



House of Commons
CANADA

Standing Committee on Finance

FINA • NUMBER 002 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Thursday, February 5, 2009

—
Chair

Mr. James Rajotte

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Finance

Thursday, February 5, 2009

•(0900)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this second meeting of the Standing Committee on Finance, in the second session of the 40th Parliament, to order.

From 9 a.m. to 10 a.m. today, we have before us Kevin Page, the Parliamentary Budget Officer, and pursuant to Standing Order 108 (2), the study of the 2009 federal budget and recent economic and fiscal forecasts.

Mr. Page, you have with you three gentlemen who work with you. Perhaps I'll ask you to introduce them in your opening statement.

We have about ten minutes for your opening statement. I understand you may need a couple more minutes than that. Since you're the only witness here today, we could certainly allow that.

Please begin your opening statement, and then we'll go immediately to questions from members.

We very much welcome you to the committee. We look forward to your statement and your remarks here today.

Thank you.

Mr. Kevin Page (Parliamentary Budget Officer, Library of Parliament): Thank you, Chair.

I will start with some brief introductions.

This is Mostafa Askari, assistant parliamentary budget officer. His focus is on economic and fiscal outlook related issues. He was the chief architect of the paper we're going to discuss today.

Sahir Khan is the assistant parliamentary budget officer, and he is responsible for expenditure and revenue analysis. Detailed issues related to costing and scrutiny of estimates are under Mr. Sahir's wing.

And we have Chris Matier, who is one of our senior directors. He is also responsible for economic and fiscal analysis and forecasting. He's a principal author of the paper we're going to discuss today.

[Translation]

Good morning, Mr. Chair, vice-chairs and members of the Standing Committee on Finance. Thank you for giving me an opportunity to speak to you today on Budget 2009.

[English]

I would like to focus my remarks on the economic and fiscal planning framework underlying the 2009 budget. Given the high

levels of global and domestic uncertainty, I believe that it would be useful for parliamentarians to have a good understanding of the economic and fiscal assumptions and related planning risks as they assess the merits of individual budget proposals.

In this context, I am releasing today a briefing note prepared by my office for your deliberations that examines key issues and potential avenues of inquiry for parliamentarians on the outlook. I would also like to take the opportunity today to highlight some work under way and proposals by the Office of the Parliamentary Budget Officer for future analysis and discussions.

By way of background, I would like to note that the legislative mandate of the parliamentary budget officer is to provide independent analysis on economic trends, the nation's finances, and the estimates of the Government of Canada. The legislation highlights three named committees for the parliamentary budget officer, which will shape its relationship with parliamentarians: this committee, the Standing Committee on Finance of the House of Commons; the Standing Committee on National Finance of the Senate; and the Standing Committee on Public Accounts of the House of Commons.

It is the mission of the Parliamentary Budget Officer to support Parliament and parliamentarians in exercising their oversight role over the government's stewardship of public funds and in ensuring budget transparency. Like other legislative budget offices around the world, the PBO is open and transparent to ensure that, to the best of our ability, the analysis is timely, authoritative, objective, and non-partisan.

Since my appointment on March 25, 2008 as the Parliamentary Budget Officer, I have been building capacity within my office to carry out this mandate. In the spring of 2008, I committed to parliamentarians that the parliamentary budget office would provide timely economic and fiscal analysis, meaning pre- and post-economic updates and budgets, so that parliamentarians would be supported in their important deliberations on economic and fiscal issues.

There are two overarching messages that will summarize my remarks today and highlight important challenges facing parliamentarians on the deliberations regarding the 2009 budget.

First, there is significant uncertainty and downside economic and fiscal risk to the planning outlook, as is the case in other developed economies around the world. We are facing the first recession in Canada in nearly two decades. Given the global and financial environment and the downward revisions to the outlook over the past six months, it is important that parliamentarians receive timely and updated information on the current economic developments and the planning outlook.

Second, Budget 2009 contains relatively large and diversified measures to support demand in the Canadian economy. Given the downside risk to the economy, the general political support for stimulus budgetary measures, the nature of proposed measures, and a recent history of increasing lapsed appropriations, it is important that parliamentarians receive timely information and oversight on implementation of Budget 2009.

Since Budget 2009 was tabled on January 27, my office has undertaken an analysis of the government's economic and fiscal assumptions. The analysis is outlined in some detail in our briefing note. I would like to highlight some observations on the 2009 budget and economic and fiscal outlook. There are five principal questions.

First, do the economic assumptions presented to Parliament represent a reasonable basis for fiscal projections, and are the economic risks adequately characterized?

In general, the Budget 2009 economic assumptions based on the average private sector outlook appear reasonable. However, the adjustment for risk made in the budget may be insufficient for budget planning over the medium term, particularly if the recession turns out to be deeper and/or more prolonged than is currently expected by private sector forecasters.

Budget 2009 characterizes this projected downturn as "milder than the last two Canadian recessions", based on quarterly year-over-year real GDP growth rates. This does not, however, take into account the economy's performance relative to its potential capacity. In terms of the cumulative amount of unrealized output, PBO analysis suggests that this projected economic downturn may already be more severe than either of the last two recessions.

● (0905)

Members, I ask you to look at figure 1 of the PBO briefing note for a graphic display of this point.

Furthermore, one of the important assumptions underlying the 2009 budget economic outlook relates to corporate tax revenues. PBO analysis of experience of past recessions would suggest that corporate profits relative to nominal GDP would initially decline to a greater extent and then remain significantly below pre-recession levels for some time.

Members, I would ask you to look at figure 2 of the PBO briefing now.

The apparently more optimistic Budget 2009 assumption creates some downside fiscal risk to the planning outlook. Furthermore, the government's downward risk adjustment to nominal GDP largely affects only the near term, leaving the level of nominal GDP essentially unchanged in the outer years of the projection period. That is, the government has not made a complementary risk

adjustment to the final years of the projection period, which may increase the risk to attaining projected medium-term budget balances.

[*Translation*]

The second question is the following: do the fiscal projections provided to Parliament represent a reasonable basis for planning and are the fiscal risks adequately characterized?

Due in part to the economic risk and the treatment of that risk in Budget 2009, it is our judgment that there is a downside risk surrounding the government's projected budget balances over the outer years of the projection period, and, accordingly, a risk that the government's budgetary balance will not return to a surplus position by 2013-2014.

In addition to the economic risks, the return to a small surplus position, on a status quo basis, is possible but dependent on a rapid recovery in tax revenues as well as the effective implementation of planned contractionary measures—over and above the "sunsetting" of temporary measures announced in Budget 2009.

The fiscal track assumes the government will raise employment-insurance (EI) premium rates while the economy remains well below estimates of its potential capacity.

The government's status quo fiscal track also continues to include just under 8 billion in yet-to-be-determined fiscal savings and gains from the sale of assets.

● (0910)

[*English*]

The third question asks what the government's structural budget balance is, given the measures introduced in Budget 2009. One way to look at the underlying financial health of the nation's finances is to measure the structural budget balance, which would show what the budget balance would have been had the economy been operating at its potential level. My office released a report on the structural balance in Canada last December to provide a basis for this type of analysis.

Largely as a result of the permanent personal income tax measures introduced in Budget 2009, the structural surplus has been reduced over the period of 2009-10 to 2012-13 from an average of \$5 billion annually to just under \$1 billion on average. The structural surplus is then projected to rise to \$5 billion in 2013-14 as the corporate income tax rate reductions are completed in 2012-13 and the annual growth and planned program spending is held below 4%.

In this regard, I wish to recommend that the Department of Finance publish the detailed Budget 2009 assumptions and projections related to the income components of GDP, effective tax rates, estimates of potential output, and estimates of structural and cyclical budget balances to help parliamentarians and Canadians better understand the underlying position of the government over the upcoming years.

The fourth question asks if the size of the fiscal stimulus is appropriately measured. PBO views the \$39.9 billion measure of the federal stimulus in Budget 2009 as a maximum or gross estimate. Adjusting for restraint measures proposed in the 2008 economic and fiscal statement, and the contribution to stimulus associated with maintaining current EI premium rates in 2010, PBO estimates that the total net stimulus could be about 20% smaller—at \$31.8 billion—than is reported in Budget 2009 for the 2009-10 and 2010-11 periods. Further, a significant part—\$10 billion, or 25% of the federal stimulus package—is conditional on contributions from other levels of government.

My fifth question asks whether Parliament has a clear articulation of the economic objectives of the Budget 2009 economic action plan, and whether the government has articulated a fiscal plan with fiscal targets for budget balances and federal debt. Budget 2009 estimates that its new measures will increase real GDP by 1.4% by the end of 2010, which translates into 140,000 jobs. When funds leveraged from other orders of government are included, the impact on real GDP is estimated to be 1.9% by the end of 2010, translating into almost 190,000 jobs created or maintained.

PBO supports the transparent approach to articulating the economic objective in a measurable fashion. In this regard, it is important for parliamentarians to debate the merits of a stimulus package, which the government has valued at close to \$40 billion cumulatively over the next two years, against this economic objective.

Budget 2009 provides a transparent five-year projection for budget balances and federal debt. However, it does not provide a re-articulation of the government's fiscal anchors for its fiscal plan, which was previously highlighted by balanced budgets and a target for a 25% debt-to-GDP ratio. Parliamentarians may wish to encourage the government to renew and restate its fiscal objectives.

I wish to thank members of the committee for providing me the opportunity to raise some issues for your deliberations on Budget 2009 regarding the economic and fiscal planning assumptions. Consistent with the mandate of the Parliamentary Budget Officer, I wish to make a few brief comments and proposals about some future work my office can undertake to support your efforts.

The impact of the stimulus package in influencing the government's economic recovery is predicated on the government's ability to successfully implement the new budget measures. As a result, operational implementation of the proposed budget measures will need to be closely monitored. In this regard, PBO has begun working on an assessment of the targeted, timely, and temporary nature of each proposed budget measure. This report will be published in the coming weeks.

● (0915)

In addition to this initial assessment, in keeping with the mandate of budget oversight, the PBO is prepared to help develop a robust accountability framework based on OECD best practices, to enable parliamentarians to exercise effective oversight on budget implementation. This framework can be done with collaboration from the public service and reviewed and endorsed by parliamentary committees like this one.

