKenzie: We don't consider it a quantum leap, but we do consider that in the spirit of participating in the exercises and doing what we could to provide a contribution to the reallocation, \$150,000 was what the department could contribute at that time.

Mr. Randy White: I know you were in here being questioned on this trip to Russia last year. It was publicized—and criticized, I guess—that the cost of that trip was either \$4.8 million or \$5.3 million. I think that was the amount that was put on it. That amount of money came from where? It didn't come out of the Governor General's budget, because you're saying you don't have that kind of money in there.

• (0945)

Ms. Barbara Uteck: The state visits were to Russia, Finland, and Iceland, and the full cost was reported on at this committee last year. It does not come out of the main estimates, the budget of the Office of the Governor General, it comes out of the Department of Foreign Affairs.

Mr. Randy White: Did any of it come out of the Office of the Governor General?

Ms. Barbara Uteck: No.

Mr. Randy White: Okay.

I want to pursue Mr. Julian's observation on the travel budget. The actual travel budget, then, is \$200,000, plus international travel costs from other departments, plus attendees from other areas, from other departments, I suppose?

Ms. JoAnn MacKenzie: No, what we're saying is that part of our travel expenditures are related to invitations to Canadians, from any region in Canada, who have been nominated and are being invested in ceremonies, either at Rideau Hall or in some of the regions where we have held regional investitures. That comprises a very large portion of what we would call our non-public servant travel budget. It is reported in the public accounts as a travel expenditure, but it is related to the recipient travel.

The reason we reimburse recipients for the cost of their travel is to ensure that in a country as large as ours, every Canadian has an opportunity to attend these ceremonies. When a bravery recipient has been nominated and is awarded a medal, we are then able then to invite them and bring them to Rideau Hall to receive their medal, which perhaps otherwise they would not be able to do.

Ms. Barbara Uteck: If I could just try to clarify for the committee that the international travel budget is part of the Department of Foreign Affairs, not of the defence department—

Mr. Randy White: I understand.

Ms. Barbara Uteck: Our travel budget of approximately \$950,000 per year goes for travel to communities across this country. Across Canada, in the five years she has been Governor General, she has visited 328 of Canada's communities.

It also pays for the travel of recipients who are invested in our honours program, the Order of Canada, the bravery...and so on.

Mr. Randy White: Why have I got \$200,000 and \$950,000 confused then?

Ms. Barbara Uteck: I'm not sure, but—

Mr. Randy White: I thought you said the travel budget was \$200,000, not \$950,000.

No? I must have heard that wrong, did I?

Ms. JoAnn MacKenzie: I said \$200,000 when I was replying to Mr. Julian's question. We said that our total reported travel expenditures for 2003-04 are over \$900,000. The difference with some of those expenditures would be related to non-public servant travel for our recipients who are being brought to Ottawa for investitures.

Mr. Randy White: What do you do if your travel exceeds that budget?

Ms. Barbara Uteck: We're very careful to ensure that it doesn't exceed that.

In terms of our own management practices, there is no way we would spend money we don't have. We have a certain allocation, and very clearly, we operate within the funding approved by Parliament for our department. That's our responsibility and that's the responsibility we carry out.

The Chair: Thank you, Mr. White.

For the last seven-minute round, Mr. Boshcoff.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Thank you very much.

As someone who has experience with a Governor General in my previous role as mayor of a community, my staff and the people who worked in my community were...let's be polite and say questioning

the need for two sets of advance people to come twice. When we talked about that total, I was wondering how you could do it for \$200,000—because that was the impression I had. Okay, but now we know it's \$950,000.

Whether it's the clerk or the people who arrange for these kinds of things, are these things the standard of advance preparation? Is there not any other way it could be done more normally? I have to say this is the only organization that went through such elaborate preplanning, and we have had ambassadors and consul generals and other lesser types visit us. The previous Governor General didn't even come close to that kind of largesse in preparation.

• (0950)

Ms. Barbara Uteck: I'm not sure what... I apologize, I don't know what community you were the mayor of.

Mr. Ken Boshcoff: Thunder Bay.

Ms. Barbara Uteck: But normally only one advance is done for a visit. There may have been particular factors that had to do with the nature of the events and the number of events that took place in your community and the other communities visited as part of the visit to northern Ontario, which included Thunder Bay.

Mr. Ken Boshcoff: When the Governor General arrives at a community, does she pay for the hotels or is that part of the invitation?

Ms. Barbara Uteck: The office pays for her accommodation.

Mr. Ken Boshcoff: Is the use of the aircraft part of that \$950,000?

Ms. Barbara Uteck: No.

Mr. Ken Boshcoff: So when we ask about travel expenses, where do we find the expenses for the aircraft?

Ms. Barbara Uteck: When the Governor General travels on government aircraft, which is what is recommended by the RCMP, the cost of the government aircraft is covered by the Department of National Defence.

Mr. Ken Boshcoff: This is helping us get a picture of what's involved here.

I guess the question is, what is the perceived threat to the Governor General?

Ms. Barbara Uteck: I'm sorry, you would have to speak to the RCMP, who are responsible for threat assessments and personal protection and security of the Governor General.

Mr. Ken Boshcoff: Would you also exclude that answer from whatever community she is visiting, for their own local policing and Ontario Provincial Police involvement and so on?

Ms. Barbara Uteck: The RCMP is responsible, and if they choose to engage local police to support them in providing the security, that's their decision. Our office is not involved.

Mr. Ken Boshcoff: Is the retinue that attends to the Governor General in travelling part of that \$950,000? Would it include all staff travel?

Ms. Barbara Uteck: Yes, any staff who accompany the Governor General would be included in that travel expense.

Mr. Ken Boshcoff: Let's shift gears to another question in terms of some of the previous recommendations.

Do we have to become a republic to abolish the Office of the Governor General?

Ms. Barbara Uteck: I can't answer that.

We are a constitutional monarchy and the Governor General is part of our system of government as a constitutional monarchy. I can't really speak to any changes, though, that might come forward.

Mr. Ken Boshcoff: In terms of the pomp and ceremony, how would those duties be conducted if there weren't an actual Governor General representing the Queen? Would that function be required from someone else in the country?

Ms. Barbara Uteck: That's a purely hypothetical question.

Mr. Ken Boshcoff: Yes, it is.

Ms. Barbara Uteck: I think that's something you might wish to discuss amongst yourselves or with your constituents. Our responsibility is to support the Governor General, who is currently our effective head of state and our constitutional monarchy.

Mr. Ken Boshcoff: When you send out 727 press releases a year, what kind of subject material can that... That's almost two a day.

Ms. Barbara Uteck: The 727 total is the total in the last five years.

Mr. Ken Boshcoff: Oh, I see.

Ms. Barbara Uteck: We send out approximately 100 to 150 news releases a year. That's a way of informing Canadians about the activities of the Governor General and what she is doing to carry out her roles and responsibilities.

Mr. Ken Boshcoff: Thank you very much. Those are my questions.

The Chair: Thank you, Mr. Boshcoff.

We really only have about four more minutes left for questioning and there are two people on the list.

Mr. Preston, perhaps you could ask a short question, then Mr. Gagnon can ask a short question as well.

• (0955)

Mr. Joe Preston: Looking back in history, going back as far as 1995, the budget you're dealing with was about \$11 million. In 10 years we've grown pretty much 100%. You said that most of your expenditures were fixed—60% in salaries and 35% in other fixed costs. Have your fixed costs grown by 100% in 10 years?

Ms. JoAnn MacKenzie: Because we have such a short time left, may I say we have responded to that question in previous material that I could forward to you. What I would like to tell you, though, is that we have added another program. Our visitors services program is probably one of the largest programs and affects the total increase the most. It's a program that we designed, really, in response to Canadians in order to ensure citizen access and public access to Rideau Hall, which is a national historic site.

Mr. Joe Preston: Might I only suggest that as you're looking for reductions for next year, let's... The Governor General is the head of

state of our country, so let's lead with that process. If we're looking for this 5% in 2004-05, I think we have to lead from the top. Let's look backwards to see where we might find some of this.

Ms. JoAnn MacKenzie: Noted.

The Chair: Thank you.

For the final question, Mr. Gagnon.

[*Translation*]

Mr. Marcel Gagnon (Saint-Maurice—Champlain, BQ): Thank you very much, Mr. Chairman.

I am having trouble understanding the answers you just gave to my colleagues. Mr. White asked you what you were doing when you went over the budget. You replied that you were careful not to go over the budget. At the same time, we asked for the cost of the Governor General's most recent trip to Italy, with the veterans and the cost of the trip before that. You replied that you did not yet have that information. Does that mean that there are no forecasts? Does that mean you start the year with no forecast? Trips of this type must be foreseeable. You must know ahead of time what the cost will be.

Ms. Barbara Uteck: The cost of international travel is not part of our budget. I cannot give you specific figures on this. I understand that you want to know the cost of all this travel, and I will try to get that information for you. However, that is not part of our budget.

Mr. Marcel Gagnon: That means that when we are studying the Governor General's budget, we must not forget that her travel abroad is not included in the budget. Travel on a Canadian Forces plane is not part of your budget either. Where can we get the total cost of these services provided by the Governor General? We would have to add these amounts to the Governor General's budget.

Ms. Barbara Uteck: I understand your question. However, I already gave you the costs of each department last year, and I am doing so once again today. These are the expenditures incurred by each department in support of the Governor General. However, these amounts are not part of the budget of the Office of the Governor General, which we are discussing here today.

To get the total amount, you have to collect all the information from all the departments. That is what I tried to do in the report I gave you today, and I will update it in our annual report in the spring.

[*English*]

The Chair: Thank you, Mr. Gagnon.

Thank you both for coming today. We appreciate your being here to answer the questions of the committee. I'm looking forward to seeing you in the future. All the best to you.

Ms. Barbara Uteck: Thank you very much.

The Chair: We'll take a short break to give the President of the Treasury Board a minute or two to set up, then we'll reconvene at that time.

• (1000)

(Pause)

• (1003)

The Chair: Order. We'll reconvene this meeting.

We have as a witness today Mr. Alcock, President of the Treasury Board, and he's appearing on both the main estimates and the supplementary estimates. We're in a timeframe where we can deal with both, so we are doing that.

Mr. Alcock, if you would introduce the two gentlemen who are with you and then make your short statement, if you have a statement to make, we'll get directly to the questioning.

Hon. Reg Alcock (President of the Treasury Board): Thank you, Mr. Chairman.

I am joined here today by officials from the Treasury Board Secretariat, Dennis Kam and Steven Silcox, who have been working diligently to prepare information. Should there be questions I'm unable to respond to immediately, they'll take notes and make sure we get back to members with specifics.

I am conscious of the fact, Mr. Chairman, that when I was in the committee I did not appreciate ministers who made very lengthy statements. I have a statement here, I'm going to edit it a bit, then if people would like copies of it, we'll circulate a copy afterwards.

I will simply get to the things that I think are.... I mean, you already know what a wonderful organization we are and how hard we work and all that. I think at the heart of this would be things like the fact that over the last year the Treasury Board Secretariat has been streamlined to ensure we can better focus on the ambitious public sector management agenda. On December 12, the secretariat was remanded to focus on providing more rigorous oversight of government expenditures and to assume responsibility for continuous reallocations and realignment.

[Translation]

Mr. Marcel Gagnon: May I ask you to speak more slowly, please.

• (1005)

[English]

The Chair: Mr. President, could you speak a little more slowly so the translators can keep up?

Hon. Reg Alcock: Some of the milestones we've achieved in the changes at Treasury Board include re-establishing the Office of the Comptroller General of Canada and appointing Charles-Antoine St-Jean to take on the challenge. We created the expenditure review committee as a full cabinet committee after December 12, and then made it a subcommittee of Treasury Board after the subsequent election.

They're undertaking a process. I believe that Mr. McCallum has been in front of you on that, so I don't need to go through it. It's an important process from a couple of perspectives, in that not only is it dealing with the issues of current budget management, it's also looking at the process issues as we work to re-establish an annual budget cycle, something that has been lost to government for some years.

We are also close to completing three reviews aimed at approving accountability: the review of the Financial Administration Act, the review of accountabilities and responsibilities of ministers and senior public servants, and the review of crown governance and transparency.

Regrouping the Treasury Board Secretariat, the Canada School of Public Service, and the Public Service Human Resources Management Agency of Canada under the Treasury Board portfolio is also before you in Bill C-8, which is something I would like to discuss with you at some point if you are going to move on that bill. These organizations have had distinct but complementary roles focused on achieving excellence in the public sector through enhanced learning programs and streamlined human resource management frameworks.

We've also made important headway to enhance transparency in government through public disclosure on our website, and other departments' websites, of information such as travel and hospitality expenses for selected government officials, contracts for goods and services over \$10,000, and reclassification of positions in the public sector. We also have work under way on Gs and Cs.

Last Thursday, I announced a multi-year initiative to strengthen the internal audit functions across the federal government. This objective is an important part of our agenda to improve public sector management and to ensure the rigorous stewardship of public funds.

On a strategic level, Treasury Board Secretariat is organized around three principal areas: management performance, in setting standards and ensuring the departments meet the high standards of public management; expenditure management, to ensure that resources are aligned to achieve government priorities; and financial management and control, whereby the Office of the Comptroller General ensures effective control, oversight, and monitoring systems for public expenditures, so that value for money is a core consideration in expenditure review and management decisions. All three priorities are supported by the secretariat's corporate management function, which oversees the restructuring and re-engineering of existing Treasury Board business processes that are required to deliver better results.

These initiatives are focused on one strategic outcome: rigorous stewardship of public resources to achieve the results that Canadians demand, making sure that Canadian's tax dollars are invested in their priorities and managed in a manner that is effective, efficient, and accountable, is part of any government's most fundamental responsibilities. That's why the work of the standing committee is so important.

That brings me to the chief issue on today's agenda. The 2004-05 main estimates for the Treasury Board Secretariat are \$2,497,500,000. In 2003-04, the Secretariat requested \$2,410,600,000. The increase is largely due to \$158.6 million in additional funding requirements for public service insurance. Rising costs for health care, provincial premiums, and payroll taxes account for most of the extra money. However, these increases have been partially offset by decreases in operating expenditures, grants, and contributions, and certain government-wide initiatives.

The Treasury Board Secretariat is also seeking approval for items in the supplementary estimates in the amount of \$179.4 million. Of this amount, \$158 million is earmarked for departments to cover the costs related to collective agreements signed this year. I'm happy to provide members with details upon request.

The initiatives I have spoken about today are important in strengthening public sector management, but I want to highlight one key Treasury Board Secretariat objective that has a direct bearing on this committee's work. This year we have begun to deliver on our commitment to improve reporting to Parliament, the key element for enhancing accountability, providing a whole-of-government perspective, and better aligning departmental efforts to government priorities.

• (1010)

The changes we brought about to the supplementary estimates documents that I tabled on November 4 provide overviews to help contextualize information for parliamentarians; more summaries, many of which are presented in a table format for ease of use and understanding; as well as more details on departmental transactions. The goal in providing better information to parliamentary committees is to help them play a more active role in the estimates process and provide broader oversight of government spending and management.

