

**Date:** February 13, 2016  
**To:** The House Standing Committee on Finance  
**From:** Scott Newark LLB  
**Re:** Suggestions for Budget 2016 Consultation

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Having just completed my review of the annually published Public Accounts, there are a number of insights which I thought it might be of interest for the Committee to consider as it conducts its Budget consultations and prepares its Report.

Essentially, a close review of the public spending reveals multiple items where the specific spending item appears to be any or all of wasteful, duplicative, unproductive, inappropriate or of a decidedly lower public interest priority than other initiatives which may not be realized due to funding scarcity. In short, the public interest would be well served if the Government proactively considered re-allocation of existing funding rather than simply resorting to new funding for desired initiatives. In essence, this approach is based on choice and an assessment of public interest value achieved by specific funding initiatives.

I should add that I have experience in this approach from past work with the Ontario Office for Victims of Crime and it proved to be successful and enabled the expansion of victim services in Ontario...without new funding. It is also my experience that this is not a partisan issue but rather one where spending becomes regularized over time and thus left unquestioned in terms of continuing public value achieved from specific programs or funding initiatives. This particularly is the case with respect to 'Transfers, Grants and Contributions' and especially with regard to Heritage Canada [\$1.2B] and Foreign Affairs Canada [\$3.8B)

Two specific examples come to mind which may help illustrate the potential productivity of this approach.

I'm sure Committee members are aware of the fact that a potash mine is being shut down in Sussex NB due to falling commodity prices with the result that about 400 people will lose their jobs. This story broke as I was going through the final parts of the Public Accounts which detailed 'grants and contributions' made by government departments and agencies.

Potash is, of course, used to make fertilizer and Canada provides at least \$2.5B in various grants for 'multilateral' and 'bilateral' programs including relating to agricultural support aid.

The company closed the potash mine due to declining profits because of reduced price of potash. Why not establish what it would take to make it sufficiently profitable for them to keep the 400 jobs at the NB facility (\$50M?) and then have the Government of

Canada buy the potash (at the higher than market price) which we would then provide to foreign countries as part of our international aid.

This could be accomplished by mandating a detailed review of the entire Public Accounts to 'find' the necessary funding which could come from multiple sources as well.

We would still provide needed foreign aid *and* do so in a way that creates and protects jobs in Canada. I believe in accounting terms that's known as a 'win-win' strategy. This would be HUGELY popular with the public and it provides real benefit without new costs while maintaining the foreign contributions albeit in a more productive manner.

A second example is to provide the needed funding for the federal Peace Officers' Fund recently proposed by Senator Bob Runciman which would create a post-secondary education fund for the children of federal peace officers killed in the line of duty. This is a one-time funding requirement of approximately \$10M and, once again, I am confident that a focused analysis of current 'Grants, Transfers and Contributions' at Heritage Canada [\$1.2B] will easily identify funding reallocation sources that are being currently used for vastly less appropriate purposes.

There will almost certainly be internal resistance to such an approach so a variety of methods for conducting this analysis should be considered including:

- \*assigning responsibility to each Minister's Office to annually identify funds available from their Departments for a larger 'Re-Allocation Fund' or for any new initiative that is contemplated;

- \*assigning responsibility for this work to Treasury Board;

- \*having relevant Committees conduct specialized hearings to identify funds for re-allocation;

- \*creating a general TB policy that funding for new initiatives must have included a reallocation assessment and that priority will be given to those that do not require new funding.

I hope this suggestion is of assistance to the Committee in the important work you are doing.