Consistent with the need to support oversight and implementation of Budget 2009, PBO will consider the preparation of independent analysis of regional and stakeholder impacts. As well, PBO is prepared to look at specific proposals in Budget 2009 from a financial analysis perspective. For example, we've been asked by a member of Parliament to look at the proposed short-term repayable loans proposal for General Motors and Chrysler. The PBO preliminary report on this proposal will be made available to parliamentarians next week.

[*Translation*]

Thank you for your interest, I would be pleased to take your questions.

Thank you very much.

[*English*]

The Chair: Thank you very much, Mr. Page, for your presentation here this morning.

We'll start with questions. Mr. McCallum, you have seven minutes.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, Mr. Chair, and thank you, Mr. Page.

I want to just begin with a statement that our party fully supports your work and your budget and your office. We think you've supported parliamentarians very well, and we look forward to today's initiative, but also to the future ones you mentioned.

I was quite intrigued by your mention of the future work on accountability framework and the kind of reporting you might do. Perhaps I can ask you, with a specific example that is important to all of us, whether the infrastructure money is likely to get out the door and be spent and used by shovels as quickly as assumed in the budget. I think it's extremely important for us to be able to monitor that in a timely, accurate way.

I would think that one might consider stages like applications that might come into the government, decision lines of the government, money out the door—but is money out the door just to another government, or is money out the door to the actual project? The framework you're talking about, would it be able to help us in those dimensions to truly see if the infrastructure dollars are getting to the projects and when?

Mr. Kevin Page: Thank you very much. And thank you, sir, for the support for the work of the office.

As you noted, we think we can provide an accountability framework based on OECD best practices, with full transparency, on budget implementations. There are some best practices that have been articulated by the OECD and the IMF. Based on those best practices and looking at the 2009 budget, which is an expansive budget with over 100 measures, we could actually kind of deconstruct that budget and use those best practices and prepare an accountability framework for all measures, including infrastructure.

Regarding infrastructure, sir, as you've noted—and I think you've noted it as well in question period, as other members have—there have been significantly increasing lapsed appropriations in recent years. This would certainly be one key area we're going to have to monitor and perhaps pay more attention to than others, if you look at the successful implementation. It's also a measure in Budget 2009 where the indicator has one of the biggest stimulus impacts for the Canadian economy. So it's essential, if we want to get the stimulus that we need to get in the economy, that this infrastructure be implemented in a timely way in 2009 and 2010, when the economy is likely to be at its weakest.

Sir, I think we could design an accountability framework based on stages that could roll out consistent with a quarterly kind of reporting system that would show that flow. It would be different from something we've seen before, so I think it would be important to have lots of deliberations with the public service, with members of committees. They'd be comfortable with that kind of framework. We haven't seen that kind of transparency.

The Auditor General has raised a number of points in recent years about putting money into end-of-year funds, trust funds, and we've not had the kind of accountability some parliamentarians would like. I think in some senses, given the nature of the severity of the economic problems we have, we probably need to look at new ways of doing this. I think a report that kind of looks at this money and how it's flowing, breaks it down at decision levels, down to the project, is actually essential in this kind of time, and we would look forward to preparing that type of report.

• (0920)

Hon. John McCallum: Thank you very much. I look forward to that.

If I can change the subject now, today we have a juxtaposition of two things. On the one hand, yesterday TD Bank projected a worse economic situation, with 325,000 jobs lost in 2009, on top of, I believe, 84,000 jobs lost in the last two months of 2008. That's 400,000 jobs over 14 months.

The government had talked about creating 180,000 jobs, but if you net out the expenditure reductions, and if you exclude the provincial actions, which may not happen and which are not federal anyway, what is the job number you would give us as being created by the budget, first of all in 2009, and second, over the two-year period, not counting provincial actions and netting out expenditure cuts?

Mr. Kevin Page: You're quite right that the labour market has probably shocked a lot of people, particularly in the fourth quarter of 2008, in that the numbers turned much weaker. We've seen pretty much full employment level loss since the spring of 2008, and then we saw fairly significant declines in full-time employment in the months of October and November, and significant losses, as you suggested, in all-time, full- and part-time, of about 100,000 in October and November.

Private sector projections in general, on which the Department of Finance has based its forecast, have the unemployment rate rising from current levels of about 6.6% to about 7.5%, which would be somewhat less than the kind of job loss reported by the Toronto Dominion Bank—the numbers that were recently released. What

underscores that is almost with each week, as we saw the economy becoming weaker, I think most economists were surprised by the release of the November GDP numbers—a 0.7% decline in real GDP of significant output loss in November. The economy gets continually weaker and weaker right now, which underscores the need for monthly monitoring.

On the numbers in the report, in the budget the government estimates a 140,000 net job creation based on federal stimulus and a 190,000 job creation based on total stimulus. Those numbers do look weak relative to the amount of stimulus we're trying to put into the economy. They may merit some further look to see whether they've actually underestimated the job loss that may actually come from that infrastructure type of investment. We don't have an independent assessment right now as to what the net job creation would be, but again, in the context of what you said earlier, sir, there is now a need to monitor the job loss on a month-to-month basis.

Hon. John McCallum: Very briefly, the 140,000 is the government figure over a two-year period? Do we know how many jobs the government thinks this budget will create or save over 2009?

Mr. Kevin Page: My understanding of the government's measures, sir, is that at the end of the two-year period, at the end of 2010, the fiscal stimulus measures that would be put in, roughly \$40 billion, would add to the level of GDP of 1.4% and it would add in ongoing terms 140,000 net term jobs.

The government's projections do show an increase in the unemployment rate as a result of the weak economy in 2009-2010.

The Chair: Thank you.

Very briefly, sir.

Mr. Chris Matier (Senior Advisor, Economic and Fiscal Analysis, Office of the Parliamentary Budget Officer, Library of Parliament): I would say that a rough calculation, given our estimates of the net stimulus once you take into account the spending reductions, would probably be about three-quarters of that number, roughly. So our net estimate of the federal fiscal stimulus is around \$32 billion. The total number of jobs—I can't give it to you year by year, but I would guess probably about 75% of the federal estimate of 160,000 that you've cited, so maybe 120,000.

• (0925)

The Chair: Thank you.

Thank you, Mr. McCallum.

Monsieur Laforest.

[Translation]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chair.

Good morning Mr. Page, and members of your team. As a first comment, I wish to tell you that my party, the Bloc Québécois, considers your role and work to be extremely important. This allows you to have access to data and information that are extremely important for sound management and democracy.

You are Canada's parliamentary budget officer. We are in a recession, the country is experiencing a significant situation. I am sure you read the newspapers, and that you are certainly aware that south of the border, in the United States, a severe recession is underway and that measures of a greater order of magnitude have been announced by the new President of the United States. According to analyses done to date, Minister Flaherty's budget contains measures that represent perhaps one fifth of those adopted by the United States.

In your opinion, to what extent could Canada move out of this recession notwithstanding what is going on in the United States? Will Canada survive even if the U.S. stimulus package fails?

Mr. Kevin Page: In my opinion, it is very difficult for Canada to perform differently than the United States. The United States has entered into a period of significant economic weakness which has a big impact on the Canadian economy. However, Canada's fundamentals are certainly stronger than those of the U.S.

[English]

Those fundamentals will help us, going into this recession, so we can support Canadians in a much better way than the Americans are perhaps best positioned to support them. But when one looks at the performance of the Canadian versus the American economy over the long run of a 30-year or 40-year period, we've basically followed similar cyclical patterns. We've had periods of time when our economy is a little weaker or a little stronger, but virtually the same cycles.

If there are measures that need to be considered or implemented in a timely context because the American economy looks weaker, or it appears to be performing weaker, measures that we need to implement, then again it underscores the need for almost monthly or quarterly reporting.

[Translation]

Mr. Jean-Yves Laforest: There are certainly many parallels that can be drawn between our measures and those announced in the United States. Many of those measures involve specifically developing new technologies, such as new sources of renewable energy. In Canada, we do not have such measures. Are we missing an opportunity if we do head in the same direction as the Americans?

Mr. Kevin Page: It is possible to analyze the economic stimulus plan proposed by the government in Budget 2009 and compare it to the American package. The American proposals are much broader in scope than those of our government, but the American economy is much weaker.

[English]

The American economy is much weaker. The stimulus package that President Obama is proposing right now is in the neighbourhood of 5% of GDP. The stimulus package that we are talking about in Budget 2009 is in the order of 2% to 2.5% for Canada.

If we were asked to do a comparison of the different types of proposals, we could assess it. We could assess the base under certain multipliers if there were that support to do that. In the report we prepared prior to the budget, we did a comparison of the size of packages but not the comparison of individual proposals.

● (0930)

[Translation]

Mr. Jean-Yves Laforest: In November, you stated that in terms of the economy and fiscal tracking in view of a recovery plan, three conditions were important: measures must be temporary, timely, and targeted.

Are these conditions being met by the government's action plan, as presented in Budget 2009?

Mr. Kevin Page: We undertook a study that looks at the different proposals contained in the budget, with respect to motions of...

[English]

timely, temporary, and targeted. We will release that report within the next few weeks. We will examine all the key spending measures.

[Translation]

Mr. Jean-Yves Laforest: Perfect.

The Chair: You have one minute remaining.

Mr. Jean-Yves Laforest: Thank you, I am done.

The Chair: Thank you, Mr. Laforest.

[English]

We'll go to Mr. Menzies, please.

Mr. Ted Menzies (Macleod, CPC): Thank you, Mr. Chair.

We welcome for the first time our new Parliamentary Budget Officer to this committee.

I will repeat Mr. McCallum's comment that we completely support the role you're playing, recognizing, of course, that this role has been missing for a long time. This government committed to putting this office in place. I think it will prove to be of benefit to all parties in this House to provide more information. The reason we're here is to represent our constituents, and if we as members of Parliament don't have all the numbers at our disposal, then we're not doing the job that we could. So we do appreciate your comments and the role you're playing.

We recognize, certainly, what an unprecedented situation we're in. My first question would be in reference to where you get your numbers from. In looking through your biography, I recognize it's an incredible biography, the history that you have working in a number of government departments, so you have an incredible understanding of the workings of government.