During this committee's session a week ago, vice-chair Paul Szabo noted, "We want to carry on the dialogue. This should never be seen as a once-a-year process. We need the opportunity to continue to keep apprised of developments and to work together, because that is in the best interests of all".

I can't agree with Paul enough. I think Canadians are most satisfied when we are collaborating and working together on their behalf. I've long been an advocate for getting Parliament more involved in this.

I've set an extremely ambitious agenda for change at the TBS and within public management, and I look forward to working with this committee. Frankly, I think this committee can add a great deal of value as we work to improve public management.

With that, I'll take questions.

The Chair: Thank you very much, Minister Alcock.

For the seven-minute round, Mr. White.

Mr. Randy White: Thank you, Mr. Chairman.

Mr. Alcock, the Prime Minister has set a target, I believe, of a 5% spending reduction at Treasury Board. Is that equal throughout all departments or just a general 5% global reduction?

Hon. Reg Alcock: There's a bit of a misunderstanding there. What the Prime Minister said—and it was outlined in the budget and in the subsequent campaign—was that there was a desire to reduce core spending of the government by \$1 billion in the first year—that would be \$1 billion that would carry through; \$2 billion in the second year; and \$3 billion in the third year. Then the \$3 billion would be ongoing, for a cumulative total of \$12 billion. So any of the cuts can't be cuts of one year's money; they're cuts that are ongoing.

The 5% was a target my colleague John McCallum set in asking departments to put forward options to cut 5%, knowing that this was more than what was required, to do two things: to force senior management of the departments to look at their portfolios to look for opportunities to reallocate funds from areas that may be old and we could do without to more important priorities, and to give us a basket of options, because we may reallocate across departmental lines.

That's why the 5% has been used.

Mr. Randy White: So it's approximately \$1 billion in these estimates? The estimates will be lower by \$1 billion?

Hon. Reg Alcock: That will be brought forward in the budget. In fact, that's detail. It's one of the additions we did to the supplementary estimates. We put a table in there. I reduced spending by \$1 billion going into the last budget, and we detailed it in a table that's contained in the current supplementary estimates.

Mr. Randy White: We just heard the Governor General's representatives here. I guess I heard it this way—it was a little convoluted, but I'll try to figure it out. Their travel budget was \$200,000, but it wasn't really, it was \$950,000. But it wasn't really, because some of the costs of their travel were incorporated in Foreign Affairs, some in Transport Canada, some in RCMP, some wherever else.

One of the difficulties I have in your comment with more accountability and efficiency and so on is in trying to comprehend just what exactly the direct and indirect costs of any function within government are. I wonder what your observations are in trying to isolate specific costs—costs, quite frankly, that in many cases aren't even necessary, but they're coming from various budgets so you can't put your finger on them.

Hon. Reg Alcock: I think the point you raise, Mr. White, is an excellent one. I think it is at the heart of many discussions that have occurred with parliamentary committees and departments. That is why we started this exercise, to try to present information in a more holistic way.

Now, I ran into a problem, you may recall, with the main estimates this year, because I had offered to do that. I tabled the main estimates in the required time, before the end of March, saying that they reflected the state of government spending at that time. I offered to table them in an amended form this fall, knowing that we'd be coming back. I would then have been in the position of tabling two different kinds of estimates in the same fiscal year, and there was an objection to that, so we've tabled exactly what we tabled last year. We took advantage of the supplementary estimates to try to reflect some of these.

I would be most interested in advice this committee may want to offer. Certainly, the Senate finance committee is the source of a great deal of the advice that you see reflected in the supplementary estimates. If it is advice you want to offer in terms of bringing information, we certainly will do our best to meet that.

I don't want to chew up your time, but let me give you one other example. We're doing this right now. You're relating to an issue of trying to accumulate the total spending for the Governor General. We're doing this right now with aboriginal affairs. I chair the accountability table, and one of the questions is, what's the total amount of funding that goes into these program portfolios?

When we started out, I was told there were 14 departments that were providing programs. We're right in the thick of this now, and we've now discovered there are 32 departments that deliver more than 240 program lines. What we are attempting to do... And this is the one thing I have to caution you about, because this is not easy. This is the largest organization in Canada, and just the sheer accumulation of information is a big exercise. But we are doing it to do exactly that: to allow the House to see exactly what the realities of spending are, instead of these vertical snapshots that we have.

•(1015)

Mr. Randy White: This is the same problem, however, that I've encountered in the national drug strategy. The money toward that was all over the place—Corrections Canada, Health Canada, Official Languages, and various departments. It's money throughout the departments.

Have you some kind of grid system for program estimates that says, here's a program, and this is where all the money is captivated?

Hon. Reg Alcock: That's exactly what we're in the process of building. You'll have heard me many times in the past talk about the lack of electronic expenditure management systems and that. We made an announcement of the creation of one internal to government. The new Comptroller General has that as one of his mandates to drive. Because it takes some time to get that integrated into all of the departments. In the meantime, the various policy shops are working on...we have a selected number of these. If the committee would like to recommend others, we certainly would look at that. We're doing one on climate change that looks at the whole portfolio. We're doing one on aboriginals, as I mentioned.

I think over time what we hope to do is have exactly what you referenced. We should be able to see these automatically.

Mr. Randy White: There is an area that has been plaguing me for about 10 years, since I've been in the House of Commons, and that is the payoffs prior to a lawsuit against the government in courts. I particularly follow the ones in Corrections Canada, and of course,

under privacy, they won't tell you what they are. But I'm finding that in almost every department there are payouts before you get to court. They're located in small amounts throughout various departments, agencies—just all over the place.

Isn't there a way that we could know how much the Canadian people are paying for lawsuits settled out of court?

Hon. Reg Alcock: I can't see any reason why we.... Let me come back to you, Randy, with a specific answer to that question.

In terms of the policy question about why we do that, I would ask you to direct it to the Minister of Justice. I wouldn't be qualified to answer that, but I can certainly see that you have the information. If there's a problem in the reporting format that's currently used, we could talk about how that might be modified.

Mr. Randy White: Thank you.

The Chair: Thank you, Mr. White.

For seven minutes, Madam Thibault.

[*Translation*]

Ms. Louise Thibault: If I can, I will share my time with my colleague. I will try to be very brief, and I am sure Mr. Alcock will do the same.

Thank you, Mr. Chairman. I would like to thank Mr. Alcock and his officials for being here today.

It is clear that some changes have been made. For example, Government On-Line, which came under Treasury Board, now comes under the Department of Public Works. Another program that was elsewhere has now come back to you, and vice versa. In terms of expenditures, are you convinced that this is really the best way of doing things for taxpayers in Quebec and Canada? Are you convinced about the validity of this general principle of governance?

On the same subject, could you take a few minutes to explain in simple terms, for our viewers, what responsibilities will be assigned to the Comptroller General? How will this really improve the way in which Canadian taxpayers' money is managed? How will this improve governance generally?

•(1020)

[*English*]

Hon. Reg Alcock: Thank you very much for that question. Your experience in public management shows.

I think there are two or three things that lie at the heart of this. What you are correctly identifying is a pretty major shift in the approach to management. It began with the Public Service Modernization Act a few years ago, when they looked at the hiring process. What was identified was that accountabilities were so spread, it was hard to hold anybody to account for the operation. The employing authority was held with the Public Service Commission, and the deputies needed to get people in to do the important work of the departments, and so on.

The policy change in that was to establish the deputy heads as the authority, to free them to put in place regimes that respected the policies identified by the management board, the Treasury Board, but gave them more flexibility in meeting their outcomes. And it was then proposed that they be audited to see compliance, as opposed to getting compliance by trying to control every single decision in the chain. That just leads to this enormous gridlock we have.

In order to have both an ability to audit that and a clarity and transparency about it, part of that is to build the information systems that make that apparent. Right now, our state of the art in managing all of this information is, shall we say, not quite new millennium.

It becomes two things: building the information infrastructure and then the policy structure that clarifies the accountabilities, and then developing mechanisms to hold them to account.

One of those mechanisms is the House of Commons. The stronger the House becomes... I think the House can play a hugely important role in this.

[Translation]

Ms. Louise Thibault: And what about the office of our Comptroller General?

[English]

Hon. Reg Alcock: Yes.

When the concept of recreating the position of Comptroller General came up, one of my concerns was that we could be seen to be going back to an old model—let's get him in a high desk with a quill pen, and we'll go back to the old days. The Treasury Board used to be the place that said no to everything when I was a public manager.

What Mr. St-Jean understands very clearly is that modern comptrollership is about building the information and accountability frameworks that allow you to have oversight of activity, freeing managers to deliver what they have to deliver to the bottom line. He understands that; I think he's a superb choice, and it would be useful for you to bring him before you at some point and let him tell you how he's going about that. He's also working on internal audit. We made some announcements about that, which I think you would find interesting also.

[Translation]

Ms. Louise Thibault: When you talk about this new mechanism that will give us an accountability framework, you are hopeful that past scandals will not be repeated. I'm referring to the money spent so shamefully on things like the sponsorship and firearms programs.

[English]

Hon. Reg Alcock: Absolutely.

I am beginning to describe this work as akin to renovating your cottage. I went through that process where you start to fix the porch and then you realize you have to fix the roof, and pretty soon there's only one board that's original.

What's interesting is that when we got into the world of the crown corporations' governance, what we discovered was that there's been a tremendous problem in the management of large organizations in the private sector—Enron and Arthur Anderson, and there's been whole list of them.

There's been a lot of work done on changing some of the governance structures, which is why this report is taking a little longer. I wanted to have a look at all of that to see what the best practices were. Having done that, we were making some changes in the crowns. For example, there is the independence of the internal audit function. That raised the question, if we're doing that for the crowns, why aren't we doing that for our departments? That led us into a conversation there.

I am confident, but I want to be careful. This is a huge organization; we are not there yet, and it will take us time to get this thing fully embedded. But I think, structurally, we have a lot of the components either in place or well enough along that we're ready to implement.

I would actually enjoy an opportunity to come here and have a conversation with this committee about this.

•(1025)

[Translation]

Ms. Louise Thibault: While I have the opportunity, I'm going to ask you a question that may seem off topic, but actually is not. I think this falls squarely within your responsibilities, and you spoke about it in the House last week. Can we expect that you and other partners will develop a system that will really give the Auditor General an objective, neutral way of reviewing expenditures and will ensure that decisions are not made by the entities she is auditing?

[English]

Hon. Reg Alcock: I think that's a very important issue. It's one that our chair, and Mr. Szabo certainly, would know from sitting on this committee before. We twice made a recommendation to the House of Commons on this exact issue. I've had several conversations with the Auditor General about it. One of the conversations we're having right now is that it would be possible to go down the grand policy route, which was my initial recommendation, or it may be more functional to solve the problem specifically for the Auditor General right now and leave the bigger one for later.

I haven't come to a decision on that. But do I agree with the concern? Absolutely.

The Chair: Thank you, Madame Thibault.

Mr. Scarpaleggia, for seven minutes.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Thank you.

Madame Thibault beat me to the punch on one question.

Hon. Reg Alcock: That's okay. I have lots of answers.

Mr. Francis Scarpaleggia: Actually, just as a preamble, the head of the Public Service Commission also had some concerns about whether she should be reporting to your department or whether she should be reporting directly to Parliament—especially if she's given responsibility for managing the whistle-blower's regime and so on. If you have any comments you'd like to make on that, I'd certainly be happy to hear them.

My questions have to do with the meetings of the Treasury Board itself and essentially with what goes on in those deliberations. How many hours a week does the Treasury Board meet? How many requests for funding does it hear? Do the discussions focus on value-for-money issues and on whether a spending proposal ties in with general government priorities?

Also, I know it's the secretariat of the Treasury Board that really does a lot of the legwork in terms of analyzing funding and funding requests—and, I suppose, recommending or not recommending them. How do we know that the analysts in Treasury Board Secretariat are doing a good job? Is there a mechanism for evaluation? I would imagine that a lot of them come from other departments; there's a lot of coming and going across departments. I imagine a lot of people are transferred from other departments into Treasury Board and then out. There's always a possibility there would be of a live-and-let-live approach by analysts who come from other departments, and so on.

Hon. Reg Alcock: You raise a lot of issues. With the head of the PSC, as the PSC becomes an auditor and has more of an audit function, I think the intention is to make them a parliamentary officer, and that's inherent in the appointment process now. We've had part of that discussion and I'm looking forward to an opportunity to re-engage in that discussion.

You raise a really interesting question, because there are two things going on here. First, let me say this on the issue of the staff at the Treasury Board: I think they're superb. You'd expect me to say that, right? But I came in from this committee quite critical about public management. I went in there, and we had some period of time sorting out how we felt about each other, shall I say. Then we got down to it. What I found was a group of public servants who are as frustrated as I am, as frustrated as you are, about what they see to be somewhat antiquated, somewhat outdated systems, but it's enormously hard to change public management. This is one of the problems where I think a committee like this adds huge value, because it can tackle things that it's hard for the public servants to tackle. But it needs to get engaged.

On that, you raised some questions that we've been grappling with. In fact we started discussions just recently about our internal processes for managing our portfolio. As you may know, the current deputy is moving off to be the head of CSIS, and there will be an announcement shortly about the new deputy. So I've parked some of that until the new deputy comes in so that we can start to look at our internal processes.

But by and large, I am more than satisfied that the staff at the Treasury Board do a superb job. In fact, if anything, they come from the departments loaded with information that allows them to be more effective, provide more effective oversight.

Having said that, we're trying to change the nature of the board, because the board spends an enormous amount of time on rather small transactional pieces and very little time on broad policy. I think it's in broad policy that the political folks around the table can add value. As an example, there's something that will come up today in the Auditor General's report that—I can't speak about it until the embargo comes off—but it's an example of how when something happens then the public service, with the best of intentions, reacts to protect itself and then everything gets harder. They lock everything down and it becomes harder to deliver on the core mission. It's the tyranny of accountability.

The only way we can free them from that is to get engaged with some of those policy suites and provide them some guidance and some protection that allows them to really move down a road that would better meet the management objectives. But to do that, we've got to provide them some....

Part of that protection, Mr. Chair, is for committees like this one to be aware of these issues and to be engaged with them and be part of that process of redesigning some of these policy suites, because it will produce better management for all of us.

• (1030)

The Chair: Thank you. You still have two minutes.

Mr. Francis Scarpaleggia: I wanted to add that I agree with you that the public servants I've met who are connected with the Treasury Board are excellent. I wasn't trying to impugn their motives or anything like that. It was more a question about the systems and how we track the effectiveness of groups who are working on projects like evaluating funding requests to Treasury Board.

But I want to go back to one of the questions that I asked. Is value for money a big issue, a big point of discussion, at Treasury Board itself?

Hon. Reg Alcock: Absolutely. One of the jewels, if you like, underlying some of the work that's been done by the Treasury Board, and led by the current secretary, Mr. Judd, has been to develop a management accountability framework that begins to identify the strategic outcomes. We don't manage to objectives in the government. We tend to manage processes. There's been an attempt to create a cultural change that has departments managing to a set of specified public strategic objectives and then to hold them accountable to that. Mr. White's question is important here, because part of that is mapping the way money and resources flow in response to those strategic objectives so Treasury Board can hold people to account, committees can hold people to account, etc.

The Chair: Thank you.