At the Department of Finance we depend on a number of private sector forecasters to give us numbers and projections. The issues around the fall economic statement, of course, were dependent on those private sector forecasters, and we took sort of the middle of the road and factored in the stimulus that we presented in there. We have a number of private sector forecasts, and I'm just wondering if those are the basis of a number of your projections or all of your projections and how solid those are. We have to wonder, because those numbers were falling by the day last fall. They came out after the economic statement and asked where we got those numbers. Well, as a matter of fact, they're on your website. All of the private forecasters—I'm not saying you, I'm saying the private sector forecasters—gave us those numbers, and we took the difference between the high and the low and averaged it with the stimulus involved.

Can you share with us where you get some of these numbers?

Mr. Kevin Page: Certainly.

Thank you again for your support. At the Office of the Parliamentary Budget Officer we certainly see our role as supporting all parliamentarians, all of Parliament, all parties. When we do our work in the context of independence, we see us supporting Canadians in that context as well, as you've said.

In terms of where we get our numbers, sir, it partly depends on the nature of the work we're doing, but in the context of what we're talking about today—economic and fiscal analysis and projections—we use techniques very similar to those that are used by the Department of Finance. In fact, a large number of our team members who are responsible for the forecasts we're preparing and putting forth for you have worked at the Department of Finance for many years, including Mostafa Askari, Chris, and me. In fact, Mostafa and Chris were the senior chief economists for forecasting at the finance department for a number of years.

Very briefly, finance actually prepares its forecasts based on average private sector forecasts, with the transparency in those, and the five-year projections. They reconcile their projections in the budget, with changes from forecast to forecast. That kind of transparency is actually an international best practice. We like best practices. We've actually copied to a large degree their best practice.

We do our own surveys, sir. The finance department surveys 18 private sector forecasts on the economy and the outlook for the next five years. We don't have access to their 18. We actually survey 11. So we have a sample somewhat smaller, in the nature of a dozen. Based on those projections, we actually use an econometric model very much like the one the Department of Finance uses, which we've all used in the past. We've actually used one from a firm in Toronto. We kind of tune the model, so to speak, so it can help us with the fiscal forecast. We've built in what we need to have to prepare fiscal forecasts for you for analysis.

We'll also provide you with different scenarios, very much like the finance department would. Having worked at the Department of Finance, we can tell you that they need to give you the best-case average scenario. We will also give you a sense of the low and the high. We certainly did that going into November, because we saw the broad range. We did that as well just prior to the budget. So if you take the low projection, we'll give you a sense of what that

means fiscally. We're not saying that it's necessarily going to be the scenario; we just want to attune you to this uncertainty. And just to underscore your point, there is significant uncertainty.

Forecasting is a very humbling profession to be involved in. We don't do it because we want to do it. We do it because we need a framework. We don't do it in the sense that we want to measure ourselves vis-à-vis some other private sector forecasters and say our forecasts are better. We want to give you a framework you can do budget planning on. In this environment, when we don't know how deep the recession is going to be, we want to give you a sense of risk, a sense of how big that could be in order to kind of facilitate your debate. That's what we're really effectively trying to do, sir.

● (0935)

Mr. Ted Menzies: I'd like to make sure we have it on the record that an economist actually used “humble” in one of this answers.

Do I have time to...?

The Chair: You have one minute, Mr. Menzies.

Mr. Ted Menzies: On page 3 in the second paragraph I think it underscores exactly what you're saying: “The adjustment for risk may be insufficient for budget planning over the medium term” and, at the end of that paragraph, “overly optimistic”.

In your work here you are factoring in the involvement of the provinces, and I tend to think that's a huge component of this. The IMF talked about all levels of government working together, and we've seen the provinces all come forward and say they're going to be part of this; they're going to help. Municipalities are saying the same thing. Do we not have to look at that as an overall package to help Canadians at all levels of government?

The Chair: Mr. Page.

Mr. Kevin Page: It's absolutely the way to look at it, and to look at the contributions of all governments and track their contributions toward the creation of the stimulus package so that all parliamentarians can monitor that implementation. We're effectively implementing the federal budget, but because of the leverage with the provinces we need to kind of track it on a provincial basis as well.

The Chair: Thank you.

Mr. Ted Menzies: Thank you.

The Chair: Thank you, Mr. Menzies.

We'll go to Mr. Mulcair for seven minutes.

[Translation]

Mr. Thomas Mulcair (Outremont, NDP): Thank you, Mr. Chair.

Mr. Page, it's a pleasure to see you again. I thank you for the extraordinary work you do. Like all of my colleagues who have spoken before me, I want to assure you that my party, the New Democratic Party, will provide constant support to your office. We will be taking different measures to make sure that you have the necessary resources to operate and that you will never be interfered with, muzzled, or even punished for carrying out your work. We will wait to see, following the government's fine words, if they will put their money where their mouth is. I'm not convinced that it isn't to the government's advantage to deploy different methods to keep you quiet. Later on, I will be asking a few questions on that, but I just wanted to tell you that the NDP will do everything to make sure that you are always protected in your role.

I would like to refer to page 2 of the French version of your statement. I will ask you to provide us with a breakdown of the \$8 billion. Earlier, in one of your answers, you spoke of 2% to 2.5% of GDP as an indicator of all of the measures contained in Budget 2009 to stimulate the economy. The government says it is 1.9%. The NDP, alongside the economists we worked with, estimates the figure to be less than 1%, more in the order of 0.7%.

I want to refer to two points on page 2, to make sure that we are on the same wavelength.

The second point on the top of the page reads: "The government's status quo fiscal track also continues to include just under \$8 billion in yet-to-be-determined fiscal savings and gains from the sale of assets." This is purely hypothetical. It has yet to be determined how the savings will be made and the assets that will be sold. That, we agree upon. So we can agree upon the first sum of \$8 billion.

However, further on, in the first long paragraph on page 2, it says: "The PBO views the Budget 2009 \$39.9 billion [...]" and under the first point just beneath that paragraph, one reads the following: "Adjusting for restraint measures and maintaining current EI premium rates in 2009 and 2010, PBO estimates that the total "net" stimulus could be about 20% smaller (at \$3.8 billion)."

In two instances, the amount of \$8 billion is questioned. There's the \$8 billion that I've just mentioned, and that you spoke of, but there is also another \$8 billion that is purely hypothetical. Can we agree on that?

• (0940)

Mr. Kevin Page: Thank you, Mr. Mulcair, for your support as well as for your very technical question.

May I answer in English?

Mr. Thomas Mulcair: Please go ahead.

[English]

Mr. Kevin Page: Merci.

The parliamentary budget office raised some questions following the economic and fiscal statement about the transparency of certain measures that were introduced. There were some contractionary measures introduced by the government in its fall statement.

Specifically as you related to, sir, about savings from.... Actually, they were savings related to higher lapses, savings related to future strategic reviews, savings related to potential assets sales. We had

asked for additional information from the Department of Finance and the Privy Council Office. I think effectively what we were told in that response was that with regard to those measures, those processes were under way. They haven't completed those processes. They're not in a position to give us information at this point in time as to why they're adjusting the fiscal framework for those measures.

I think the message we provided to those officials, which I'm happy to release here today, is that if the fiscal framework is adjusted, then it is important, it's incumbent upon our office, the parliamentary budget office, to know why the fiscal framework is being adjusted. We saw in budget 2009 some additional information about how the savings will be achieved on strategic reviews, but we did not get the other additional information. There are figures, as you say, upwards of \$8 billion that we still don't have details on.

With respect to how we're handling the potential impact of employment insurance premiums when we look at fiscal stimulus, we've raised an objection in our paper—or not an objection, per se, but just an issue in terms of stimulus.

Again, we look at the \$40 billion rough estimate for stimulus as being a gross measure. We looked at some of these contractionary measures that were actually introduced in the fall, and we're saying you need to net those out of your gross stimulus, because they're actually going to have an effect. You start cutting departments and you effectively will be cutting compensation as well. You're taking stimulus out of the economy.

Then on the employment insurance side, basically, we have an act. It's an act of Parliament. That means we'll keep the revenues and expenditures balanced on a year-by-year basis. This really gets to your point about the second \$8 billion. The government has basically assumed that what counts as stimulus is the fact that we will not be increasing premium rates in 2010, as part of its stimulus package.

[Translation]

Mr. Thomas Mulcair: Exactly.

[English]

Mr. Kevin Page: Our assumption is that this would be effectively negating a tax increase. So by holding premium rates constant, which the government is doing.... And we actually support that. We think it's a wise measure to do at the time, so we're not against the measure, but we think it's an amount of money that's there that shouldn't be counted as stimulus. You're just holding the premium rates constant.

So we're highlighting that, and when you add those two together, sir, you're quite correct, you reduce the gross estimate of federal stimulus from about \$40 billion to about \$32 billion. The two together, over the 2009-10 and 2010-11 period, is about 20%.

[Translation]

Mr. Thomas Mulcair: Thank you.

[English]

The Chair: Thirty seconds.

[Translation]

Mr. Thomas Mulcair: Under the terms of the act, your office is supposed to have access in a timely and guaranteed fashion, to all economic and fiscal data. According to your website, you have made four requests to deputy ministers to provide you with information.

Did you obtain the information you were looking for from these people? Under the provisions of the Parliament Act of Canada, the Parliamentary Librarian has already written that your office would need \$2.7 million to operate properly. Will you be receiving that amount?

• (0945)

[English]

The Chair: Very briefly, Mr. Page.

Mr. Kevin Page: Very briefly, then, the parliamentary budget office was planning on a budget of \$2.7 million for 2009-10. It's very important that we get the original planned money. Our understanding is that this money has been set aside in the fiscal framework. Particularly in a time period when you're going to need oversight support, the kind of support we're providing now, it's important that this budget be confirmed.

Thank you very much for the question.

The Chair: Thank you, Mr. Mulcair.

We'll go to Mr. McKay.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you, Mr. Page, for your presentation.

I echo Mr. Menzies' comments that it behoves us all to be fairly humble about projections these days. I had the Library of Parliament run what the economists said in January of 2008 versus what actually happened over the course of 2008, and in the last quarter the variation was between a 4% and 5% error. That's an enormous amount of money, \$50 billion to \$60 billion or so.

The whole concept of stimulus is all the rage these days. It seems to me that all kinds of things get dumped into the idea of stimulus. There seems to be real stimulus and then there seems to be faux stimulus. There's a ranking for the productivity of a tax relief—generally corporate, goes to personal, goes to consumption—in terms of its multiplier effects for the economy. Is there a similar ranking, agreed upon among economists, as to the quality of stimulative effects and how they compare—for instance, the stimulative effect of tax relief versus other forms of what is being called stimulant?

So just as a general question, are all the things that are called stimulus in fact stimulative to the economy?

Mr. Kevin Page: That's a very good question, and obviously a very timely question, because as you said, governments around the world are looking at stimulus packages now and there seems to be a broad consensus. What Canada is doing now, and as is noted in the budget, is very consistent with what the International Monetary Fund is asking both in terms of size of package and actually, in some cases, even on a principal basis: timely, temporary, targeted, and diversified. So I think the government is trying to follow best practices in that sense.

In terms of the more analytical question about looking at what's behind various—economists use these terms—multiplier-style effects, whether it's on the tax side or on the expenditure side, often those measures are created using econometric models, using past experience. You're almost right there, so you need to throw a flag up. When you look at those relative multipliers, which are actually highlighted in annex 1 of the budget, there is full transparency from the point of view of the finance projections, but they are based on past experience.

As you noted, sir, as well, in 2008, which was an incredible year—actually we've never seen a year quite like this before—no one predicted that we would have some of the banking failures that we saw in the United States in the fall of 2008. So we're in a different environment right now.

But again, as to what's behind the stimulus measures on the revenue side, most economists are looking at the incentive effects and leakage effects. By incentive effects, is it money that will actually stimulate demand, not just in dollars that are put back into the economy but stimulate future demand? If you reduce capital taxes, for example, it may encourage future investments, which will stimulate productivity.

Hon. John McKay: And on the expenditure side, which is what I'm kind of driving the question towards, what is the stimulative effect, for instance, of a direct investment in infrastructure such as roads, and so on, versus the stimulative effect of putting some money into a university? Is there econometric modelling for that?

Mr. Kevin Page: In terms of the multiplier, I'm going to start the question and then ask either Chris or Mostafa to help me with the answer.

The rankings show that you tend to get more bang for your bucks, so to speak, if you put it in infrastructure-style investments, because they will create future productivity enhancements, for the most part. So in the examples you proposed, whether it's infrastructure-style urban roads transfers versus schools, both have long-term kinds of effects, productivity effects. Both are expected to have a multiplier greater than one. The numbers that are shown in the Department of Finance are in the 1.5 range.

We also have automatic stabilizers. Employment insurance is an example of an automatic stabilizer. When the economy weakens, people have the benefit of these programs.

It's pretty much guaranteed that people who find themselves unemployed are going to be using that money, so at a minimum we know that it's going to be replacing it one for one. But you don't get the long-term stimulative kind of effect that will give you a multiplier higher than one.

Chris and Mostafa, would you like to add to that?

• (0950)

The Chair: Just very, very briefly. We're at the end of Mr. McKay's time.

Mr. Mostafa Askari (Assistant Parliamentary Budget Officer, Economic and Fiscal Analysis, Office of the Parliamentary Budget Officer, Library of Parliament): I have just one quick point on construction and infrastructure. Typically, because there is less leakage—most of the money is spent domestically—it normally has a higher multiplier than some other spending. In terms of spending on universities, essentially the difference is that the effects of that may come over a longer period rather than the short term.

The Chair: Thank you.

We'll go to Monsieur Carrier.

[Translation]

Mr. Robert Carrier (Alfred-Pellan, BQ): Thank you, Mr. Chair.

Good morning, Mr. Page. This is my first meeting of the finance committee.

Given that the current budget has been adopted and that exhaustive reports on various elements of the budget have been requested on a quarterly basis, I would like to know if you will be planning your audit accordingly. Can we expect comprehensive reports or notices upon tabling of these quarterly reports?

Mr. Kevin Page: Are you talking about the budget from my office or the Government of Canada's budget?

Mr. Robert Carrier: I am talking about the government's budget and the stimulus package that is currently being debated. It has been adopted and there is talk of presenting reports in March, June and December. This is in keeping with a specific request to track the action plan's progress, as set out in the budget. Under your current mandate, I would like to know if you will be involved in providing your own assessments concurrent to these quarterly reports.

Mr. Kevin Page: Mr. Carrier, with respect to the reports you referred to, my office is willing to develop an accountability framework for the government. If it is the committee's wish, I can begin work now and have an accountability framework prepared within two weeks.

[English]

If it is the will of Parliament for us to examine those quarterly reports, we would be happy to do that as well.

[Translation]

Mr. Robert Carrier: From what you are saying then, I gather that providing that framework is not automatically part and parcel of your current mandate, and that you need clarification in that respect.

Mr. Kevin Page: In my opinion, the review of those reports certainly ties in to our role in government oversight. To my mind, it falls within my mandate.

Mr. Robert Carrier: Therefore, you have no problem producing your own quarterly reports, just as the government does?

Mr. Kevin Page: That poses no problem for us whatsoever, sir.

Mr. Robert Carrier: Very well.

I will give the rest of my time to my colleague.

The Chair: Okay, you have two minutes remaining.

Mr. Jean-Yves Laforest: Thank you, Mr. Chair.

Mr. Page, the budget includes measures aimed at stimulating the economy, and these include provisions to reduce personal income taxes, notably an increase in the basic personal tax exemption amount and changes to two tax brackets.

According to your analysis, will these measures be effective to reboot the economy? Can these measures be compared to the GST cuts implemented in recent years? That measure was rather significant, and was equivalent to \$12 billion in lost government revenue. Are the tax cuts and GST cuts comparable, or are they different?

• (0955)

[English]

Mr. Kevin Page: The government has put forth proposals, principles, actually, in order to measure its own stimulus package. It's talked about, as you've talked about, temporary, targeted, timely. In the context of moving forward on permanent tax measures, in the context of a stimulus package that's not temporary, timely, or targeted, one may argue that this goes beyond stimulus, that these are long-term kinds of measures that were put in. In the context of an environment where we're very close to a structural balance right now and providing those types of permanent measures ongoing, it does push us right up against the line in terms of pushing into the area of a structural deficit. We've lost that margin to manoeuvre.

Again, to give credit to the Department of Finance and the government, they've released those multipliers for the different types of taxes. They include multiplier effects for the PIT taxes and for the small business taxes in the back of the book. I think they've certainly been transparent in that sense. In terms of a deep economic recession and trying to put temporary, timely, targeted stimulus measures into it by putting permanent measures in, it has created a risk in terms of the fiscal framework.

The Chair: Thank you.

[Translation]

Thank you, Mr. Laforest.

[English]

We'll go to Mr. Wallace, please.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

Mr. Page, welcome.

I have a couple of questions for you and then a couple of procedural.... Since this is the first time you're in front of us, it's just so that I understand the process from your office in dealing with parliamentarians.

You're presenting today your response to the budget that was released, which I appreciate. What was the normal process for that? We happened to call you here as a witness for today so you're able to do it here today, but does your department or does your organization have a plan on how to release this and future information, since it should come to parliamentarians first? What's the plan on that?

Mr. Kevin Page: Sir, thank you for the question.

On our website, we actually have a description of our operating model. This talks about how we have to decide on priorities. Just like the Government of Canada, we have limited finances and we have to decide based on a certain priority. Basically we use, like the Auditor General, a materiality and risk framework to decide on which priorities we can look at within the context of our mandate. Our budget right now is \$1.8 million. My whole team is actually in this room right now, to give you a sense of the size of this office.

Mr. Mike Wallace: That's not really my question.

Mr. Kevin Page: No, I'm going to get to your question.

Mr. Mike Wallace: Thank you. I only have five minutes.

Mr. Kevin Page: I apologize, sir.

If I can go right to your question, sir, if requests come from committees, sir, we will take the reports back to committees. They will be presented first here, then posted on our website after a committee discussion.

If there is some independent analysis—which we have done, as one of our analysts, Stephen Tapp, for example, has produced an independent analysis of deflation, which is a significant issue—it will be released, sir. We'll post it on our website. It wasn't requested by a parliamentarian, but if there are requests coming from parliamentarians within a committee context, these will go back to the parliamentarians in that context.

Mr. Mike Wallace: You did mention in your opening statement that you are working on a report that was requested by a member of Parliament. Is it part of your mandate that if any member of Parliament asks you a question, you respond?

Mr. Kevin Page: Again, we have three named committees in our mandate, this being one of them. With committee support here, you can ask us questions and those will be at the top of our priorities. It is also in our mandate, sir, for individual parliamentarians to ask us specific questions. But given our limited budget, sir, we'd certainly prioritize a question where there's a broad consensus in a committee and give it a higher priority.

Mr. Mike Wallace: Okay, thank you.

I've read all your reports over the last number of months. In your January 21 report, you talk about how, relative to many other countries, Canada is expected to experience a milder recession as a result of its healthier fiscal position going into the recession. That was on January 21 that you released your report. Is that still your position?

Mr. Kevin Page: Well, sir, we actually don't do independent economic forecasts; we actually provide you with fiscal analysis based on surveys of other forecasters. I think if you look at the International Monetary Fund and the OECD, they suggest that Canada will experience a milder period of economic weakness relative to its major trading partners.

We are in an unprecedented period of time. The EU, the IMF, and the OECD are all calling for a recession in 2009 in the United States, a recession in Japan, and a recession in Europe.

Mr. Mike Wallace: Right.

So when I read this just a few weeks ago, that "Governments across the world are being called on to provide economic stimulus

measures to counteract the ongoing global recession. However, it is important to keep in mind that..." and then you continued with your statement above, am I to take it that it was not your statement, but that you've taken it from somewhere else? Or is that actually your position?

• (1000)

Mr. Kevin Page: No, that is our position, based, again, on economic projections from international organizations.

Mr. Mike Wallace: So of the economic projections—I think you mentioned about 11 or 12 that you deal with—you take the average of those in your economic model.

Mr. Kevin Page: We take averages, and also to help enhance understanding, we'll also look at ranges for you, sir. We'll take the lowest and highest as well.