We'll go to Mr. Julian from the NDP for seven minutes.

[*Translation*]

Mr. Peter Julian: Thank you very much, Mr. Chairman. I would like to thank Mr. Alcock for appearing before us today.

[English]

I wanted to come to the issue of the Auditor General's department and the funding through the Treasury Board.

As you know, last Thursday the Auditor General appeared before the public accounts committee and said to the committee that she regretted to inform them that the financial position for the Auditor General's office looked "less rosy". She described the process saying that, "In anticipation of an October 2004 meeting of the Treasury Board, we presented a submission asking for resolution of the funding mechanism by December 31, 2004", and asked that a supplementary amount—which had been allocated, as you know—of \$11.5 million be extended. She stated that, "... our submission has not been sent to Treasury Board ministers,"—this is as of last Thursday—"... so the \$11.5 million has neither been considered nor approved by ministers. At this time, our approved funding for next year is \$60.8 million, a decrease of more than 15% from this year".

We all know the importance that the Canadians attach to the Auditor General's important function and the work that she and her staff have done to really evaluate and zero in on misspending of funding. This appears to be very petty and very vindictive, quite frankly, against someone whose integrity is unquestioned. For many Canadians I think it appears like revenge, because she told the truth and she's pushed forward on this issue.

My first question is, have you confirmed, or has your office confirmed, either yesterday or today, that the \$11.5 million supplementary will be allocated to the Auditor General?

• (1035)

Hon. Reg Alcock: Let me deal with this one, because, Mr. Julian, in the way you pose the question you highlight for me part of the problem. As long as we have these conversations in a hot and combative atmosphere that uses words like "petty" and "vengeful" when that's not what the auditor said, all you do is create a debate and discourse that is not going to get us talking seriously about these important problems. The auditor herself in the statements that she made—and I read them in detail, plus I've discussed this issue with the auditor both before and after her presentation here—never once said...in fact, she specifically said this was not, in her opinion, an attempt to sanction her or control her in any way. She said that. That's a quote from the Auditor General. So for you to come here and characterize this as a petty or vengeful act on the part of anyone is simply incorrect, it's false, and frankly, I don't think it's the least bit helpful.

If you want to understand what went on with this, there are two parts to the funding that is given to any department. There's what's known as the A-base, which is permanent funding that basically is renewed year after year, and then there is money that is given for special purposes, or given to meet current needs in anticipation of other changes. This is the problem the Auditor General finds herself in.

I told you, and I've told her this. She's knows this and she said that she supports this. The problem is exactly the thing this committee reported on. She is concerned not about specific acts to control her, but about the mechanism that has her going back in front of the very organization on which she is there to provide oversight to get her budget approved.

Mr. Peter Julian: She's concerned about funding.

Hon. Reg Alcock: Let me finish my answer.

I read the testimony that was done at the committee. She was asked specifically about this, and she said that she has never been denied. She has received all the money she asked for. What she has not achieved yet is the inclusion of this \$11.5 million in her A-base. She has been assured by the Minister of Finance, the person she reports to, that the \$11.5 million will be continued until there is this funding mechanism developed, at which time presumably it will be incorporated in her A-base.

So she's never been denied money. She is not going to be denied money. There has never been any intention to deny her money and there's no action being taken.

I will say one other thing. Members of the committee who have been here before will note that the fiscal update, which starts the budget process, usually takes place in the first week of October. We are delayed substantially in that. The finance minister just did it this week. So we are delayed in some of our work in considering these submissions. The submission on the Auditor General has been submitted to Treasury Board by the Department of Finance, and we will be dealing with it. But any suggestion there is an attempt to sanction the auditor by cutting her budget is simply false, and the auditor says that herself.

Mr. Peter Julian: What I have said is that the withholding of funding appears to be petty and vindictive, and you have—

Hon. Reg Alcock: Despite what the auditor says?

Mr. Peter Julian: Hold on—and I'd like just a brief answer, please. Have you or has your office confirmed the additional \$11.5 million? That is what she raised last Thursday. That is a serious issue, as you know. When funding is not confirmed, there is inevitably a process. You need to look at layoffs, you need to look at re-evaluating your staff load. If the funding has not been confirmed, that is an issue and that is a problem, and we can't just pretend it's not.

Has that additional funding been confirmed?

Hon. Reg Alcock: The auditor has received the assurances that she and every department receives at this time. I would ask you to find me the quote from the auditor that says this was a petty or vengeful act. I can show you quotes where she says exactly the opposite. But if you have quotes that say that, I would stand corrected.

What I said to you is that this item is coming forward in due course, as they always do. It'll be dealt with at the board when it comes forward. She has been assured that her funding will not be reduced, and we will get into the process of the mechanism as quickly as we can get into the process of the mechanism.

• (1040)

Mr. Peter Julian: I think there's a real problem here, because if that funding has not been confirmed, that's a problem for her office—she states very clearly that it's a problem for her office—and it's certainly a problem for many parliamentarians and the Canadian public as well. She needs that funding and she needs it confirmed.

You've answered my question, and I appreciate that. It has not been confirmed at this point, and I find that very unfortunate.

Hon. Reg Alcock: The budget hasn't been passed for next year at this point either. You could say that about the entire \$180 billion. I think this is such a foolish argument.

Mr. Peter Julian: The Auditor General confirms that \$60 million was confirmed. She said the \$11.5 million—

Hon. Reg Alcock: No, \$60 million is confirmed in the A-base.

Mr. Peter Julian: In her statement she said—and I'll quote it again—“At this time our approved funding for next year is \$60.8 million, a decrease of more than 15% from this year”. What you've stated in front of committee this morning is that this has not changed at this point.

I do have a few minutes left, I believe.

The Chair: No, your time actually is up. You may get another round, but we'll see.

Mr. Preston, for seven minutes.

Mr. Joe Preston: Thank you, Mr. Alcock, for appearing before us again.

I'm learning main estimates and supplementary estimates, so bear with me a bit on this.

Let's start back at the core. Mr. White asked some fairly important questions at the beginning. We talked about a reduction in core spending being planned. You mentioned it as being \$1 billion, followed by \$2 billion, followed by \$3 billion, in removing actual spending.

We've seen an awful lot of estimates to date. We haven't seen an awful lot of reductions. Do you have any champions you could share with us? Is there anybody out there who has actually met the goal?

Hon. Reg Alcock: I'm just going to get it. There's actually a table in the supplementary estimates document.

Mr. Joe Preston: I recognize that we may be talking about 2004-05 and it's in the future, but I recognize that on a financial basis, even in the business world that I came from, you don't do it in one fell swoop. You start now and you work your way toward it. I don't see this progress happening.

Hon. Reg Alcock: In the supplementary estimates documents this year, we actually detailed where the money came from. That's with the \$1 billion...

Just to give you a bit of history, two budgets ago, then Finance Minister Manley announced this exercise to reduce the base budget by \$1 billion. The problem was that he announced it in the budget, which was in March, and people started looking for it when the fiscal year was running, so the problem is the number gets bigger with each month that passes.

When I became the President of the Treasury Board on December 12, I was very concerned about finding it all, identifying it all, before the fiscal year began, so that departments knew how much their money was and could get it into play. We detailed that in a one-page table.

Mr. Joe Preston: While you're continuing to look for that, I'll ask you another one. We may come back to that.

We've had other departments before us who all seemed to say, yes, it's a fantastic plan, but not us.

Hon. Reg Alcock: Well, I think that is not an uncommon dynamic in any organization. I can tell you that—

Mr. Joe Preston: Who's steering this ship?

Hon. Reg Alcock: I can tell you that people defend the programs that they have and the important work that they are driven to perform, and that's what we're for. We make decisions. The Treasury Board makes decisions on reallocations.

I can tell you that in the first round of targets, most departments met them quite... nobody met them easily, but most departments met them. There were some cases in which it was very hard, and there were some cases where the targets were improperly set. For example, at Indian Affairs, part of the target included money that was in fact transfer payments, which were specifically excluded.

But overall, on page 50 of the supplementary estimates document, there's a table entitled “Summary of Changes to Voted Appropriations”, which details... No, that's not it. Strike that.

We'll find it. I was proud of it.

Mr. Joe Preston: But somewhere there's a department that's saving you money.

Hon. Reg Alcock: Oh, all of them. In fact, no department was excluded. It's a \$1-billion total at the bottom. Here it is: it starts on page 50, and it goes on to a second page before you'll see the total of it. It will show the amount, and it's called “Total Government-Wide Reallocation Initiative”, and that's the \$1 billion that we're talking about.

• (1045)

Mr. Joe Preston: We've also seen that there's been an awful lot of change. Change is inevitable, it will happen. Whether it's in the Public Service Commission and the new public service human resources area, there has been a lot of movement of dollars. Madame Barrados says \$55 million was moved out of hers to go to others.

What tends to happen is that the person who loses the allocation seems to think she has somehow saved her money, but the new people have just taken it and it's being spent. As we saw today, as Mr. White stated with the Governor General, well, we've saved on travel costs because Foreign Affairs is paying for it now. That's not saved. We have one taxpayer here.

It seems to me that as we move accountability or move things from one department to the other, we continue to find actually a little bit more. We created a new piece under the new human resources piece, and I see in the supplementaries that it is asking for another \$500,000 because of increased workload. Were we better off where we were, or is it the new reality that as we create new things, we're just going to spend more to do it?

Hon. Reg Alcock: There's no question that, as in every other fact of life, costs keep increasing year over year to do the work that people are charged to do. I've spoken about this for years, and I want to preface this by saying this is not just a Canadian government problem; it's a public management problem right around the world, particularly for those based on the Westminster model.

The dilemma that has existed in the public side is that the way they're organized, the way information is held with them, and with the role that information plays, it has been very difficult for these organizations to build a whole-of-government view. Coupled with that, when governments are under fiscal pressure the way we were back when we were coming into government in 1993, one of the first things you cut is internal capacity.

Madame Thibault asked about whether or not we had the tools to prevent some of the problems we saw before. One of the problems we had was that we reduced our internal audit capacity. We reduced our comptrollership capacities because we wanted to get the books in balance, so we were the authors of some of the problems we've had to date.

I believe firmly that a key to this is to build the financial management systems that allow us not just to see what's happening down the line of the department, but to see the cumulative effect across all departments. The term that's used is "transferred horizontally".

Mr. White wants to see the total amount of money allocated to this activity. Can we do that efficiently and easily now? No, we can't. Should we be able to do this efficiently and easily once we have the mechanism in place? Yes.

Mr. Joe Preston: I agree 100% with what Mr. White said and what you're saying. We need to find out where it spends horizontally as we put new systems in place. I believe it was the public works minister who was here talking about a new system that they were putting in place, but as it's going in place, it's being duplicated with the old system so that they're both still there. In fact, it increased in cost as you launched new initiatives. And that will happen.

There just has to be something we do that we don't need to do. We're not going to find savings. As you say, costs go up on the stuff that we have to do. We just have to find stuff that we don't need to do.

Hon. Reg Alcock: That's a good point.

Mr. Joe Preston: I have another question.

It was announced before the election that by September 30 you'd have the governance thing for the crown corporations done and ready. Do you have any idea when you will be tabling that to us and when we'll be able to see what's coming up on crown corporations?

Hon. Reg Alcock: I am working very hard to get that in your hands before Christmas. I can tell you that there were two things that have led to the delay. One was the election, which carved a big chunk out of the middle of that first timeframe. The second one was this issue of the fact that I couldn't put down a report very quickly that dealt with the very narrow concern that the Auditor General reflected. I felt that since we were in the business of addressing governance and there's been so much work done on governance, we should make a bigger change. You'll see that when it comes forward, but I am right in the final stages of it, and I hope to have it here before Christmas.

The Chair: Thank you, Mr. Preston.

Mr. Szabo, for seven minutes.

Mr. Paul Szabo: Mr. Minister, with regard to the Public Service Commission, when we did the review and the bill on the modernization of the public service, one of the big debates was the separation of management versus employee representation roles. You've alluded to the fact that, in time, this position may become that of an officer of Parliament. Would you characterize the position of an officer of Parliament as management or employee representation?

• (1050)

Hon. Reg Alcock: It's neither. I characterize all of them as performing a kind of audit function that is accountable not to government but to the House. They're charged to hold people to account to the policies that are stated.

Mr. Paul Szabo: Okay. But there is an independence level.

Hon. Reg Alcock: Oh, absolutely. You'll recall the difficulty we had when we discovered a difficulty in the Office of the Privacy Commissioner. We had no way to discipline or remove, or we had a very clumsy mechanism, which is deliberately there to give them independence.

Mr. Paul Szabo: At Treasury Board Secretariat, it seems to be when in doubt, say it's a Treasury Board responsibility for the review of the plans and priorities coming forward through various departments and agencies.

Of the \$180 billion for the current base that we have, if nothing changed whatsoever in terms of initiatives, savings that could be triggered, or whatever, it's business as usual and there are no changes whatsoever, what would happen to the \$180 billion in terms of the direction and the magnitude of the increase or decrease as a result of things like union settlements, inflation, contract streaming, and debt repayment costs, because debt interest is our single largest expenditure? Do you have any idea? What would the \$180 billion become if you did nothing else other than what you do today?

Hon. Reg Alcock: It's hard, and perhaps not even wise, to speculate too heavily, but let me aggregate it for you in round terms. Of the \$180 billion, \$70 billion to \$90 billion is direct transfers to individuals, some of which have escalators in them such as pensions. Then there's about \$35 billion or \$36 billion in debt payments. We've actually achieved savings on the debt payment side, but it's still a big chunk of change.

When you come to the amount of money that would be the core management amount in government, it's about \$60 billion—and I'm speaking in round terms. Even some of that could rightly be characterized as transfers. For example, a big chunk of the money that's in the INAC core budget, about \$4 billion, is transferred to bands.

When it comes down to what the deputy head is actually managing and what the government is managing, I think the current number is around \$42 billion or \$43 billion. That number is a billion dollars lower this year than it was last year at its base, because of the initiatives that are here. But then we each signed an agreement with our employees, which in round terms is \$23 billion of the total figure, that will increase it by the retroactive payment of 2.5% last year and an additional payment of 2.25% this year.

We've committed to 5,000 new members of the armed forces, as those come in. There will be that.

Mr. Paul Szabo: If you take the general indications, plus the fact that the government has made incremental commitments, whether it be on health care or other envelopes, there are some financial pressures coming to bear. What I'm really leading to is in regard to the expenditure review process and the reclassification.

In business, a typical model would be that a business establishes a mission statement, which everybody buys into. We go through an analysis of strengths, weaknesses, opportunities, and threats, and all of a sudden, we establish objectives, etc. Those objectives are supported by individual goals throughout the entire organization and all the little analyses that are done right down the line.

In terms of doing an assessment of where we are and why we're doing things, I don't think we're doing things simply to save money. I assume that we're doing things to improve productivity and the health and well-being of Canadians, because that's really the role, I think, if the mission statement of the Government of Canada is to improve the health and well-being of its people. Do we have a statement of that, and is there a buy-in or an objective base for each of the various departments, which have the leverage to be able to make change and productivity improvements?

Hon. Reg Alcock: It's an important question, Mr. Szabo, and it's a complex one.

Is there a buy-in? Is there a recognition that there's a need for change? Absolutely. Is there clarity about how that change gets played out in an organization of this size?