Mr. Mike Wallace: So there will be projections by economists that would, say, have a more positive outlook and then some that are more negative, and you're averaging those. Is that correct?

Mr. Kevin Page: We will provide you a projection and a fiscal response based on an average projection, and we also give you the lows and the highs, sir.

Mr. Mike Wallace: Right, and then in another report back in November, you talked about what government could do in the current downturn. You talked about fiscal policy. You talked about the issue of balanced budgets and so on in the short run, things that are timely, temporary, and targeted.

What role does monetary policy play in your analysis? And are you there just to look at the actual pros and cons of what's happening and what the government, or whoever, presents, and not comment on the actual public policy side of the issue?

The Chair: Okay, thank you.

You have 30 seconds to answer those questions.

Mr. Kevin Page: A 30-second answer, sir, is that monetary policy plays a huge role in terms of providing stimulus.

We are in a very different period of time from what we have been in the past. We're looking at historic policy rates from our central bank in Canada and other parts of the world. Economists use these terms like liquidity traps. People are becoming concerned about monetary policy providing further stimulus, given the low rates.

As to the second part of your question, I apologize...

Mr. Mike Wallace: Can you comment on what public policy action is and its pros and cons? You don't comment on what's good public policy or not.

The Chair: Very briefly, Mr. Page.

Mr. Kevin Page: We provide financial analysis on policy proposals, sir. We'll stay away from... We'll let you folks decide on—

The Chair: Okay, thank you.

Members, I know this has been a short time; it's been an hour.

I have two members on the list. I'd like to take those two members, if possible. I have Mr. Pacetti and Mr. Kramp.

I don't want to impose further on your time, Mr. Page, but if we can take those two further members, then we'll wrap it up. I know it's a bit of an extension.

Mr. Pacetti, please.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chair.

Thank you, Mr. Page, and your office, for coming forward. I think we're going to have to discuss what we see as your role for this committee. I think it's going to be interesting as to what we can use your office for.

I just have two quick questions. My first question is in terms of economic growth. We'll try to have Mr. Carney here; obviously, he's one of the forecasters who's predicting strong growth in the third or fourth quarter, I think it is, but nobody else is going there. I just want to know what your opinion is of that, because I'll be asking him the same question.

Mr. Kevin Page: Right now, the bank is forecasting a decline in 2009 of about 1.2%. That's in real GDP terms, sir. They're forecasting a relatively strong growth in 2010 of about 3.8%, again in real GDP terms. The 1.2% decline is kind of in our band of private sector forecasts for 2009.

Mr. Massimo Pacetti: The 1.2%?

Mr. Kevin Page: The 1.2% decline, sir.

Basically, he has a fairly sharp decline built in for the fourth quarter of 2008 and then significant declines in the first quarter and second quarter, with, as you say, sir, a relatively healthy pickup starting in the second half of this year and then really accelerating in 2010. That forecast, by pure comparisons with other private sector forecasts and the recent forecast by the International Monetary Fund for 2010, is very positive. It's optimistic relative to the average.

Mr. Massimo Pacetti: I think his comment was based on the fact that he believes the stimulus package in the States is going to work and it's going to spin off here in Canada. Why does he feel that way, and why doesn't anybody else? What does he know that nobody else does?

Mr. Kevin Page: That's the right question, actually, and it's probably best put to Mr. Carney and the Bank of Canada as to why he thinks the stimulus will be so much stronger. There's no question

Mr. Massimo Pacetti: Let me ask it in reverse. Why don't you feel that way?

Mr. Kevin Page: I think, sir, the work done by the International Monetary Fund, and also by some academics in the United States in looking at previous recession experiences, where you've had asset price bubbles in the housing sector and in the stock markets, followed by a credit crunch, kind of shows that you have a very deep and a relatively protracted recession that follows. I think that's

behind a lot of the more private-sector, IMF-style forecasts that see

Mr. Massimo Pacetti: Sorry to interrupt, but because time is limited, do you or do you not believe that stimulus packages work that quickly?

• (1005)

Mr. Kevin Page: Again, the question that you will probably have for Mr. Carney will be what will be the relative impact of the monetary stimulus that's been put into the economy relative to his actions that have taken place in 2008? As well, I think, in that assumption he was probably assuming, although it wasn't transparent, a relatively large stimulus package by the Government of Canada on the fiscal side.

Mr. Massimo Pacetti: Okay. My other question is more technical, in that I'm trying to understand a little bit your chart on the economic outlook for risks. I think you mentioned that the number for 2009 looks reasonable. I'm not sure how to read this, because it looks like it's flat. You don't seem to believe that there's any risk from year two to year seven. I'm not sure if I read the chart correctly.

Mr. Kevin Page: Sir, is this the chart on corporate tax revenues?

Mr. Massimo Pacetti: No, it's the one on page 3, "Economic Outlooks and Risks", and figure 1, "Projected Output Gap and Past Recessionary Periods", where you don't feel there's any risk between year two and year seven.

Mr. Kevin Page: Sir, maybe I'll do just a quick background on what this graph actually shows. What this graph measures, effectively, is the difference between what we call "potential output growth" and "actual growth". Potential growth is a number that the Department of Finance and the Bank of Canada actually provide numbers on, so we look at their numbers.

They're basically working on the assumption that the economy reached its potential level in 2007, for the most part. Then what we've seen, basically, is weak growth in 2008, with the economy actually falling off in 2009. What we're actually showing here, sir, in terms of the darker line, is the difference between potential growth and actual growth. What you see, sir, is an experience that looks a lot more like the 1990s experience we had, unfortunately, where you have a fairly significant output gap that doesn't close very quickly.

I think that's pretty much consistent with the numbers that would be used by the Department of Finance, because they're using the same private sector numbers we're using—

The Chair: Okay. Just very briefly wrap up.

Thank you.

Thank you, Mr. Pacetti.

We'll go to Mr. Kramp for five minutes, please.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you.

I welcome you as well.

Without question, quite obviously, the Canadian and U.S. economies are integrated in a number of facets, whether it's auto, etc., but in your opening statement you made an obvious statement that most of us recognized, which is that our fundamentals are stronger than those of the U.S. at this particular point.

Here's what I would like to know. Could you provide to this committee, as soon as possible, clearly what you identify as those fundamentals, exactly what they are, particularly with the comparative analysis, so that as we go forward we have these direct fundamentals that we can identify and use as benchmarks to see how much of an impact the economic circumstances down there are having on us?

Mr. Kevin Page: Thank you, sir.

In terms of the fundamentals we would be looking at that are behind that statement and that actually provide reason for optimism, actually, in terms of going forward, and which I think the current government and the previous government should take credit for, we have a very strong employment-to-population ratio in Canada right now. We have an unemployment rate, mind you, that's been rising, at 6.6%, but we have a historic high employment-to-population ratio. We have a labour force that, in historic terms, is actually employed. We have key indicators, such as inflation, which erodes consumer purchasing power, effectively at a very comfortable rate of just over 1%, sir. It's a very different experience from what we had during some previous recessions, such as in the early 1980s, when it was climbing up to 13%.

We have financial market indicators as well, such as interest rates, macro-economic interest rates, that are relatively low in historic terms. Canada, unlike some of the other countries, hasn't experienced quite the same bubble types of experiences that are eroding their consumer balance sheets and even their corporate-sector balance sheets as a result of bad loan losses. We're in much healthier shape from that perspective. We look roughly at those balance sheets.

Also, on a fiscal basis, the Canadian government and the provincial governments are much healthier than even our counterparts in the United States. So those are the kinds of indicators we're looking at that are actually behind what we see. We're well positioned going into this downturn period.

Mr. Daryl Kramp: Thanks.

I had a number of other questions, but with the time today, we obviously won't pursue them. I thank the chair, and I certainly thank you for coming here. Perhaps Mr. Bernier might want to add something.

The Chair: You have two minutes on your time, Mr. Bernier.

Mr. Daryl Kramp: I'll let Mr. Bernier have a question. I'll just go ahead and provide that courtesy for him today.

• (1010)

[*Translation*]

Hon. Maxime Bernier (Beauce, CPC): Thanks, I appreciate that.

Thank you for being here this morning. We have spoken extensively about your economic forecasts. These discussions call to mind a renowned economist who is now deceased, Mr. Friedrich von Hayek, winner of the Nobel prize for economics in 1974. In his acceptance speech, he spoke of the presumption of knowledge. Mr. Hayek said that it is very difficult to make economic forecasts because economics is a social science. The economy is made up of thousands of individuals who buy and sell goods every day, and thus society at large engages in the consumption of goods. It is very difficult to use mathematical models to anticipate human behaviour. For that reason, economic projections usually have to take into account the fact that economics is not a hard science, but a social science. That is why it is very difficult to foresee human behaviour.

My question is very straightforward. Do you agree with me and with Friedrich von Hayek that economics is a social science, and that economic forecasts are therefore very haphazard?

Mr. Kevin Page: To my mind, yes, the art of making forecasts is indeed a social science. It is true that we use equations and models to develop our forecasts.

[*English*]

We prepare these projections, again, not to say that at the end of the year we're going to provide a more accurate projection than somebody else. We do this so that you have a planning environment. We're going into recession right now. We know that parliamentarians are making very important decisions about how to support the labour market and how to support growth. We prepare these projections so that you have this kind of planning context. That's the reason we do it.

Thank you.

The Chair: Thank you, Mr. Page.

I've had a request by a member to extend this one more time so we can finish the second round. Just for the information of members, in the second round there will be another Liberal spot, another Conservative spot, and then the NDP, for five minutes each. I've received this request from a member. I'm putting it to the committee, of course. As your chair, I do what the committee would like me to do. Obviously, it's further imposing on the witness. So I'm asking the committee and Mr. Page whether they would like to do that.

I don't know, Mr. Page, whether we're imposing on your time too much.

Mr. Kevin Page: We are here to serve.

Mr. Ted Menzies: I guess the only concern is that some of us have House duties that we're already late for. We were planning on a one-hour session. So some of us have other commitments already scheduled. If it's the wish of the committee, fine.

Mr. Mike Wallace: Can we not have them back another time?

The Chair: Go ahead, Mr. Mulcair.

[Translation]

Mr. Thomas Mulcair: Point of order, Mr. Chair.

Earlier, you took it upon yourself to allow the government side and the official opposition side to ask more questions. We graciously accepted. You are well aware of the order of speakers. You have allowed three interventions on the Liberal side, and one single intervention for the NDP. I must take a stand against this. Your chairmanship over this committee is beginning on a very bad note because if you deny us the right to ask Mr. Page questions, I will be making a note of that. Earlier this week, we showed flexibility in adopting the rules of this committee. If this is how the government intends to play, and if it intends to use its additional time to attack Mr. Page's credibility, as Mr. Wallace did earlier, and if we are not allowed to ask additional questions, we take note of your highly partisan way of presiding over this committee, and will respond accordingly.

[English]

The Chair: I'll respond to that, Mr. Mulcair.

I appreciate your comment. I certainly didn't see Mr. Wallace's question as an attack. I certainly hope Mr. Page didn't see it as that either. I thought they were questions.

With respect to being the chair, obviously I'm always interested in more dialogue rather than less. I'm interested in more members having an opportunity to speak rather than fewer, and I follow the order as prescribed by this committee that was adopted by this committee at its first meeting. I follow the order of Liberal, Conservative, Liberal, Conservative, NDP. I would be happy to have more members speak, but if members want to go to the second part of the meeting, which is future business, then that is the will of the committee. I follow the will of the committee. If it is the will of the committee to continue this dialogue, and if Mr. Page is agreeable to that, I as a chair will allow a continuation of that.

You have a point of order, Mr. Mulcair.

●(1015)

[Translation]

Mr. Thomas Mulcair: What you have just stated is totally false. Earlier, you decided to allow two more questions. We did not give our consent, but clearly you sought Mr. Page's consent, and we assumed that you were going to follow the normal order, under which the NDP had the right to ask a question. You are depriving us of that right. This is your first time acting as chair of this committee, and we take note of this highly partisan way of acting and making decisions. In future, we are going to act accordingly. We showed flexibility when adopting the rules for this committee. Yet, your actions today betray our confidence, and in future we will act accordingly.

[English]

The Chair: I have Mr. McCallum on the point of order.

Hon. John McCallum: It's not exactly the same subject, but I would have thought, since some people have other commitments at this time, that we could invite Mr. Page back. In particular, he alluded to this accountability framework, which I think is a key element in our monitoring, which we are going to be hearing witnesses on in coming days. So I would have thought that it might

be a good idea to invite him back on that subject in the not too distant future.

The Chair: The committee is free to invite Mr. Page back at any time it wishes.

Mr. Pacetti, did you have a point?

Mr. Massimo Pacetti: Yes. Having chaired the committee before and having been on this committee for a while, I think you did an excellent job, but I think there was a misunderstanding, in that my round and Mr. Kramp's round were perhaps the third round, and then the fourth round would have been an extra round. I think what we've done is we've probably made a mistake in making the third round too long and assuming that the NDP would come back on the third round. It's actually the fourth round. I think that's the mistake we made.

I think maybe we can clear that up, but I don't think we have to do that in front of Mr. Page.

The Chair: I'll just respond as the chair. I think I've earned a reputation as someone who is fair-minded. I encourage Mr. Mulcair to speak to Mr. Masse, to speak to Ms. Nash, to speak to the NDP whip, as to how I've chaired the industry committee in the past.

I would also say that my interest is in more dialogue rather than less, but I'll take Mr. Mulcair's point in the sense of if there's an hour allocated for a subject I will close it at that hour, exactly at 60 minutes, and allow no further questions, unless the entire committee agrees to extend it beyond that. So in future it will be 60 minutes sharp for questions.

I make every effort and I commit to every member of this committee to be fair to every member of this committee. But, again, I'm more interested in a substantive discussion and I'm more interested in more dialogue rather than less. And I'd be very happy, as the chair, to invite Mr. Page back if this committee so desires and to have a longer discussion if this committee so desires.

Mr. Page, I thank you very much for being here today. I thank you for your presentation, for your responses to our questions.

Members, we'll suspend for a couple of minutes and then we'll go to future business.

Thank you.

● _____ (Pause) _____

●

●(1020)

The Chair: I'll ask members to take their seats, please.

We'll now discuss future business. I'm informed by the clerk that the Governor of the Bank of Canada will be here on Tuesday morning at nine for an hour. I will cut him off at ten sharp. Obviously the committee needs to decide what it wishes to do, aside from that.

Does the committee wish to go in camera? No.

Mr. Ted Menzies: It's just for clarification.

The Chair: We have before us three motions by Monsieur Laforest. Two of them are in order, but one of them has problems.

Does everyone have a copy of the motions by Monsieur Laforest?

Mr. Wallace.

Mr. Mike Wallace: We talked for a bit about 36 hours or 48 hours, but you can bypass that rule by just showing up and having them deal with stuff that's current. Is that the issue? How would we deal with this if I didn't give him 36 hours in advance?

The Chair: I requested members to bring forward ideas for future business. These are actually motions, as I understand it. Monsieur Laforest can correct me, but this is for future business.

Mr. Mike Wallace: I understand. Thank you very much for that clarification.

The Chair: Monsieur Laforest.

[Translation]

Mr. Jean-Yves Laforest: You said that one of the motions posed a problem. I would like to know which one, before continuing.

[English]

The Chair: The motion that's posing difficulty is the one that the finance committee invite the Minister of Finance, the President of the Treasury Board, the Parliamentary Librarian, and the Parliamentary Budget Officer to appear regarding the decision to reduce funding for the Parliamentary Budget Officer by 30%, and that at least two meetings be devoted to this study.

The reason is that the Parliamentary Budget Officer's mandate, as defined in section 79.1(1) of the Parliament of Canada Act, is to establish "the position of Parliamentary Budget Officer, the holder of which is an officer of the Library of Parliament". Therefore, it would be the Library of Parliament committee that would study his mandate. He can report to us on economic forecasting, but in terms of his mandate he would report to the Library of Parliament committee.

[Translation]

Mr. Jean-Yves Laforest: Really then, you were saying that the decision to cut 30% was made by other people not mentioned in the motion. Is that right?

• (1025)

[English]

The Chair: No, it says his mandate is under the Library of Parliament. If we're going to be discussing his mandate or his allocation of resources, that would be done by the Library of Parliament committee and not the finance committee.

[Translation]

Mr. Jean-Yves Laforest: We will reword it and resubmit it.

[English]

The Chair: The other two motions you can certainly present.

[Translation]

Mr. Jean-Yves Laforest: I have tabled two other motions that deal with the future business of this committee. Both motions are equally significant; allow me to read the first one: "That the Finance Committee undertake a study on government assistance to the Canadian financial sector."

People know that the government has approved significant measures for the financial sector, specifically targeted to banks. It is important to guarantee a certain level of transparency that will allow us to see how banks are responding to this assistance, and how people are able to benefit from this. It is therefore important for parliamentarians to make sure that there is a follow-up and to ask questions of those directly concerned.

We also have to measure the impact of the implementation of these measures on public finances. Are there accountability indicators? What is the scope of these indicators and how are we going to make sure that individuals and businesses are indeed getting access to credit? The budget holds significant support measures that will ease access to credit for the automobile sector, among other sectors. Savings are also being affected by these measures.

It's important that we be able to discuss the stability of the Canadian system in an open and public way. As so we are suggesting eight meetings to hear from officials from the Department of Finance, the Office of the Superintendent of Financial Institutions, and industry representatives. This committee must endorse measures that would promote transparency and accountability the part of the financial sector, while minimizing risks for public finance, because it is taxpayers' money at stake.

I suggest that we hold two meetings to examine and present recommendations to the minister. Those are the terms of the first motion.

[English]

The Chair: Okay, thank you.

I have Mr. Menzies, Mr. Wallace, Mr. McKay, and Mr. McCallum.

Mr. Ted Menzies: We're going to use the hour up, aren't we?

Monsieur Laforest has some good ideas. I would like to support this and add to it, if that's acceptable, just for clarification on timing. Once we get the Budget Implementation Act through, the estimates.... We have that to deal with, do we not?

The Chair: We have estimates to deal with, and the budget implementation bill would take precedence, but we don't know the exact timing of that yet.

Mr. Ted Menzies: This will be after that, then, depending....

The Chair: Depending on when we get the budget bill.

Mr. Ted Menzies: We'll find that out sometime soon.

I like where Mr. Laforest is going with this. I think it is very timely that we take a look at this, part of it being because of the non-bank asset-backed commercial paper issue that we didn't finish studying because we finally sorted it out. But we do need to look at the root of that problem, at why that happened, and I think we can fold it into this.

I would like to add, for the review, Business Development Canada and EDC, what we've added to those. Are they able to get the money out? Do we need to take a serious look? I've had constituents say that it's not working yet. We need to get the legislation through, but we should bring them in to talk about how they're getting money out, talk about regulations for federal financial institutions, look at banking regulations, and at OSFI's role in all of this. We never did get much of a chance to talk to OSFI about this, so that we, as parliamentarians, understand what OSFI's role is. Maybe it's getting too broad, I don't know. But I would like to suggest that.

And then the rating agencies—we all wanted to hear Dominion Bond Rating Service. Do we include that in our discussions as well?

And while we're having this discussion, can we expand it to financial literacy? We've talked about that in the budget. How do we approach that? How do we educate Canadians that there actually is an interest charge on their Visa cards? Is that our role? Whose role is it? How do we help with that?

I'd like to add those to Monsieur Laforest's motion, if I could.

•(1030)

The Chair: OSFI is in the second paragraph, but you would add BDC.

Mr. Ted Menzies: Yes, BDC, EDC.

The Chair: And rating agencies.

Mr. Ted Menzies: Rating agencies, and the federal financial institutions that oversee that, and a component on financial literacy. One witness may be able to address two or three of those issues.

The Chair: Okay. Thank you.

We'll go to Mr. Wallace, please.

Mr. Mike Wallace: Thank you.

I'll just go through to the mover, if I can, for a clarification. I am certainly supportive of studying the financial sector. In his presentation he talked about the banks quite a bit, and now we've added a few others. I'm assuming we'll be able to call the financial sectors made up of a lot of other lenders, creditors, and other people who are in the business. I'm assuming we'd be able to have them come and talk to us about the role of government with their businesses, or their ability to provide credit, and so on. I just want a clarification from the mover that that was also part of his intention, if that's fine through Mr. Chair.