In terms of employees, we're four times larger than the largest organization in Canada. We have seven times more revenue than the wealthiest organization in Canada. We deliver 1,600 lines of business across something between—and I say "something between" because the count always varies—115 and 121 separate organizational entities. We do everything from offering support to widows, through Veterans Affairs, to shooting people, in...or spying on people, in CSIS. The complexity of the organizational structure is huge.

I think there's a well-structured sense of the importance of managing public money. I think we have built structures for managing public money, though, that are quite old, that came at a time when the pace of decisions was a lot slower. We're now living in a world that wants decisions like that—quickly. Part of the problem is creating the transition that allows us to move from this old model into this new one. That's a huge cultural change, because part of it is going to be to open things up.

What Mr. White wants, and I support him completely in his interest, is to be able to see more clearly and more quickly what's going on. For a public service that's been brought up in the tradition of vertical accountability...

I'm sorry, Paul, I'll stop if you want to enlarge on that. I don't want to cut into your time. This is a long conversation, which we should have some time.

● (1055)

Mr. Paul Szabo: Thank you for that acknowledgement, that this is something we have to engage in. All of my comments or questions to you—

Hon. Reg Alcock: There's a deputy minister who's driven more structural change than you'll ever want to see. This is the man who redid CCRA and actually modernized it.

There you go, Rob, you get a commercial.

Mr. Paul Szabo: Mr. Wright, yes.

I've asked those questions because for a number of years we've been wrestling with the responsibilities of members of Parliament to discharge their responsibilities with regard to the review of the estimates, a very significant part of our role. There is a frustration level within parliamentarians generally with regard to trying to deal with the phone book of numbers. There is a frustration because things continue to change, and it's a moving target for us. There's a frustration because we get more numbers than we do words. There's a frustration because I'm not sure what the mission statement is from time to time, or the objectives or the goals down through.

It seems that in terms of the things you have to do as president of the Treasury Board, and others who have responsibilities for approving plans and priorities, etc., there is no linkage between members of Parliament and what they are doing there.

How are we supposed to discharge those responsibilities if we're not engaged in that process?

Hon. Reg Alcock: I think that lies at the heart of my closing statement here. We are launching another initiative to look at reporting to Parliament and the information we provide.

I would be ecstatic, Mr. Chairman, if this committee were to either set up a subcommittee or agree to work on this topic. I am absolutely open on how we do that. We went through an exercise in 1994, which I was involved in, that substantially changed the way information was presented.

Frankly, if I can speak as a member of Parliament, we're all so damn busy that the amount of time it takes to get the information makes it very difficult to offer quality oversight on these things. Changing the way the information is presented, providing it in a more user-friendly form, and building up, I would argue, the research capabilities on the estimates side within the House research bureau would all help. There may be other strategies, and I would be really interested in hearing from members from all parties.

I think the magic of a minority government is that we have an opportunity to deal with these questions as substantive policy problems together, to come to conclusions that are not owned and driven simply by the government. I always argue that these management things aren't big ideological positions, they're positions that smart people can figure out if they put their minds to it.

I would love an opportunity to spend time with you on that.

The Chair: Thank you, Mr. Alcock.

Mr. Gagnon has been waiting very impatiently for a question or two.

Go ahead, Mr. Gagnon.

[*Translation*]

Mr. Marcel Gagnon: Thank you, Mr. Chairman.

Mr. Szabo and I are frustrated because I have no time left. I had a few questions for you about topics that my colleagues here have discussed at length. To carry on in the same vein, let me say that we are constantly frustrated about the current expenditures.

In your opinion, the whole house must be rebuilt. It looked like we would only have to replace a board, but finally, the entire structure must be rebuilt. As it stands now, can we tell citizens that vast sums of money are still being squandered without your knowledge? We had a sponsorship scandal and a firearms registry scandal. The latter was supposed to cost about \$100 million, but the cost has grown almost to \$2 billion, without achieving the intended results.

You said, if I understood, that in about three years we will have an office capable of carrying out investigations to find out where all the money is going. But I still want to know whether there is any risk of this kind of expenditure being referred directly to Treasury Board.

• (1100)

[*English*]

Hon. Reg Alcock: Let me pick that apart a little. No system, even three years from now or ten years from now, will guarantee protection against outright fraud. The reality is, in all organizations some people do illegal things and you hope that your systems capture them early. I always want to start with that, because there's this sense that somehow we manage for perfection in a way that

means we manage things often so heavily that we actually defeat our purpose in trying to deliver a service. And we can talk about that at some length. We're doing some work on that right now.

Having said that, you want to have systems that independently bring information to the attention of senior management so that they can act. This was talked about in Enron-Andersen. One of the fixes that took place in corporate governance was to have the internal audit function report around the chief executive officer to the audit committee of the board, breaking the structural ability of the chief executive to direct that. There are mechanisms for creating that independence. And then over and above that you want to have independent oversight—and I would argue that the committee is one part of that—but then the committee has to receive the information in a way that allows it to actually get answers to its questions.

Some of the questions on guns were asked in committee. Mr. White may tell you that not all of the answers were perhaps as transparent as he might have liked. So building the information regime that allows you to get timely and efficient answers to your questions...

I think some of the debates we get into are around the images of what's going on instead of the reality, because the information is hard to get at. Make the information more transparent and I think the quality of the debates we'll have around these tables will be vastly improved.

The Chair: Okay, Mr. Alcock, just one more short question.

Mr. Gagnon.

Hon. Reg Alcock: I'm sorry, Mr. Gagnon.

[*Translation*]

Mr. Marcel Gagnon: The system needs improvement, because we need to see things as they are, rather than some kind of image. As you mentioned, we must have access to information. For instance, just before your appearance, we met some people from the Governor General's office. We questioned them once again about this, but the major portion of the expenses incurred come from the budgets of other departments. We could investigate all the departments, but no one has the time for that.

Therefore, I think that this system should be both transparent and quick, so that we might know where the money is going. When the firearms scandal was being investigated, no one thought that it was very serious. But we found out otherwise. Basically, we have to dig the problems out, wherever they are. But by the time we spot a problem, much money has already been spent. This is what my question is driving at.

Last week, we met students from Rimouski who were wondering if the day would ever come when they could be sure of how their tax money is spent.

[*English*]

The Chair: Thank you, Mr. Gagnon. The time is up for these witnesses.

I'd like to thank you very much, Mr. Alcock, for being here. You have acknowledged that there is reason for members of Parliament and the general public to be frustrated in the way that expenditures have been reported to date and you have indicated you are willing to change that. We'll certainly discuss this with you in the future.

I'd like to thank you for coming again today. I know we'll see you fairly soon in front of this committee.

I'd also like to thank Mr. Kam and Mr. Silcox for being here today.

We'll just suspend for a few minutes while we set up for the next witness.

• (1104) _____ (Pause) _____

• (1112)

The Chair: Good morning, everyone.

We suspended for a few minutes to get the next witnesses in place. I would like to thank Mr. Wright, the national security adviser to the Prime Minister and associate secretary to the cabinet, for coming this morning to be with us for an hour.

I would ask you, Mr. Wright, to make any opening statements you would like to make within the timeframe asked, and to introduce the individual who is with you.

We'll then get to questions right away.

Mr. Robert Wright (National Security Advisor to the Prime Minister and Associate Secretary to the Cabinet, Privy Council Office): I'm here with Ms. Susan Burns-McIntyre, who is the acting director of financial services with the Privy Council Office.

[*Translation*]

Thank you very much, Mr. Chairman. I am very glad to meet the members of the Standing Committee on Government Operations and Estimates.

[*English*]

My last appearance before this committee was last October. I believe Mr. Alcock was in the chair at that time. That was regarding supplementary estimates (A) for last fiscal year, 2003-04. The purpose of today's appearance is to discuss the 2004-05 main estimates and the supplementary estimates for 2004-05 for the Privy Council Office.

[*Translation*]

The main estimates of the Privy Council Office for 2004-05 amount to \$141.9 million and the supplementary estimates (A) of the Privy Council Office for the same year amount to 534.6 thousand dollars.

[*English*]

Our main estimates were tabled in Parliament on February 24 and retabled on October 8. They show a net increase of \$27.4 million or 23% in financial requirements from last year's main estimates.

The essence of my comments today, Mr. Chairman... I'm here to speak about supplementary estimates and the main estimates for this year. There were some important variances in the nature of our work.

Some programs were exported into the Bureau du Conseil privé, and others were moved out.

I wanted just to give some context on some of the key programs, in particular the recent growth for this fiscal year that shows up in our main estimates, which relates to two programs: the federal interlocutor program for the Métis and the Indian Specific Claims Commission. They were increased in the last budget, but the government announced its intention this last July to transfer those programs to the Minister of Indian Affairs.

The remainder of the increase for this year relates to an increase in the plan for official languages, an increase in funding for the external advisory committee on smart regulations, some non-discretionary increases in salary provisions, and a workload increase of \$6.3 million.

The main estimates are also structured under the former government. It shows the structure of PCO under the former government, since they were prepared and finalized prior to the announcements in December 2003. The report on plans and priorities, the part IIIs, do provide an update on most of the changes made then and on the budget. Probably the best document to focus on is the report on plans and priorities. There are a couple of issues that still aren't in line, particularly the resources for the minister's office, which we deal with in final sups.

The supplementary estimates for this year, which are before you, show a net increase of \$0.5 million to our budget. Again, it masks some major changes, because there are new programs that have been transferred to the Privy Council Office from the windup of Communication Canada. At the same time, as I mentioned, we are projecting the transfer to Indian Affairs for the interlocutor fund.

We expect to come forward with final estimates for this fiscal year in March to further reflect the changes from December 12. It will include full cost estimates for the Commission of Inquiry into the Actions of Canadian Officials in Relation to Maher Arar, as well as the Commission of Inquiry into the Sponsorship Program. The balance of funding for that submission will relate to the final adjustments from the security reserve for intelligence threat assessment, public security, and anti-terrorism.

Finally, there are the adjustments to finalize the transfer of these programs to DIAND.

[*Translation*]

To conclude, I would like to thank you for granting me a few minutes to inform you about the initiatives contained in the budget for 2004-05.

[*English*]

I'm pleased to answer your questions. I just wanted to give that little bit of context, because we have a lot of programs moving in and out. But it's relatively stable, and I think that will come out through the questions.

Thank you for your patience.

• (1115)

The Chair: Thank you, Mr. Wright, for your short statement.

We'll start our questioning with Mr. White, for seven minutes.

Mr. Randy White: Thank you, Mr. Chairman.

Mr. Wright, I didn't catch the amount of the plan for official languages. Could you repeat that, please?

Mr. Robert Wright: The increase for this year's main estimates relates to a \$1.8-million increase for the action plan on official languages that was announced last year by the government.

Mr. Randy White: Is that the total cost of official languages?

Mr. Robert Wright: Oh no, sir.

Mr. Randy White: I know that.

So why are you asking for \$1.8 million for official languages and why is another department asking for an increase in official languages bills? Why isn't this all together in one area?

Mr. Robert Wright: That is a good comment, Mr. White.

The government did a full review of the overall management of official language programs, and there were two important centres of activity in the Treasury Board, as employer, but also in Heritage Canada on supporting the communities. At the time, the minister responsible for the review felt there was a gap in terms of the horizontal coordination of the overall evaluation of how the government is serving in the other official language and approved an action program to ensure better coordination.

Mr. White, you will see throughout this program that various issues will often end up in Privy Council for a period of time and move on once a particular policy focus is over. I think this fits in the same mode. The government decided there was a need for more coordination. There's now a minister responsible for official languages, Monsieur Bélanger, who is a part of this portfolio and will be supported by a brief secretariat. The funding is to support the minister and to do two other things: to improve our comptrollership or management structures for who is doing what and

• (1120)

[Translation]

the way in which services are provided in the other official language.

[English]

There's money provided, not this fiscal year, but it will be increasing by a couple of million dollars next year, to supplement the work done in the annual census for minority language people. It's really a coordinating function in Privy Council for that.

Mr. Randy White: There is a third reason—one you left out, in my opinion—and that is so that people like me can't find out how much these programs cost by looking at any one number. I find it extremely frustrating that any department would come in and ask for a small portion of a very large issue.

Before you answer that, I want to give you another example and I want you to explain it to me.

Public Works transferred part of Communication Canada's responsibilities to the Privy Council Office. I think you'll find it on page 193 of the supplementary estimates 2004-05. That shows that the Privy Council needs an extra \$10.5 million to fund—and I'll

just quote this: "... communications activities and programs, including 1 800 O-Canada, Canadian government publishing in *Canada Gazette*, and the rural exhibits program". This is being transferred from Public Works. Do you recognize that amount?

Mr. Robert Wright: Might I respond to that question on your previous question, Mr. White?

Mr. Randy White: Okay.

Mr. Robert Wright: I would think that some of the coordinating work that's being done in the Privy Council Office on such management structures, as to who is doing what, should help you answer the overall effort in government on official languages.

Mr. Randy White: I wish it did help me answer that. It doesn't.

Mr. Robert Wright: But we're not there yet.

When the government decided to wind up Communication Canada, it had an overall budget of \$141 million. In the allocation that was made from certain functions, the budget was reduced by some \$45 million, which was a savings for the fiscal... The 1-800 O-Canada was not transferred to Privy Council Office to manage. There were four elements transferred to the Privy Council Office. Of the remaining \$100 million or so, about \$10 million came to the Privy Council Office and it did not include the 1-800 O-Canada function. That will be at Public Works, managed in conjunction with Government On-Line.

Mr. Randy White: So that wording is incorrect.

Mr. Robert Wright: I don't have the exact wording from the estimates, but I think the wording has a little parentheses at the end of it that relates to the entire government and talks about the entire reallocation programs, not just the Privy Council Office. Do you see the little parentheses that says "horizontal item"? That means it includes the same notation for all of the departments that received funding from the windup of Communication Canada.

Mr. Randy White: Okay, then perhaps I could refer you to page 196 of the supplementary estimates 2004-05. There we see that due to the windup of Communication Canada, Public Works and Government Services needs \$65 million to fund, and I quote: "... communications activities and programs, including 1 800 O-Canada, Canadian Government Publishing, the *Canada Gazette*, and the rural exhibits program".

These are exactly the same responsibilities as transferred to the Privy Council and I do not understand how that works. Could you explain it to me?

Mr. Robert Wright: Yes, sir. As I mentioned, perhaps not clearly enough, the reference in the supplementary estimates that says it's a horizontal item, the same reference... I think there were probably four or five departments that received portions of the programming responsibilities from Communication Canada. For every organization that received those, we show the notation similar to what is shown for the Privy Council Office. The programs that were allocated to the Department of Public Works to administer are completely distinct from the programs with the Privy Council Office.

• (1125)

Mr. Randy White: So these are not reductions, they're transfers. The problem I have with this kind of accounting, or this kind of representation of accounting, is exactly that. One department will show a decrease and claim it really shows some efficiencies here, "Boy, we've cut this". It transferred the identical thing to another department, which says that's really not a cost increase, it's just a transfer from another department. How are politicians like us supposed to get to the bottom of what is efficient and what is not, when in fact upon these transfers really no cuts are made? It's really a transfer of equal amounts of dollars.