[*Translation*]

Mr. Jean-Yves Laforest: Among other things, are you talking about insurance companies?

[*English*]

Mr. Mike Wallace: Leasing companies. There's automotive leasing that happens that isn't bank-related.

The Chair: Members are free to—

[*Translation*]

Mr. Jean-Yves Laforest: That's fine by me.

[*English*]

Mr. Mike Wallace: Not a problem? Okay.

The Chair: Members are free to suggest any witness.

Mr. Mike Wallace: Mr. Chair, I know they're looking for us to get supplementary B through fairly soon. Do you have a sense when that might happen? Has anyone talked to you about that?

The Chair: I've been given no indication. No one on this committee as of yet has indicated in what forum they'd like to study the supplementary estimates.

Mr. Mike Wallace: Thank you very much.

The Chair: We'll go to Mr. McKay.

Hon. John McKay: When I first read the motion, I thought that eight meetings were going to be insufficient to cover the sector. As it gets expanded and expanded, I think eight meetings is virtually an impossibility, unless you're just wanting to do a superficial study. I don't know whether you have to name the number of meetings or not, but eight meetings won't cover it. I would suggest we move it up to a dozen meetings or more, because you are opening up a huge sector, a huge sector, and one thing will lead to another, which will lead to another. So I would not limit yourself to eight meetings by any means.

The Chair: Thank you.

Mr. McCallum.

Hon. John McCallum: Maybe we need 88 meetings, but there are only so many weeks in the year. I certainly agree with this. I think it's hugely important, but my only small point was that I assume we're going to hear from the infrastructure for this. I think the agreement was we'd have some infrastructure witnesses. Are we going to talk about that today as well?

The Chair: We can bring that up. Your proposal was to hear about infrastructure and EI prior to getting the Budget Implementation Act.

Hon. John McCallum: So I think we still have one more meeting space. We have Carney on Tuesday.

The Chair: We have Carney on Tuesday for an hour. We could have an hour on something else, like infrastructure.

Hon. John McCallum: And then we have Thursday too, probably.

The Chair: We have Thursday too, and then I don't know when the Budget Implementation Act will get here.

Hon. John McCallum: Anyway, I think we're all in favour of this proposition. I just want to put on the table that I hope we have time to agree on the infrastructure thing. Is it the idea to present proposed witnesses at this meeting, or do we phone in to somebody? How does that work?

The Chair: For proposal of witnesses, the preference is probably to name them at this meeting, or you could submit them by e-mail to the clerk. That would be my suggestion.

Mr. Pacetti.

•(1035)

Mr. Massimo Pacetti: I have my comments on the motion, but I also have my comments on the work of the committee.

I think we should address the motion, and if it gets adopted, then we should prioritize what this committee should be working on. I'll have a question for the parliamentary secretary, because I think we need to have an idea of when the budget implementation bill will come on. Then at that point, we can prioritize where we're going to place this. As John was saying, this study could go on forever. It could continue on.

The motion says, and I'll read it in English:

That the Standing Committee on Finance undertake a study on government assistance to the Canadian financial sector.

But we seem to be spinning off, so this could be a never-ending type of study. Not that I have a problem with it, but then you're looking at all kinds of other people who are involved in financial institutions, whether they be investment bankers, as Mr. Wallace was saying, institutional lenders. It would be all kinds of things. We have to have a list. Mr. Menzies was saying CDIC also, Canada Deposit Insurance Corporation. So this is something that is going to be, I think, a comprehensive study. Or is it going to be a small study? Either way, I'm supportive of it, but I think we have to sort of wrap our heads around it and see what the *produit final* is going to be before we go ahead with it. Then we have to prioritize what we want to do as a committee.

The Chair: That's a fair point. The sense I'm getting from the committee is that if we have the Governor of the Bank of Canada, if we did something on infrastructure, if we had time to do something on employment insurance, the Budget Implementation Act, then this would follow the Budget Implementation Act, if that's a fair reading. That's my sense of what members would like to do. I'm sensing strong support for this motion.

Mr. Massimo Pacetti: But we haven't read the next motion, so that next motion might be a stronger feeling than this motion. I'd just like to reserve my feelings on it. I am for it, but....

The Chair: Okay.

Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest: What I am hearing, Mr. Chair, is that everyone seems to be in agreement on the process and the importance that we must attach to this matter.

Mr. Wallace was talking about the banks, but he did not talk about other financial institutions. But when we are talking about "the Canadian financial sector" that is rather broad. I think that what counts here is the choice of witnesses that we invite to the committee. As Mr. Menzies said, it would be fine to add specific institutions such as the Business Development Bank.

As for the number of meetings required, we have to do a serious job of this study, but at the same time, we must not spend too much time on it. One of the objectives of these meetings is to allow people to see that there is a parliamentary committee that is looking at the issues that everyone is concerned about.

Another objective is to bring the topic down to the layman's level so that the general public can understand how the provisions in the budget will have an impact on their lives. We want them to understand what the support that the government is giving to institutions means, and how the government intends to protect the

taxpayers' interests. So if we want to reach that goal as well, it must not be too long. We could add two meetings, but I think that we should not go beyond that, because then it would become too long. I think that approximately ten meetings would be sufficient, rather than eight, since we are casting our nets somewhat wider. That is what I would suggest.

[*English*]

The Chair: Thank you.

I have Mr. Menzies and then Mr. Pacetti.

Mr. Ted Menzies: Certainly I agree with the importance, but I think we have timeframes now in our reporting process. I think it's absolutely imperative that as soon as the budget implementation bill gets here we have to study it expeditiously and get it moved through. I certainly hope that's going to be the priority.

To Mr. McCallum's point, I understood we had agreement at the last meeting that we knew those two issues were going to be dealt with; they're spoken about in the budget, EI and infrastructure. So I agree, that was my understanding that we were going to pre-study, if you will, get that started and get this process rolling as quickly as we can.

I can't suggest what day the actual budget bill is going to get here, because it hasn't quite entered the House yet, let alone cleared the House. So I would go back to Mr. McCallum's point: I think that has to be our priority. We agree with this motion, but it has to be the second priority after the budget.

• (1040)

The Chair: Okay, thank you.

Mr. Pacetti.

[*Translation*]

Mr. Massimo Pacetti: Thank you, Mr. Chair. This is February, and I think that perhaps we should study the budget legislation until the end of the month. In March, we will have only two weeks, and then we will have three or four in April. We will have to decide on a date, and if necessary, we will hold more meetings. Perhaps we should suggest an amendment to say that rather than having eight meetings to hear witnesses, we could have hearings until April 30, at the latest. Then we will have all of May to draft the report. We would set a deadline, because in February, there are only two weeks, two more weeks in March, and in April, I think that there are three weeks at the most. I do not have a calendar with me.

[*English*]

The Chair: There are three sitting weeks in March.

Mr. Massimo Pacetti: There are three in March? So if we have to, we'll just have more sessions. At least if we fix a date, we'll have a report ready by the end of May.

The Chair: Let me put something forward, and the committee can see. On February 10 we have the first hour with the Governor of the Bank of Canada. We could try to make the second hour for infrastructure. I don't know whether we'd need one or more sessions. I know it's a big topic with all members.

Then we could have February 10 and 12 for infrastructure. There's a break week following that. The following week, we could do employment insurance, if the committee wanted to do that as well, and then by that time I would suspect we'd have the bill for the budget implementation act. I don't know how long members want to spend on that bill.

We could give that study priority. If we don't have the budget bill, I suggest we start with this, because it does have support of all the committee. If we do have the budget bill, then that would take precedence, and we'd go to this immediately thereafter.

Mr. Massimo Pacetti: When will we deal with the estimates?

The Chair: Again, the committee has to indicate what it would like to do with the estimates.

Mr. Massimo Pacetti: Perhaps we could ask the department to come in for one meeting.

The Chair: Okay.

Monsieur Laforest.

[Translation]

Mr. Jean-Yves Laforest: Mr. Chair, the right thing to do is to set a reasonable deadline rather than restricting ourselves to a certain number of meetings. Mr. Pacetti has suggested the end of April. But we should have at least eight meetings. What if we were to say at least eight meetings, and we were to set a deadline?

[English]

The Chair: Mr. McKay suggested 12. Is 12 closer to what the committee feels is necessary?

[Translation]

Mr. Jean-Yves Laforest: That is very long.

[English]

The Chair: We could say at least eight meetings, and then if we needed more, we could add them.

[Translation]

Mr. Jean-Yves Laforest: At least eight meetings and no later than April 30.

[English]

The Chair: Okay.

Mr. Wallace.

Mr. Mike Wallace: I like your suggestion, Mr. Chair. The only suggestion I would make in addition is that since we will have Mr. Carney here for an hour, why don't we just make the second hour for the estimates and get them done next Tuesday?

The Chair: Okay, that's a proposal.

Mr. Mulcair.

[Translation]

Mr. Thomas Mulcair: I do not think that I have quite understood exactly what Mr. Wallace is driving at. What does he mean by: "get the estimates done in one hour?"

[English]

Mr. Mike Wallace: Am I to answer that, Mr. Chair, or not?

The Chair: Mr. Wallace, through me, you can answer the question, yes.

Mr. Mike Wallace: Okay.

The supplementary estimates B are coming. They have to be approved. You have an opportunity at committee to question people from the department, in our case the finance department, where the supplementary estimates come from. Normally, you invite them to come, they answer any questions that you may have on the supplementary estimates, and then we agree.

The other option, Mr. Mulcair, would be that we would deem them to be reviewed and not do anything with them, and then they'd go back to the House. As a member of Parliament, I'd like the opportunity to at least have a look at them and ask a number of questions.

I've been on a number of committees here, and I have a bit of a reputation for being an estimates nut. I think taking one hour, in terms of reviewing the actual spending of the department, is not a bad thing for this committee to do.

•(1045)

The Chair: Mr. Mulcair.

[Translation]

Mr. Thomas Mulcair: Mr. Chair, I certainly do not think that one hour is too long. I find that my colleague Mr. Wallace is rather optimistic. Through you, Mr. Chair, I would like to inform him that the New Democratic Party is not part of the new Liberal-Conservative coalition. We intend to go through the budget line by line, and to do everything necessary to insure that... You need to have at least two political parties. I can assure you that the NDP will be one of the two political parties that will be looking at the estimates very carefully, using all the tools that we have at our disposal.