Mr. Robert Wright: You could look at possible savings in two parts from these transfers. First of all—and I'm not an expert on Communication Canada—when Communication Canada was wound up, as I mentioned, it had a budget of \$141 million. Of that amount, \$45 million was eliminated and is a saving. In the big picture, that is a saving. The remaining \$96 million was allocated to several departments to deliver. Four relatively modest programs came to the Privy Council Office to be coordinated with our communications function for the whole of government. Most of the funding probably went to Public Works programs for 1-800 and other support programs. But there was a net saving right off the top, if you look at the big picture, of \$45 million, which I think is notable. But if it has been allocated to these individual organizations, there may be additional potential savings to look at synergies once it's there. That's something you may wish to pursue with individual departments.

Mr. Randy White: Were those net savings reduced from the budget in the year it was done, last year?

Mr. Robert Wright: No. I think the appropriate way to manage such savings is to transfer the programs and give some time to see where synergies develop and whether people can manage within that reduced amount, recognizing that there was a very large saving in this program to go from \$140 million to less than \$100 million in one year.

The Chair: Thank you, Mr. White.

Madam Thibault.

[Translation]

Ms. Louise Thibault: Thank you, Mr. Chairman.

Thank you for being here this morning, Mr. Wright and Ms. Burns-McIntyre. As you saw, just before you arrived, we had an opportunity to meet with the President of Treasury Board and some of his officials. He made some comments about governance at the management of public finance. You said in reply to a question asked by Mr. Whyte, if my translation is correct, that some programs end up in the Privy Council Office before being formally assigned to a particular entity. I translated the words "end up" by "aterrissent".

Do you think it is reasonable that things should happen this way in the 21st century, given our visions and the objectives we are trying to achieve as regards governance? Does this mean that we do not have a strict planning process in place? There are consequences involved in having programs end up somewhere rather than going to the proper place immediately. I'm not trying to be ironic here, but I would like your comments to ensure that PCO is not a catch-all, that programs are not parked here until they are put elsewhere. There are costs involved in doing that.

Mr. Robert Wright: Thank you for your comment, Ms. Thibault.

[English]

The Privy Council Office has responsibilities to the Prime Minister in supporting the overall agenda of government. Part of it is to lead in new areas, to help create the right machinery and structures of government to carry on new activities. Often that provides advice to the Prime Minister of the day on how to structure a particular activity in a department, or in a new organization. Part of it might require a greater effort...

[Translation]

In that case, it is up to the centre of government or the Privy Council Office to create an important team from the representatives of other government institutions and to provide leadership on a very important file.

• (1130)

[English]

For example, post-9/11, a smart borders group was created within the Privy Council Office to manage the efforts of various organizations and support the Deputy Prime Minister of the day in leading that agenda—not to do the work of individual departments, but to coordinate.

A smart regulations program was announced two years ago. It's part of our main estimates here. It was created and funded from within the Privy Council Office to do a review with key departments and establish an action plan. Now that the action plan is established, that function is being sent back to an operational department, which turns out to be the Treasury Board, to manage the implementation.

I talked about a couple of programs up front.

[Translation]

At my last appearance here, when Mr. Alcock was chairing the committee, a number of questions were asked about the fact that one of the duties of the Privy Council Office is to handle specific aboriginal land claims, and about the fact that PCO is the federal interlocutor with the Métis people.

[English]

On reflection, it was decided that program was here for some period of time, perhaps too long. It's back to the Minister of Indian Affairs.

The Privy Council Office does have a responsibility sometimes to look at horizontal initiatives, but I agree with you we shouldn't look at managing these issues on a permanent basis from within the Privy Council Office—hence the movements in and out.

[Translation]

Ms. Louise Thibault: I notice that there has been an increase of over 40% in authorizations. We all understand that because of the unfortunate events of September 11, it was necessary to take some steps within the next hour or even the next 30 minutes.

However, some of these measures were kept in place. For example, you spoke about border services and security generally. There are some measures—at ports, airports and land border posts—that have been kept in place for a very long period of time, for some very valid reasons.

When will the transfer be made? When will these amounts really disappear? When will there stop being cost increases? When does this become linked to the whole issue of accountability? How can you share this accountability when things are fragmented? I have some trouble imagining shared accountability, except during a relatively short period of time. I understand the concept of collegiality, but I am talking about performance measurements.

Mr. Robert Wright: It is more important to have as clear an accounting system as possible for managing horizontal files.

[*English*]

I'd like to respond as quickly as I can on security. There are special responsibilities on national security that are the prerogative of the Prime Minister, so there has always been an important coordination role for intelligence in the Privy Council Office. It hasn't grown much in the last few years, but right after 9/11 there was important growth in the budget for intelligence assessments, which is part of my area of responsibility, to improve the programming and response. That's because intelligence assessments in Canada are managed centrally within the PCO from analysts and expertise drawn from the entire government.

The key to this area... It is a horizontal area, and the biggest challenge in government is to ensure the appropriate management of results for horizontal areas. When I was named national security adviser on December 12, I wasn't given a large body of people to do all the work on national security. My mandate, in the announcement of December 12, was to say my job was to support the Deputy Prime Minister, in her committee of cabinet, to publish and implement Canada's first comprehensive statement of national security.

In April, a national security policy statement was released. It included important additions to budgets in operations outside of Canada, outside of the Privy Council Office. But I still see that my authority is to improve

• (1135)

[*Translation*]

our accountability framework for the Government of Canada's security system.

[*English*]

So I will use my cabinet committee, reports to that cabinet committee, and the implementation of our first national security plan to improve the oversight of this important sector. Important work has already been started in the Treasury Board. For example, there have been some estimates since the first budget in December 2001 that increased spending by \$7.7 billion. We're committed to establishing a more transparent management of that whole security field. We are going to absolutely report to our cabinet committee on an annual basis, in terms of how we're administering it.

Part of the government's agenda has been to propose that it's part of the overall improvement in the role of parliamentarians to create a

committee of parliamentarians to have enhanced oversight of this area. The Prime Minister has already offered to swear in leaders of the opposition, and two have taken him up on that. We're going to be creating a set of advisers on national security, as well as a cross-cultural round table for major community groups in Canada, to have an oversight of this overall evolution of effort on national security. The role of Privy Council isn't to operationally deliver, but it is to make sure we can improve that oversight.

The Chair: Thank you, Mr. Wright.

Madam Thibault's time is up.

Mr. Scarpaleggia.

Mr. Francis Scarpaleggia: Thank you, Mr. Chair.

It is my understanding that one of the mandates or key activities of the Privy Council Office is to ensure leadership, policy, coherence, and interdepartmental coordination. Is that correct?

Mr. Robert Wright: Yes, sir, it is.

Mr. Francis Scarpaleggia: My question relates to the need for all government departments, for governments in general, to develop an environmental impetus. I think this is a problem not only here in Canada, but in many other economies and societies. I was just over in Europe, and they're struggling with that issue as well.

There's a committee called the environment and sustainable development coordinating committee. Is that within your purview? Is that something that falls under PCO?

Mr. Robert Wright: Any committee of cabinet is served by the Privy Council.

Mr. Francis Scarpaleggia: It's a committee of deputy ministers.

Mr. Robert Wright: I think there's a related steering group of ministers that's chaired by the Minister of Industry, David Emerson. It will be supported by the Privy Council Office.

Mr. Francis Scarpaleggia: When the Commissioner of the Environment and Sustainable Development appeared before the environment committee, she had concerns that this coordinating committee of deputy ministers wasn't meeting very frequently and didn't have a formal mandate. I think I have some notes I received from the commissioner's office.

What can you tell me about what's happening with this committee? If it doesn't have a mandate, is it pursuing its objectives in a fine enough manner? What's happening? We have no information, really.

Mr. Robert Wright: Let me just make a few general comments, and perhaps it might help.

The Privy Council's policy leadership within government is in supporting the Prime Minister in terms of getting ready to prepare the Speech from the Throne, giving some advice on the overall integrity of policy processes in government as it moves forward other key initiatives like budgets, and making recommendations. Last year was an extremely busy year for the Privy Council Office in making recommendations in terms of transitions between governments post-election. That's helpful for the Clerk of the Privy Council, hence there are a number of policy processes to make sure we're covering the landscape of current issues in Canada on the policy side.

We have, in fact, a connection to a policy research institution for the whole of government's capacity, but when it comes down to an ongoing process to support and add substance to a policy agenda, the best thing the Privy Council Office can do is ensure that the public service is connecting to the ministerial committees as well. As the committee is established of ministers, supporting that is really how we connect.

This new committee that's going to be chaired by the Honourable David Emerson will be fully supported by the Privy Council, and doubtless a deputy ministerial committee will align itself with that work. So I think the key is not to look for deputy ministerial committees... I have a deputy ministerial committee that meets every week in advance of the meeting of ministers. Our job is to support ministers, and that is really what connects the policy work of PCO—connecting the whole of government to support the ministerial transformation, including what comes to Parliament, of course.

• (1140)

Mr. Francis Scarpaleggia: Is the committee of ministers that is chaired by Mr. Emerson fairly new?

Mr. Robert Wright: It's relatively new. I can't remember the exact date.

Mr. Francis Scarpaleggia: Was it within the last six months?

Mr. Robert Wright: Yes.

Mr. Francis Scarpaleggia: The coordinating committee was announced in November 2002, according to the Office of the Commissioner of the Environment and Sustainable Development. Actually, a form of that committee goes back to 1994. Does it always have to follow the creation of a cabinet committee? It sounds like it was floating around long before that.

Mr. Robert Wright: I think to be effective it should follow a cabinet committee. Often, the deputy minister community does engage, and it's the Clerk of the Privy Council's responsibility to ensure there is transparency on who is doing what. He chairs weekly meetings with deputy ministers and regular planning sessions to make sure people are aware of the overall agenda.

In some cases, the reason a ministerial committee is established is to provide some leadership for efforts where we feel more horizontal management is needed. I think the profile for a deputy minister committee is most effective if it's connected to a committee of ministers.

Mr. Francis Scarpaleggia: Thank you, Mr. Wright.

The Chair: Thank you, Mr. Scarpaleggia.

Mr. Julian, for seven minutes.

Mr. Peter Julian: Thank you very much.

Mr. Wright and Ms. Burns-McIntyre, I appreciate both of you being present today.

I'd like to start off by following up on Mr. Wright's comments about Communication Canada. Of course, we know that the public has been very surprised and appalled by the misspending of money over the past few years in the area of communications. Mr. Wright, you mentioned that we're looking at a total allocation for communication purposes of \$96 million. I'd like you to run through where that money is going. We have \$67 million for Public Works, but what's beyond that?

Mr. Robert Wright: Actually, sir, I'm not aware of that. I can't speak overall to Communication Canada. I was simply noting that I do know their budget was \$141 million prior to being broken up. When the spending was allocated, \$45 million was cut from that program, so there was a savings of \$41 million. I was simply doing some arithmetic on the remainder; of the \$96 million, \$10 million came to the Privy Council Office.

I honestly don't know what the broad allocation is for other organizations. I'd be happy to provide that to you in follow-up.

Mr. Peter Julian: Yes. I would appreciate that. It would be good to have the information.

For the \$10 million that's allocated to the Privy Council Office, I'd like to know exactly what process is in place to make sure there is no overspending.

Mr. Robert Wright: Much of the work that was done in Communication Canada was useful work, in terms of guiding the policy process to take a \$45 million cut. The programs that came to the Privy Council Office will be under the oversight of the assistant secretary to the cabinet for communications, Dale Eisler.

There are four main elements of work.

There's a media room that will undertake media monitoring and analysis. I believe that is in our administrative grants.

There's an operational support unit that will continue to provide editing translation productions for the work that the Clerk of the Privy Council does in leading the public service.

There's a regional coordination function at Privy Council Office communications. Although we are responsible for looking at the government's overall agenda, the policy agenda, and new challenges, we've never had regional representation. We've picked up the regional coordination function from Communication Canada, which is proving extremely useful in terms of connecting across the country. It's a relatively small unit that is connected to federal councils and organizations of federal employees in the field. That's something we're connecting to.

Then, there are some corporate services for support. There is a very small budget, I think it's less than \$1 million, for public opinion research that is connected to other public opinion research that we do on the policy agenda within government. I believe it is \$400,000, or something like that. It's a relatively small amount of the \$10 million.

Those are the four aspects that have been transferred. We have a very strong assistant secretary to the cabinet for communications, Dale Eisler, and he will be looking at how best to incorporate these programs.

As Mr. White was saying, there may be possible synergies and savings in the future, but overall right now, we think that's a good fit with our overall program.

• (1145)

Mr. Peter Julian: Of course, the concern is if the money is being allocated to a variety of different departments and ministries, there is a very strong possibility of overspending, which means we're right back into the same kind of situation around communications.

Thanks for your answer on that question.

[Translation]

I would now like to move to a second topic. Your office will be performing support duties for the subcommittee on expenditure review. As you know, federal foundations are a current topic of interest and concern. According to the media, \$7.7 billion has not been spent and is lying dormant in the coffers of federal foundations. We also know that the Auditor General, Sheila Fraser, has criticized this use of taxpayers' money.

I would like to know whether the subcommittee will be reviewing the whole issue of federal foundations and this use of taxpayers' money in foundations.

[English]

Mr. Robert Wright: I think that issue might best be held for the Minister of Finance or his officials. We're not involved in managing the overall foundations or the structuring foundations. I know some have been set up in the past. I'm afraid I don't see any connected to our program, sir. If there's a specific foundation—

[Translation]

Mr. Peter Julian: The subcommittee is funded from your estimates, and this appears in the Privy Council Office's estimates. Is that not correct? This is part of your responsibilities.

[English]

Mr. Robert Wright: I'm not aware of any. Which subcommittee on financing institutions are you referring to, sir?

[Translation]

Mr. Peter Julian: I'm referring to the Sub-Committee on Expenditure Review, which was transferred from Treasury Board.

Mr. Robert Wright: I am sorry.

[English]

Yes, the expenditure review. Again, this is a good example further to the comment from your colleague here. There's a cabinet subcommittee on expenditure review that is being supported within the Privy Council Office. In fact, they're meeting as we speak.

They're looking at a number of things. One is how to save some money immediately. Two is looking more broadly at some of the things you were discussing with Mr. Alcock just before, which is, are there some reforms to the process so that we can have a regular ongoing review of the set of spending that's going on?

The work of that committee is looking at three main areas of activity. One is looking at reforming the way we procure and manage our accommodation within the public works department. Two is looking at a set of service improvements and enhancements using information technology that can deliver savings over time. Three is looking at an overall set of savings from within individual departments and horizontal functions like the institutions. But I must confess I'm not aware of a particular area in that concern.

My colleague, the deputy minister who is managing that within the Privy Council Office, Munir Sheikh, is from the Department of Finance and I could ask him to write to you, perhaps, to describe if there's any work going on in that process. If it's not going on between now and Christmas, again, we're looking at a process to have an ongoing review, to have the outcomes that you suggested in your questions.

Mr. Peter Julian: Okay, thank you.

Are there human resources functions that remain within the Privy Council Office, given the transfer to the Treasury Board?

Mr. Robert Wright: There are a very small number of resources within our senior personnel secretariat. The deputy secretary of the cabinet for senior personnel, Wayne McCutcheon, and his assistant, secretary Peter Simeoni, support the clerk, who is the head of the public service. The clerk provides an annual report to the Prime Minister and to Parliament through the Prime Minister and exercises a leadership role within the public service. A few people support him in that. And again, it's like everything we do in PCO. We attempt to have the operational delivery outside, but to have enough oversight inside that we can support the clerk in his leadership role in the public service.

• (1150)

Mr. Peter Julian: Do I have time for a final question? No.

The Chair: Thank you, Mr. Julian, your time is up.

Mr. Preston, seven minutes.

Mr. Joe Preston: Thank you, and again, thank you for coming here today.

I'm going to follow up a little on what Mr. Julian was on and on where Mr. White was, on the communications piece. You've broken down the four areas of Communication Canada's move over to the PCO, and about a \$10-million expenditure came with those four pieces.

Mr. Robert Wright: That's correct.

Mr. Joe Preston: It seems a lot. You did promise Mr. Julian that you'd get for us where the rest of Communication Canada's money went and to what departments.

Mr. Robert Wright: Yes.

Mr. Joe Preston: Great. You mentioned in your answer that Privy Council has some budget for public opinion and research, polling and such, that came in this Communication Canada money. The dollar amount you mentioned to that was...

Mr. Robert Wright: I mentioned \$400,000, and it looks like that was right.

Mr. Joe Preston: So \$400,000 came from Communication Canada.

What is the Privy Council budget for public opinion and research, total?

Mr. Robert Wright: That's a good question, and I don't know the answer offhand.

Susan, do you recall offhand?

Ms. Susan Burns-McIntyre (Acting Director, Financial Services, Privy Council Office): In fact, we're trying to make savings in that area. We don't feel that we'll be spending much more than the amount that's actually coming over from Communication Canada.

Mr. Joe Preston: So the total of the PCO won't spend... or wasn't spending anything in that area, or we'll be cutting it out now that we have it from Communication Canada?

Ms. Susan Burns-McIntyre: Very little, that's right.

Mr. Robert Wright: Again, we talked about the policy evolution in Canada, how we connect to communities, how we identify the policy priorities. We do poll, and that's being managed within the PCO out of our communications branch in terms of helping to formulate a policy agenda. It's not large, and we're looking at further savings in the current round of savings.

I'll get you a specific assessment of that. I just didn't know offhand, sir, I apologize.

Mr. Joe Preston: I'd love to see a specific answer on the total amount for that.

Mr. Robert Wright: I'd be happy to give it.

Mr. Joe Preston: Great. Thank you very much.

You also broke it down into four areas—the media room, the operations support, the regional coordination, and corporate services. Could you give us a further breakdown of the \$10 million, and where the expenditure is on some of that? If only \$400,000 is used under the public opinion piece, there are some very large dollars being spent under some of the others.

If you could provide that to us, and maybe not even today, it would be great.

Mr. Robert Wright: Well, if it's great, I'd be happy to provide it...

I would say, just off the top, that field operations, which go across the country, would probably be the dominant portion. But I will provide you with a precise estimate of that, sir. And I think it's really important for us as well to have that connection, as I say, to the overall framework, looking at how we can better inform decision-

makers and better advise the Prime Minister and cabinet on evolution. So connecting to the field is a very good thing for us.

Mr. Joe Preston: In terms of your recent track record, moving on to an overall budgeting point of view, last year at Privy Council you spent fully 12% more than the previous year, or in 2002-03 you spent 12% more than the previous year. You promised a deep 17% cut going into the next year. In fact, the spending remained flat once we added supplementary to it. We're looking at a cut again this year of 7%.

Using that history as a track record, should we be expecting an increase?

Mr. Robert Wright: I think we are projecting a modest increase. There are some programs for this current year. You're right, the increase that shows as 27% is not really a 27% increase. Funding was principally built up in the last year through supplementary estimates. It's not because spending is out of control. I have to say that the key driver in that increase has been budget decisions to enhance certain programs, particularly the urban aboriginal strategy, the interlocutor program.

So as part of the aboriginal policy of government, the budget enhanced funds, the funds flowed through us, and we're going to flow that whole program out. But the overall set of resources...

Last year was a very challenging year for the Privy Council Office. We had, as I mentioned, two transitions. We're still adapting to the move. There are some very important new undertakings. There is some work on official languages. We have a minister responsible within our portfolio. So I think we should see some modest growth. At the same time...

Mr. Julian, I think, just asked me a question about expenditure review. We're looking to contribute to that process in a real way and to say how, as we look forward, we strategically can best organize our operation.

•(1155)

Mr. Joe Preston: None of the programs you're talking about don't sound like they make sense, but the problem is that every department we speak to has great new programs they could spend more money on. The expenditure review program is in place to help us look at the ones we don't need. I'm not hearing you say, "I found five I don't need anymore."

Mr. Robert Wright: Based on our meeting here last year, and further work, I think we did determine that it probably made more sense to manage a couple of major programs from within the portfolio responsible for those programs. I did say as well that we built up an effort on smart regulations, which was an outstanding process, to do some really smart things, and now we're exporting the delivery of that out.

Mr. Joe Preston: That would show as a budget increase in whatever department you exported out to.

Mr. Robert Wright: I take a bit of issue with that, sir.

Mr. Joe Preston: With respect, sir.

Mr. Robert Wright: The increases I've talked about have been connected to budget decisions. There's certainly a full process for parliamentary and other engagements for budget increases. When budget announcements are made, they are delivered. We're focusing on delivery of a budget priority in those areas.

Now, on the expenditure review, I agree with you that it's vital to have an ongoing review of overall budgets. The way that the expenditure review process is launched, the way that connects to the reform agenda that Minister Alcock was talking about, I think is very important. Certainly we will be doing our part to contribute to the integrity of that process. I'm actually the vice-chair of the deputy minister committee on expenditure review. The Clerk of the Privy Council chairs that committee.

So we will want to make that work. We want an ongoing process of review that allocates from low or no priority to the top pressures that we feel every week.

Mr. Joe Preston: I notice through the Privy Council ministry summary that, without exception, every vote in the department involves an increase over last year's budget.

If the Prime Minister's own department can't cut costs in a single area, what message are we sending to the other departments of this country?

Mr. Robert Wright: Again, sir, I think the increase in the Prime Minister's Office budget and his own salary was 1.2% and reflects statutory increases that flow from collective bargaining or from legislation that this Parliament has passed. But I take the broad thrust of your comment, which is, do we have a responsibility to help lead a process that will ensure ongoing oversight and transformation? And we do. The clerk takes that very seriously and meets on a regular basis with the team that's supporting the expenditure review committee, and we are looking as well at our own programming to make sure we are doing the best value possible while supporting our Prime Minister and cabinet.

The Chair: Thank you, Mr. Preston.

Madam Marleau, seven minutes.

Hon. Diane Marleau (Sudbury, Lib.): Seven minutes. Are we going to go past the time then?

The Chair: We started a quarter of an hour late.

Hon. Diane Marleau: I see.

I have a few questions. My first one is about commissions of inquiry. I understood that there might be amounts in supplementary

estimates, but I didn't find them. I realize you can't control that, but I'm wondering how you account for it and how that works.

I have two others. You mentioned field operations. I'd like to know what are field operations with PCO? PCO is basically a support department for the Prime Minister and cabinet, right? So could you give us a bit of a description of what field operations are?

You also mentioned certain operational envelopes within PCO, one being the aboriginals within cities program. Why would the PCO have operational envelopes within its budget? There might be a good reason, but I was just surprised that it was there.

Those are my three questions for now.

Mr. Robert Wright: Thank you very much, Ms. Marleau.

First, we will be coming back with final supplementary estimates in March. At that time we will come forward with the required budgeting for the two commissions of inquiry, the Gomery commission and the O'Connor commission.

We will be going to the Treasury Board in December with the full estimates that are needed to support those programs. I believe both commissioners have had their offices make some commentary about the broad range of estimates. I don't want to comment further on that.

I think that the Gomery commission had noted that probably around \$20 million was made public; \$20.4 million was an early estimate from them. Susan tells me that in terms of the O'Connor commission there was an estimate of around \$11 million. We'll be looking at those estimates, scrubbing them, and going to the Treasury Board, and also looking at the costs, which are very real for departments to comply with these commissions. We will take those estimates to the Treasury Board, and the Treasury Board-approved approaches will be brought before Parliament for the March supplementary estimates.

The second question is a good one, on field operations. It's really communications support and it's a communications perspective from the regions. It's going to be connected to federal councils in the field. As I mentioned when Mr. Preston was asking me, it turns out that approximately one-half of the resources that have been transferred to us, of the \$10 million, relate to these regional offices that already existed for Communication Canada. We will be looking at how to make the best use of those resources in supporting the government's overall agenda. Certainly the federal council isn't a Privy Council Office activity in the field, but supporting the public service outside of Ottawa on the broad agenda is useful. So that's the context of the

• (1200)

Hon. Diane Marleau: Where would these offices be?

Mr. Robert Wright: Generally it's where our federal councils are headquartered, but I will have to get that to you. It's not like field operations in my last function, in CCRA, which I think had a very strong and important representation in areas close to your heart. It's not like those field operations; this is a few folks, but we want to connect them to the policy agenda of government.

Your final question was on the operational aspects, and I agree with the comments that you've made and your colleagues have made. We want to be rigorous in looking at the Privy Council Office to lead in new areas of horizontal responsibilities but not build an ongoing operational function there. There are some exceptions, but the core of our business is to support the Prime Minister and cabinet.

In some areas there's a particular need. I mentioned the security and intelligence field. There's always been a very important role there that's core to the Prime Minister's prerogative, and it's a vital national interest. There's always a role there to have some ongoing operations. The rest should be transitory, and that's what we're looking at making it.

The other issue is that we did have a cities secretariat that was established in December, but that has been devolved as well to an infrastructure department.

So we are trying to do that, but again, as new areas come up... I mentioned sustainable development. Are we getting enough support there? If PCO has to ramp up the town to energize the committees, we will do that, but we will attempt not to operationalize them.

Hon. Diane Marleau: I wondered about the aboriginal portion of what you had and I wondered if it was directly related to the fact that it's more intergovernmental, with provinces having some responsibilities?

Mr. Robert Wright: That was a part of the rationale. The other part was the interlocutor role, but more fundamentally, the Indian Specific Claims Commission. There were some advantages to being at arm's length from actually the delivery arm, but this was a key element of discussion at this committee last year when I was here. It was one of those things that hung on for quite a period of time. Again, the sorts of reviews we're talking about—we think it does fit better back with the portfolio, and our expectation is that the minister responsible will manage it better in that way.

Hon. Diane Marleau: Thank you.

I'll share my time with Mr. Godbout.

The Chair: Yes, Mr. Godbout, you have about two minutes of Madam Marleau's time.

Mr. Marc Godbout (Ottawa—Orléans, Lib.): I'll try to make that a quick question, Mr. Chair, but I think the answer might not necessarily be a short one.

As Privy Council, you naturally have a coordination role among ministries, departments. Would you have any initiatives right now—specifically, you did refer to horizontal programs—to make sure you avoid duplication between various ministries? We refer to it sometimes as ministries being in silos. Could you elaborate on some of these initiatives that are ongoing right now, possibly your relationship with Treasury Board, which could have a similar mandate? And now we'll have the Comptroller General, who will do about the same exercise. I'm wondering, what do you see as the

Privy Council's mandate insofar as avoiding these duplications either of services or expenses?

Mr. Robert Wright: I think our mandate is to ensure there's overall coherence in the government's overall agenda. It's an agenda of change, so that means transferring areas of focus and evolving over time, but with some coherence.

As the head of the public service, as the Prime Minister's deputy minister, the Clerk of the Privy Council, Alex Himelfarb, has the responsibility to ensure the public service as a whole is organizing itself for effect. So we connect to the government's overall statement of direction in terms of the Speech from the Throne, in terms of budgets, in terms of identifying areas where we want more progress to be made, but areas where there is I think a need to avoid silos.

I personally have always been sensitive to silos because I worked in one for a long time. Sometimes silos are there for very good reasons, but all deputy ministers and their organizations are appointed by the Prime Minister and they have a corporate responsibility. The clerk's role is to make sure it's applied. As new priorities evolved, as the cities secretariat was created and coordinated, the clerk would organize this with committees and deputies to make sure it was given the right spot-check.

The smart regulations process was a tremendous success. Again, it was saying, look, here we have this regulatory process; how do we organize better between departments, the Treasury Board, and the cabinet approval process for regulations, and how do we have a challenge function that is more active? We spent two years doing that and made, I think, some really important progress. Now, let's get it back in a place to administer it.

I think it's our job to make sure that the public service is adapting to the government's priorities and supporting it, and that's how we do it. We look at supporting the overall agenda and making sure it's in sync with the way the public service is ready to support it.

● (1205)

The Chair: Thank you, Mr. Wright and Monsieur Godbout.

The time is up. I'd like to ask a couple of questions, though, just for clarification.

There were some questions asked earlier about public opinion polling. Did you give an actual figure for the amount of money spent on public opinion polling inside the Privy Council Office?

Mr. Robert Wright: No, I didn't. I gave a figure for the amounts that were transferred from Communication Canada, \$400,000, and I think I offered to provide Mr. Preston with that.

The Chair: So there is spending beyond the amount that was transferred?

Mr. Robert Wright: Yes.

The Chair: Do you know what that number is?

Ms. Susan Burns-McIntyre: As I was saying earlier, we don't anticipate to have more than an expenditure of \$400,000 for that—

The Chair: In total?

Ms. Susan Burns-McIntyre: —in total, even though that is the same amount being transferred over.

The Chair: There would also be, of course, money spent on public opinion polling inside the departments. Is that correct?

Ms. Susan Burns-McIntyre: Inside the departments? Other departments, do you mean?

The Chair: Yes.

Ms. Susan Burns-McIntyre: I would imagine, but again—

The Chair: And in the Prime Minister's Office?

Ms. Susan Burns-McIntyre: The Prime Minister's Office comes under the Privy Council Office. That \$400,000 would be for everything.

The Chair: That would take into account all public opinion polling in the Privy Council and Prime Minister's Office?

Ms. Susan Burns-McIntyre: Under vote 1, yes.

The Chair: What about elsewhere, under just other spending generally, inside the Privy Council and the Prime Minister's Office?

Mr. Robert Wright: When she says “vote 1”, she means the Privy Council proper that supports the Prime Minister. There are a number of other agencies in the portfolio. I think that's the reference you're making.

The Chair: My question was whether that covers all the spending.

We're trying to arrive at a figure here, and I'm just looking for your cooperation on providing that, if you can.

Mr. Robert Wright: You will have it, sir.

I think I would like to look at it. We have had polling in the past related to getting ready for speeches from the throne and policy evolution. It was relatively modest. I understand the pressures on our budgets now, and what Susan is saying...

I'm not fully aware of this. It's probably non-existent this year. So I will give you, Mr. Chairman, a more fulsome response on the background of that.

The Chair: We do vote on these estimates on Thursday—

Mr. Robert Wright: Okay.

•(1210)

The Chair: — so if you could get that information to this committee before Thursday, that would be appreciated.

Mr. Robert Wright: Thank you.

The Chair: Thank you very much for coming, both of you, Mr. Wright and Ms. Burns-McIntyre. We've certainly received some of the answers we've been looking for here, and you're providing some information, which I look forward to. We'll see you again, I'm sure.

We'll suspend for approximately three minutes to set up for the next witnesses.

•(1209)

_____ (Pause) _____

•(1213)

The Chair: We'll resume the meeting.

We have new witnesses here today from two different groups. The first is the Canadian Intergovernmental Conference Secretariat, and

Mr. McArdle, perhaps you could introduce any others who have come with you and then make a short presentation.

We'll follow your presentation with a presentation from the Canadian Transportation Accident Investigation and Safety Board. I'm not sure who's making the presentation for that—okay, Mr. Simpson, and perhaps at that time you could introduce the others who are with you.

We'll start with Mr. André McArdle. Go ahead and make your comments, and then we'll get the other comments and open up the questions to both of you.

Mr. André McArdle (Assistant Secretary, Canadian Intergovernmental Conference Secretariat): Thank you, Mr. Chairman.

With me is Monsieur Ronald Richer, our director of corporate services.

We welcome the opportunity to appear before your committee. Because the secretariat is very unlike other federal agencies, I would like, with your permission, to give the committee a brief outline of who we are and what we do.

The secretariat was established in 1973 pursuant to an agreement at the first ministers conference held in May 1973, that the secretariat of the constitutional conference, a federal government secretariat, would be continued as a federal-provincial secretariat under the name of the Canadian Intergovernmental Conference Secretariat. Following that decision, an order in council was passed on November 29, 1973, to designate the secretariat a separate department for purpose of the Financial Administration Act.

So legally CICS is a federal department, but in practice it is an intergovernmental agency co-funded by the provinces and its staff is made up of both federal and provincial public servants.

•(1215)

[*Translation*]

We are a neutral intergovernmental agency serving the 14 federal, provincial and territorial governments. Our mandate is strictly administrative; we play no policy development role. In other words, we are not involved in the content of the meetings.

We are at the disposal of the various federal, provincial and territorial departments to plan and make the necessary administrative arrangements for intergovernmental conferences. In addition, we provide a conference coordinator and ensure that the agenda and other documentation for the conference are distributed. We have conference documents translated, printed and distributed, and we provide the simultaneous interpretation service. We also have an archive system for governments. Our offices are located in Ottawa, but our staff travels throughout the country, wherever intergovernmental meetings are held.

In addition, our website has become a very important source of information on conferences, particularly for communiqués. To date, we've had over 7 million hits on our site. During the current fiscal year alone, we received over 1.4 million hits.

[English]

It is very important to note, Mr. Chairman, that the CICS does not convene intergovernmental meetings. It is called upon to respond to decisions taken by governments to meet on key national or specific issues.

Decisions concerning the location of such meetings, their number in a given fiscal year, their timing and duration are all factors beyond the control of the secretariat. The level of CICS expenditures for each fiscal year is, however, directly affected by these factors.

[Translation]

The secretariat never rejects a request for service when conferences comply with its mandate. The demand for conference services from governments has increased considerably over the years. However, since our main estimates were never increased accordingly, each year we had to put in supplementary estimates to cover the difference. You will see the information on the tables we distributed. For example, in the last five years, we handled 105 conferences on average each year. The busiest year was 2002-2003, when we provided services for 117 conferences.

[English]

Since our appearance before you in October 2003, 114 conferences have been served at all levels. We've done 12 first ministers meetings, 45 ministers meetings, and 57 deputy ministers meetings. We've served no fewer than 28 conferences in September alone. These meetings dealt with a significant number of critical national issues such as health care, equalization, environment, education, and various other issues of concern to governments and Canadians. For example, recent first ministers meetings on health care and equalization, which were held in September and October 2004, have cost the secretariat approximately \$500,000.

In order to fix the financing gap mentioned previously—funding versus demand for services—the secretariat proceeded in autumn 2002 with a submission for increased funding of \$1,337,000 for 2002-03 and \$2,362,000 for 2003-04 and onward. Our request was approved by Treasury Board, under Treasury Board No. 830271, on January 30, 2003.

As a result of the foregoing, we were summoned before this committee on March 17, 2003, to justify our 2002-03 request for supplementary estimates in the amount of \$1,337,000, and on October 6, 2003, to justify the yearly recurring portion of \$2,362,000, which, because of the timing of an annual reference level update exercise, could not be part of the main estimates for 2003-04. We are now before you to justify the year-to-year increase in main estimates from 2003-04 to 2004-05 in the amount of \$2,422,000 from the \$3,930,000.

So the total amount now is \$6,352,000. This amount represents the \$2,362,000 that this committee previously reviewed on October 6, 2003, plus minor adjustments of \$60,000 on account of collective bargaining and employee benefit plans.

In closing, I'm proud to say that 2004 marks our 31st anniversary, and as of today's date, we have served a total of 2,623 senior-level intergovernmental meetings across Canada.

Thank you.

Merci, monsieur le président.

• (1220)

The Chair: Thank you, Mr. McArdle.

Mr. Simpson, could you make your opening comments, please?

Mr. Charles H. Simpson (Interim Chairman, Canadian Transportation Accident Investigation and Safety Board): Thank you, Mr. Chairman.

With me today are Mr. David Kinsman, our executive director; and Mr. Jean Laporte, our director of corporate services. They will assist me in answering any questions the committee might have.

I appreciate the opportunity to appear before this committee to discuss the recent request for funding through the main estimates and the supplementary estimates process for the Canadian Transportation Accident Investigation and Safety Board—or the Transportation Safety Board, as we're more commonly known.

Some committee members may not be particularly familiar with the Transportation Safety Board and its mandate. I would be pleased to respond to any questions you might have on the organization. However, given your specific interest in our financial information as it relates to the main estimates and the supplementary estimates, I will proceed immediately to that topic.

You will notice that our main estimates for 2004-05 show an increase of \$4.3 million over the previous year. This increase has three elements.

First, there are increases each year due to the adjustments for the new collective agreements of employees.

Secondly, in 2003-04 we received the Treasury Board ministers' approval for a permanent increase of \$1 million to our basic operating budget. This increase was provided through supplementary estimates for the first year.

Finally, these main estimates also include the final instalment of our two-year special project funding in the amount of \$2 million. Our reference levels for 2005-06, which we'll use for next year's main estimates, will drop by \$2 million as the short-term funding period runs out.

Our submission in the current supplementary estimates is in the amount of \$1.1 million. The entire amount is a carry-forward of unused funds from the 2003-04 fiscal year. The submission is made under the current budget management practice of the government, which allows departments to carry forward from one fiscal year to the following fiscal year up to 5% of their main estimates operating budget. The request before you today therefore does not seek any new money; we are simply seeking Parliament's approval to continue utilizing funds that were approved last year.

In summary, I would like to reiterate that the funds included in our requests have already been approved by Parliament as strategic investments to ensure the integrity and sustainability of the TSB program for the foreseeable future. Without these funds the TSB would be unable to fully address the issues identified and would be challenged in delivering its products and services to Canadians. Furthermore, we may not be able to fully leverage the expected benefits for the investments that have been made to date. We therefore seek your support for our requests to Parliament.

We'd now be happy to respond to any questions.

Merci, monsieur le président.

The Chair: Thank you very much, Mr. Simpson, for your presentation.

Just as a reminder, because it has been a long meeting, a four-hour meeting today, we are looking at spending, the spending budget under the main estimates and the supplementary estimates. I appreciate your mentioning that, and we'll get right to questioning.

Mr. Preston.

Mr. Joe Preston: Let's start with the first presentation, the Canadian Intergovernmental Conference Secretariat.

As you stated in your presentation, it appears as though you've gone many years here running with a main estimate shortfall, which was always topped up by supplementary estimates. It looks like in 2004-05 you attempted to correct that and you've come up with a total that's higher than the expenditure in the year before, but you gave some explanation as to that.

You seem to be increasing the number of conferences you run each year. Is this a never-ending process? You said in your opening statements that you won't say no to someone who wants to hold a conference. I guess my question is, can you say no?

• (1225)

Mr. André McArdle: The answer is no.

Mr. Joe Preston: Well, now we know you can use the word.

Mr. André McArdle: And the reason for that is that, as you may have noticed, in regard to the number of conferences, we've averaged about 105 conferences now for the last five years, but basically that is a reflection or mirror of the activities in the intergovernmental field. When you get major issues such as health care, which generate not only first ministers meetings but also a series of sectoral meetings—ministers of health and deputy ministers of health—obviously that has an impact on the number of conferences we serve in a given year.

When I joined the secretariat way back in 1989, our average was about 60 to 70 conferences, and we're now averaging about 105. So there has been that increase.

Mr. Joe Preston: I understand that in instances of, say, the health accord meetings and those types of things, they will come up, but have you tried to look at limiting or lowering costs in some other way, whether by electronic meetings or virtual meetings, as another way to...? Can we really assume your mandate will just continue to escalate until who knows where?

Mr. André McArdle: No, I don't think that is the fact. First of all, with regard to escalating costs, obviously we are looking at ways of saving with respect to serving these meetings. We have instituted, over the last several years, some technological innovations that permit us to save on the operational costs of serving these meetings. We are providing to our clients increased flexibility in that area. But the bottom line is that the secretariat—and I guess clients share this view—is like a facilitator in the machinery of intergovernmental relations. When that sector is very active, obviously there are more conferences and obviously we are called upon to do more.

As I mentioned in my opening comments, we don't have any control, in any given year, over the number of conferences we serve. We anticipate for this fiscal year, for instance, probably a reduction in costs because many more conferences now are held in the Ottawa region, maybe because the government is in a minority position and ministers tend to stay close to the power base, so there may be a reduction there. But we're really at the mercy of our clients, who include not only the federal government but provinces and territories as well.

Mr. Joe Preston: You mentioned you see a reduction in costs. I don't see that in your budget.

Mr. André McArdle: In terms of a reduction in costs with respect to serving on a per capita basis each conference, you could see that there is a reduction over the years. But when you get to a major conference like the first ministers meeting on health, there's a cast of thousands there. If we calculate the media presence and its being held at the Conference Centre, and so on, it has significantly increased our budget for this fiscal year.

Mr. Joe Preston: All right. Thank you very much for your information.

I'll go to the Transportation Accident Investigation and Safety Board.

You mentioned you've had in your budget for the last couple of years a fund that was there to let you catch up on your backlog. Have you done so?

Mr. Charles H. Simpson: Yes.

Mr. Joe Preston: So you no longer need those funds?

Mr. Charles H. Simpson: We are in a very good position now to be fully caught up within this fiscal year, and because we lose that funding next year, we've set very definite targets and priorities to complete it.

Mr. Joe Preston: Good. So you're saying it won't be in next year's main estimates, and you won't ask for it in a supplementary?

Mr. Charles H. Simpson: No. That's our intent right now. We certainly feel we are going to be in a strong position, but it has been a very difficult period in this catch-up phase. That's why we continue to need the unused portion.

Mr. Joe Preston: Do I have time for one more?

The Chair: You do. You have two minutes.

Mr. Joe Preston: Great.

I have a question, when I read through this stuff: why is the Canadian Transportation Accident Investigation and Safety Board in the PCO? How did it end up there? Wouldn't Transport Canada be the place?

•(1230)

Mr. Charles H. Simpson: No. If I can answer that, there's a long history. At one time, a long time ago, accident investigation in the various modes—air, marine, and rail—was handled directly in government levels. Obviously it should have some independence. There was a transition period where the old Canadian Navigation Safety Board reported up through Transport, and in 1990 with the creation of the Transportation Safety Board as we know it today, it became multi-modal and an independent agency.

This is not a paid commercial, but we are now looked upon around the world as an example of a good independent safety board, and we report directly to Parliament; we don't report to any other group. For administrative purposes we come under the PCO portfolio.

Mr. Joe Preston: Is that efficient?

Mr. Charles H. Simpson: I guess so.

Mr. Joe Preston: Yes, that's what I thought the answer might be.

Mr. Charles H. Simpson: From an administrative point of view, there has to be a reporting relationship for all agencies, and PCO is ours.

Mr. Joe Preston: All right.

Thank you.

The Chair: Thank you, Mr. Preston.

Madame Thibault.

[*Translation*]

Ms. Louise Thibault: Thank, Mr. Chairman.

Thank you all for being here today, gentlemen. I have one question for each of you.

Mr. McArdle, you told us that your agency was funded by the two levels of government, that is by the federal, provincial and territorial governments. How is the budget broken down?

Mr. André McArdle: First of all, the provinces' contribution is used just to pay the operating costs. The funding is on a per capita basis. That means that a province such as Prince Edward Island contributes a small amount. In 2004-05, Newfoundland contributed \$44,700 to our budget, while Quebec contributed \$636,000 and Ontario \$1,005,000. The payment is based on the population, and represents half of the operating costs set out in the budget, which amount to \$6,352,000. The provinces therefore contribute 50% of the amount, or \$2,631,000, and the federal government contributes the same amount. I'm still referring to the operating costs here.

Ms. Louise Thibault: Thank you.

Do the figures in this budget include indirect costs? Since this morning, we have had an opportunity to speak to various witnesses. Of course, we sometimes find out that a particular cost is not included because it comes under another department. In your case, does this amount include all the costs for conferences held here at the Conference Centre in Ottawa, or in Winnipeg, for example? Does the

figure include all the costs, or are there some that we should look for elsewhere to get an idea of the total cost of Canadian intergovernmental conferences?

Mr. André McArdle: You are quite right. I'm thinking particularly of the first ministers' conference on health. The Privy Council Office was involved and paid some of the cost, and there was the Conference Centre as well. The cost of social activities are not our responsibility. For example, when a conference is held in Quebec City, the Quebec government pays the room rental and covers all the social activities. You are quite right: the secretariat assumes only the administrative costs; there are other costs as well.

Ms. Louise Thibault: Would it be possible to find out the total cost of all federal-provincial conferences that are held across the country, the total?

Mr. André McArdle: It is very difficult. Would you like us to include the travelling costs of participants, of delegates?

Ms. Louise Thibault: It would be of interest to the people listening to us to know what this federation costs us.

Thank you very much for your answers.

Mr. Simpson, I have read over some documents from the Canadian Transportation Accident Investigation and Safety Board. The number of investigations you undertake is listed, etc. I was wondering if you do studies proactively. One need only think, for example, of the ecological disaster that occurs when an oil tanker runs aground and we face problems in the St. Lawrence Estuary. I mention the St. Lawrence Estuary because I live across from it and part of it is in my riding. Do you do proactive studies to ensure transportation safety, before a disaster happens? If so, what is the total amount spent on this activity? If not, do you believe you should be doing so?

•(1235)

[*English*]

Mr. Charles H. Simpson: Yes, we carry out studies. For the most part we are involved in accident investigation. As we identify deficiencies or breaches of safety, we make recommendations to the government and to operating companies. In that way we generate changes. That appears to be a bit of a passive reaction, but we do carry out studies. In fact, our rail division has some ongoing studies underway right now in a particular area.

We do that within our normal budget requirements; in the course of a year there's a certain amount of it. I can't give you an actual breakdown of what it would amount to. One of the difficulties within budget requirements is that, depending on the amount of activity within the year in investigation, the same people will do some of those studies. But we do carry them out.

[*Translation*]

Ms. Louise Thibault: Thank you. Are you audited for each of those studies? Does someone audit your books, and who would that be?

[*English*]

Mr. Charles H. Simpson: Yes. The Auditor General audits our accounts—as a matter of fact, every year. I'm proud to say we've had very good audits.

[Translation]

Mr. André McArdle: For ourselves, there have been two audits over the last ten years. We could say that it was done some time ago.

Ms. Louise Thibault: This is also done by the Auditor General, in your case?

Mr. André McArdle: Yes.

Ms. Louise Thibault: You mentioned railways and I talked about shipping. I am coming back to the issue of proactive studies. I'd like to turn my attention now to highways. Once again, allow me to give you an example. I am talking about Highway 185, which is in my riding and which is recognized as a killer road. In this case, before decisions are made to spend enormous sums of money to renovate the highway system—we are aware of this and we believe it is totally justified— what role do you play to make sure that the project isn't put together like a jigsaw puzzle, that is to say one piece at a time, and to ensure the safety of the people using the network? I'm still referring to Highway 185.

[English]

Mr. Charles H. Simpson: Madame Thibault, I could give you two answers. The very short one is we don't do anything on road, because highways are a provincial matter.

[Translation]

Ms. Louise Thibault: I am referring to the Trans-Canada Highway.

[English]

Mr. Charles H. Simpson: I think within the different provinces they have their own segments of it, but we do not have anything to do with highway traffic. The closest we come to it is that sometimes when we have accidents involving cars or trucks and trains we'll make recommendations to the various provincial authorities.

The Chair: Thank you, Madam Thibault.

Madam Marleau, you have seven minutes.

Hon. Diane Marleau: Thank you.

I was looking at the part III report on plans and priorities for the Intergovernmental Conference Secretariat. On page 12 there seems to be a set-aside for Alberta. Alberta is included in the usual, but then there's another line, basically with zeroes. Could you explain that? Was Alberta paying extra? Was there a special arrangement for Alberta somehow? It's just very unusual, because they're included in the top part, but in the bottom there's another line. It's difficult to know where that's from.

• (1240)

Mr. André McArdle: I'll let my director of corporate services reply.

Mr. Ronald Richer (Director, Corporate Services, Canadian Intergovernmental Conference Secretariat): During that year Alberta paid us an amount they owed for the previous year. I was just reporting that amount so that the report is all-encompassing.

Hon. Diane Marleau: When you show a shortfall—for instance, there's a shortfall in Ontario of \$649,000—what would that be? Is it just something they haven't paid yet, or do you expect they will pay it?

Mr. Ronald Richer: Mr. McArdle spoke to the financing formula. I must state that the provinces have no legal obligation to pay us. We afford them the possibility of paying—basically, we send them an invoice. Whether they want to pay zero, half, or the full amount is up to them. The matter is known throughout the group of provinces, and the information is there for everybody.

Hon. Diane Marleau: So there's a sharing formula, but it's only set by us, and they don't have to pay if they don't want to.

Mr. Ronald Richer: It was not set by us; it was set by the provinces. At one point in time in the past, most of them would pay their full share. Over the years, for reasons beyond our control, a lot of provinces have curtailed their financing to the secretariat.

Hon. Diane Marleau: And there's nothing you can do about that?

Mr. Ronald Richer: Our secretary travels to the provinces every two years to remind them of their moral obligation to pay to support our neutrality.

Hon. Diane Marleau: Okay, but if they don't pay the federal government picks up the balance.

Mr. Ronald Richer: Yes, automatically, because we're financed 100% by votes, like any other department, the revenue collected from provinces is only deposited into the consolidated revenue fund, and therefore it has no impact on our budget in that sense. But we make it a point to report that information in all our publications.

Hon. Diane Marleau: I think that is important if there's—

Mr. Ronald Richer: At least it's known.

Hon. Diane Marleau: That's right. Well, it wasn't known to me, and I've been involved with them at different times in my life. I had no idea they paid if they felt like it, they didn't pay at all, or they owed money, or whatever. This seems to be a pretty—

Mr. Ronald Richer: There's no amount owing. That's the point we need to remember.

Hon. Diane Marleau: But there's no amount owing—they just don't pay it?

Mr. Ronald Richer: Exactly.

Hon. Diane Marleau: Therefore it's forgiven, or...

Mr. Ronald Richer: It's a moral obligation only.

Hon. Diane Marleau: It seems strange somehow. You either participate or you don't.

Mr. Ronald Richer: If I remember, when it started in 1973 the Prime Minister of the time offered to pay everything, but the provinces stepped in and said they wanted to partake in the financing of the secretariat. But it remained a moral obligation. It was never made legal for them to pay.

Hon. Diane Marleau: Can you just imagine what would happen if we owed the provinces money, and how much screaming there would be? It would be the end of the world.

Mr. Ronald Richer: If I can offer something, the amount of money appears to be significant, I agree. I don't believe it would be in the interest of the federal government to collect from the provinces, or to apply some type of tool. So for the sake of keeping the federation going...good lines of communication, and so on.

Hon. Diane Marleau: I realize that, but if you want to call it a federation, it puts forward some kind of a process whereby people share in the cost. There is a potential for quite a shortfall if everybody decided to stop paying.

Mr. Ronald Richer: I agree.

Hon. Diane Marleau: It's not in the billions, but it's a couple of million anyway—\$2.6 million, and that could escalate. It was just very surprising for me to see that. I was wondering how it worked. Thank you for enlightening us all.

I'd like to share my time with Mr. Szabo.

Thank you.

Mr. Ronald Richer: You're welcome.

Mr. Paul Szabo: I have a couple of questions.

First, Mr. Simpson, with regard to the reporting relationship, I think it was suggested that it might not be logical for you to report to the Department of Transport. I can only assume that your work considers international standards and developments and good safety practices that might in fact be contradictory or conflict with the existing policy of the government of the day. It might be somewhat difficult for you to be independent or objective if you were reporting to a department that was enforcing less than satisfactory standards.

Would that be a fair statement?

• (1245)

Mr. Charles H. Simpson: Yes. In fact it's fair to say that Transport Canada is one of our major clients. When we see deficiencies, especially where we recommend regulatory changes—

Mr. Paul Szabo: I imagine that if you were to report to Transport Canada we could certainly save some money, simply because of compression or economies of scale, but it wouldn't do anything in terms of your ability to do a good job on behalf of Canadians.

I want to pursue this with the secretariat.

Mr. McArdle, how many conferences does the secretariat itself initiate?

Mr. André McArdle: We don't initiate any conferences whatsoever.

Mr. Paul Szabo: That's good. You have no discretion. You're a service provider.

Mr. André McArdle: Exactly.

Mr. Paul Szabo: It would be a good idea to remind members of that the next time around, because you really don't have a lot of discretion. You did say you averaged 105 meetings a year, and I see by your projections going out that we are looking at pretty much the same number again. It's business as usual. That causes me some concern. It's almost like, we have these meetings every year; we always have them, whether or not there's a reason to have them, whether or not there's any productivity, progress, or a report.

Quite frankly, you are a service bureau, and I don't expect you to defend them, but as a member of Parliament I would say, my goodness, we're spending directly and indirectly probably tens of millions of dollars for these meetings. I suspect the health meeting

we just had was tens of millions of dollars itself, when you consider the ripple effect through various jurisdictions.

It's nice that you're here, but the fact that everybody assumes we always have this meeting.... I'm sure they've all booked their flights and everything, because every April or whenever we have that meeting...you've already let them know, and we have it all booked here. To whom do we talk to say that meetings should be scheduled, not because there was one last year and every other year, but because there's a need to have a meeting?

Mr. André McArdle: Of course, we only service senior-level meetings, that means DMs, ministers, and first ministers. So on the sectoral basis, it's the minister who decides when they're going to meet, but there's also a certain protocol that exists.

For instance, one year the chair could be the federal government, but the following year it could be assumed, let's say, by Alberta or Newfoundland. So in essence what you have there, then, is the host province calling for this conference. So you would have to actually touch base with 14 jurisdictions.

Mr. Paul Szabo: You've already calendared these things out for two or three years. Do you know exactly when all these things are going to be held?

Mr. André McArdle: No, there's no really fixed schedule, although September for us is the busiest month of our year. Last year I think we did over 32 conferences. This year it's 28, next year it will probably be in the same ballpark, and the reason for this is that many annual meetings are held in September. But for the rest, there's no really fixed schedule.

Mr. Paul Szabo: One of our roles is to determine the propriety of an expenditure and its priority relative to other things. I can imagine if we really looked at this in terms of expenditure review...your budget may be very small, but this is another one of those horizontal things where there are impacts right across the whole government. This could be an enormous expenditure.

How do we as parliamentarians satisfy ourselves that of the average of 105 conferences of ministers, deputy ministers, and the like, we actually had some progress to report and that something good came out of it, that it justified the expenditure that was incurred? Who decides whether or not that was worthwhile having as opposed to, well, we had an opportunity for all the deputy ministers to get together in the old boys' club yet again this year and we had a good time and we caught up with our families?

Governing certainly involves the stakeholders at levels of government and with provinces and territories. But accountability and justification for the rationale for having...where is the report that says, here is what we accomplished, here is what we achieved, here's what we built on, and the yardsticks are moving forward, as opposed to saying this just happens to be something that has no sunset, that it just carries on because we've always done it that way?

• (1250)

Mr. André McArdle: That's a very good question, and part of it is, at what cost is the working of the federation?

With regard to these meetings, obviously there is a product, a result coming out of most ministerial meetings, which basically is the communiqué. In that communiqué they would indicate the progress that was made in certain fields or agreements that have been signed. By checking on our website, for instance, all the communiqués of conferences that we serve are instantaneously posted on our website. As soon as it's tabled at a conference, it's on our website. This would give you at least a rough idea of some of the progress and agreements that come out of these meetings.

The Chair: Thank you very much.

Just before we go to Mr. Preston, I would like to have some clarification. You indicate that you would have no authority to refuse to put on a conference. Do you have any guidelines at all? For example, if one of the conferences being set up really appears to be more a political conference, would you have any ability to react to that?

Mr. André McArdle: Yes, very much so. Obviously within our mandate the conferences have to be, first of all, intergovernmental in nature. It has to be at the level of deputy minister and above. We don't do bilateral meetings, for instance. With one or two exceptions, we don't do regional meetings. And in essence, it has to fall within that mandate.

Obviously in September we do have to refuse some clients because we just don't have the personnel to serve those meetings. Sometimes we have five conferences in one week.

A fine example of that was when the first ministers meeting on health came out on September 15 through to September 17. We had already five conferences scheduled for that week. We had to tell them that we were withdrawing our services because our first clients, obviously, were the first ministers.

So it does happen; we do have some leeway there.

The Chair: Thank you very much.

Mr. Preston.

Mr. Joe Preston: I thank my colleagues across for asking most of the questions.

On this "it's optional to pay your bill" piece again—

An hon. member: You liked that, did you?

Mr. Joe Preston: Yes, that woke me up a little.

You say that conferences can be initiated by any level.

Mr. André McArdle: Yes.

Mr. Joe Preston: So a province that currently owes us money for the last conference calls you and says they'd like another conference. Is there no way you can say, can I have the cheque before we do the next one?

Mr. André McArdle: No. The other thing is that when a province is hosting a conference, obviously there are 14 jurisdictions participating in it, and all of them have their particular costs. But no, we don't do that.

At one point way back when, I think there was a suggestion that because some provinces don't pay their fair share we wouldn't do provincial-territorial meetings anymore, just federal-provincial-

territorial. Obviously that would have had a pretty devastating impact on intergovernmental relations, so the idea was rejected.

Mr. Ronald Richer: I might just add that we don't charge by conference. The budget is divvied up at the beginning of the year.

Mr. Joe Preston: So it's an annual stipend that they're giving you.

Mr. Ronald Richer: Yes, exactly. If we get supplementary estimates during the year, we charge them, in the following year, their fair share.

Mr. Joe Preston: Okay.

Hon. Diane Marleau: If they pay.

Mr. Joe Preston: Yes. You bill them in the following year, but they won't necessarily send you the cheque.

Thank you.

The Chair: Just to get an idea, have there been jurisdictions that just haven't paid on a regular basis? Is it a real problem? Give us an idea of how often that actually happens, where a province or a territory or the federal government doesn't pay the allocated amount.

Mr. André McArdle: First of all, territories are excluded. With their population base, it really would amount to peanuts.

All provinces contribute. There is not one province in a given year that has said they refuse to contribute. It's just the percentage of their full share that is at stake. For instance, Manitoba for years hadn't paid their contribution. About ten years ago, I guess, they started paying \$20,000, then \$30,000.

They all pay a portion, but not their full share.

• (1255)

The Chair: Thank you very much.

Madam Thibault.

[Translation]

Ms. Louise Thibault: When you say it is at their discretion, do you mean there is no agreement? Are you saying there is an honour system and that no agreement has been signed under which the parties would commit to one thing or another? If they want to pay, they will do so, and if not, they won't.

Mr. André McArdle: That is correct. It is a moral obligation. Furthermore, several provinces instituted cutbacks following budget exercises in their areas of jurisdiction. For example, in Quebec, it's the Secrétariat aux affaires intergouvernementales canadiennes. This of course had an impact on their contribution to our budget.

Ms. Louise Thibault: My other question will be very short. Given your expertise and the fact that we have talked a lot about cost recovery programs, best practices and so forth, has any authority asked you in the past to think about offering your services for international parliamentary association conferences, for example, without competing with the private sector? In that way, we could take advantage of your organization and your know-how. And have you ever thought about offering your services? You could in that way collect some significant amounts of money, or remain 100 per cent efficient during slow periods.

Mr. André McArdle: Yes. In the first place, international conferences are not our mandate. Nonetheless, there is an annual conference of premiers from eastern Canada and governors from New England. We are in charge of this conference, together with a secretariat in the United States and a secretariat in the Atlantic provinces. Our expertise was also used for some international conferences, such as the G-8, APEC, which was held in Quebec, and the Francophonie and Commonwealth summits. In such cases, we lend personnel for the duration of the meeting.

Ms. Louise Thibault: Is there any cost recovery?

Mr. André McArdle: No. As good corporate citizens, we pick up the cost.

Ms. Louise Thibault: Thank you, sir.

[*English*]

The Chair: Mr. Godbout, do you have a question or two?

Mr. Marc Godbout: I have one quick question.

Have you ever considered being sort of a cost recovery agency that would in fact charge PCO, and charge the various...

Mr. André McArdle: That's a very interesting question.

No, we haven't gone there, but obviously it's very interesting.

The Chair: Thank you, all, for your questions, and thank you, gentlemen, for being here today. I do appreciate that very much. We'll see you in the future, I'm sure.

Just before we close this meeting, I will give notice that at Thursday's meeting we'll be voting on the main estimates so that we can report them to the House. The meeting will be at 11 o'clock, room 308, West Block. During the meeting we'll vote on the subcommittee on agenda and procedure issues that we discussed at our meeting yesterday.

Thank you very much.

This meeting is adjourned.

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