[English]

The Chair: Okay, that's entirely within your mandate as a member of Parliament, but if you can give some guidance to me or make a proposal to the committee as to when and how long you'd like to study the estimates, we'll certainly consider that.

Mr. McCallum.

Hon. John McCallum: I thought there was agreement generally that infrastructure was a high priority, that we should do it quickly, and that one hour was definitely not enough. I think three hours for infrastructure would be a good idea. We have quite a few witnesses we would like to call, including the minister, John Baird. So I was hoping, notwithstanding the importance of all these other things, that three hours next week could be devoted to this topic.

The Chair: Thank you.

Mr. Pacetti.

Mr. Massimo Pacetti: Mr. Chair, perhaps it's more a question of clarification. I don't seem to disagree with either Mr. Wallace or Mr. Mulcair, but we have estimates that relate to more than one department, and some of them are, for lack of a better word, slightly dry, so some of them we probably can do in an hour. We could perhaps review them in an hour, but there are some departments that require a little bit more time. If I'm not mistaken, we have the Department of Finance, the Office of the Superintendent of Financial Institutions, Revenue Canada.

[*Translation*]

The Clerk of the Committee (Mr. Jean-François Pagé): We have not yet received the main estimates.

Mr. Massimo Pacetti: That is what I am asking you. I do not know how much we have received.

The Clerk: Two.

Mr. Massimo Pacetti: Do you mean those from the Department of Finance and from the Canada Revenue Agency? Usually, they are the two main players.

The Clerk: I know that there is the one from the Department of Finance.

Mr. Massimo Pacetti: For some of them, one hour will be amply sufficient.

Mr. Jean-Yves Laforest: Mr. Chairman, shall we debate the motion?

[*English*]

The Chair: Let me make a proposal here. The proposal is that after Mr. Carney, we do an hour on infrastructure. At the Thursday meeting, we do two hours on infrastructure. The following week we move to employment insurance. Then the Budget Implementation Act would receive priority from the committee, and employment insurance and infrastructure, if those are the two areas that are important to this committee, would lead into the Budget Implementation Act study.

The motion proposed by Mr. Laforest would be the highest priority item in terms of studies. The estimates will be slotted in as best I can as chair, but I do need some guidance, whether you want to give it to me now or whether you want to indicate in an e-mail to the clerk how many meetings, for how long, and what areas of interest you have. You can say we want finance department officials, or you can ask about a specific department, or a specific area you want more focus on.

That's the proposal I'm putting before the committee.

Mr. Wallace.

Mr. Mike Wallace: Thank you, Mr. Chair.

I just want to clarify for the members that the supplementary estimates B normally are approved in the fall. We did not have an opportunity to approve them in the fall because of the election and so on. The supplementaries B are for spending that cannot take place until they're approved, so the departments are waiting for estimates to get through before they can move on these items that they have.

Now, I have issues with the way the process works, but that's not the case. I have been on committees, Mr. Chair, where they—

including the New Democratic members—didn't want to deal with supplementaries at all. They didn't want to have a meeting on them; they just wanted to deem them as passed. That has been my experience, and I have been hard pressed to get an actual meeting on them. I think in this case, for the finance department, we should.

I don't disagree with Mr. McCallum's approach on having a fulsome study on infrastructure, but you're trying to squeeze supplementaries in. You didn't even mention them in that round, other than to say we'll find a spot for them. I don't think that meets the intent, for me as a member of Parliament, of reviewing the actual spending that's happening and helping those departments that need the money to get approval to see it happen.

• (1050)

The Chair: Let me just make something clear, as the chair. I don't determine the agenda. As best I can, I ascertain what members would like to study, try to form a consensus, and move forward. If there's a consensus on how to deal with the supplementary estimates, I am more than happy to adopt that as a process. In fact, Mr. Wallace, if you'd like to have an off-line discussion with Mr. Mulcair, and perhaps have an agreement and come back to the committee and say this is how we agree on dealing with supplementary estimates, I would be the happiest man in this room.

I'm not here to determine the agenda. I'm here to try to see what the committee would like to do.

I have Mr. Kramp, Mr. Mulcair, and then Mr. Laforest.

[*Translation*]

Mr. Thomas Mulcair: Mr. Chairman, as opposed to our colleague Mr. Wallace, I do not believe that the elections were the reason why the analysis of the supplementary estimates did not get done. Elections were held last October 14th, and you must be aware that there was a prorogation of the House. This Parliament's work, which mainly consists in ensuring that public funds are spent properly, was suspended by its government for more than two months. This is the reason why the study has not yet been done.

As far as we are concerned, we do not belong to the new coalition between Conservatives and Liberals. We will work line by line to ensure that the public's interest is defended. In fact, somebody has to do this. One hour is clearly not enough for this committee. We estimate that it would take a minimum of six hours to do the work correctly, all the more so as I tasted some of your medicine this morning when I learned about the number of times I will be allowed to intervene. The Liberals get three opportunities to speak and the NDP gets one. We get the message. We know that from here on in, things will take longer.

[*English*]

The Chair: Mr. Mulcair, do you have a proposal as to when you would like to study the supplementary estimates?

[*Translation*]

Mr. Thomas Mulcair: We could begin next week, after the series that you announced earlier. However, instead of one hour, we feel that it will take at least six hours.

[*English*]

The Chair: And when would these six hours take place?

[*Translation*]

Mr. Thomas Mulcair: Next week, after the series that you enumerated, when you mentioned expenditures on infrastructure, insurance and so forth.

[*English*]

The Chair: So we'd do that instead of infrastructure and then we'd have to add in another meeting, perhaps on the Wednesday.

Okay, the proposal then is to do the second hour on Tuesday on supplementary estimates, to add a meeting on the Wednesday—so that would be five hours—then to do the Thursday meeting on supplementary estimates.

Mr. Pacetti.

Mr. Massimo Pacetti: Mr. Chairman, it's a proposal from one member to ask for six hours of estimates. Again, I think the estimates are important. In the history of this committee, I don't think we've even spent an hour, because some committee members have not been interested in asking questions, not because the subject matter has been important or not important. Let's be reasonable here. I would suggest that perhaps we put the second hour aside. We'll see how that goes. Perhaps we put an hour and a half aside and see how that goes, and if we need to, we'll set up another meeting. But we don't even know which departments we're going to be looking at.

Perhaps Mr. Mulcair could provide us the ones with which he wants to spend six hours, but the Revenue Canada estimates are not worth six hours of our time, whether Mr. Mulcair believes that or not. I don't believe we've ever spent six hours on all the estimates that we've looked at. In Finance, there is not even material in all the appropriations that get out there. Let's be reasonable in this.

My suggestion would be we take the second hour and maybe take the second hour and a half. So perhaps we could have a meeting for two and a half hours, from 9 to 11:30, and spend an hour or an hour and a quarter with Mr. Carney so we can have a third round, and then have the estimates for another hour and a half or an hour and a quarter. Then we see how that goes, and at the same time have the infrastructure people here for Thursday so they have time to prepare. And if we need to have a meeting, we'll have one on Wednesday.

You have to use some discretion, Mr. Chair.

The Chair: Mr. Carrier.

[*Translation*]

Mr. Robert Carrier: A point of order, Mr. Chairman. We were studying the priorities of notices of motion, but there is a second motion on the table.

Regarding priority, I believe it is important for us to debate the second motion, so that it could be a part of the priorities that we wanted to establish. If we pass the second motion, it would also have to be a part of the debate. At the rate at which things are progressing, we will only be able to study the second motion in three months, because we are dealing with different priorities which are separate from this one.

If you agree, I would like to put the second notice of motion to a vote. Afterward, we can discuss the overall order of priorities.

• (1055)

[*English*]

The Chair: We have agreement for the first motion—a strong agreement of the committee. We are running short on time. I would like to get agreement, though, from the committee as to what we're going to do next week. We have the Governor of the Bank of Canada for the first hour. There's one proposal by Mr. McCallum to have the second hour on infrastructure and the Thursday meeting on infrastructure. Mr. Pacetti is recommending we have an hour and a half on the Tuesday meeting on estimates and then determine whether we need further meetings on the estimates. I'm open to what the committee would like to do.

Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest: Mr. Chairman, Mr. Carrier is right. You said that we agreed on the first motion. Therefore, I would like to put it to a vote, unless it is unanimously adopted. It is important for us to settle this matter, because we are in a public session.

Secondly, it is important for us to discuss our future business. At the same time as we were debating the notice of motion, we also discussed future business. I would have preferred doing one thing at a time. There was a second notice of motion and if we are short of time, I hope that we can at least, some time next week, debate this motion because we had intended to debate it today.

[*English*]

The Chair: You're okay with dealing with the second motion next week, then.

[*Translation*]

Mr. Jean-Yves Laforest: I agree with regard to the second motion, but are we unanimous about the first one?

[*English*]

The Chair: I'll put it to the committee.

Is the first motion, from Mr. Laforest, agreed to?

(Motion agreed to) [See *Minutes of Proceedings*]

The Chair: Mr. Menzies, please.

Mr. Ted Menzies: This is a notice of motion, and I respect the fact that Monsieur Laforest has withdrawn the second motion until we actually have the 36 hours. We shouldn't be voting on anything that doesn't have 36 hours' notice.

The Chair: We're not voting on anything.

Mr. Ted Menzies: No, but there was a request at one point.

I'm making the point that we have a notice of motion. We have a rule for 36 hours; we didn't have 36 hours. Anyway, we've dealt with it and you have unanimous support for the first motion. I'm glad the second one was withdrawn. I just wanted that on the record.

I agree with Mr. Pacetti on the order of doing this, and I think that the clerk probably has it drawn out. Let's move on. We're going to run out of time in about two minutes. That's our future plan.

The Chair: Okay. I just want to clarify, though, that the two motions were in order because they were on future business. That's what I explained at the beginning of this session.

Mr. Ted Menzies: Even though they didn't have 36 hours.

The Chair: If the motion is on the business of the day, it is in order. It requires 36 hours if it is not on the business of the day.

Mr. Pacetti.

Mr. Massimo Pacetti: I want to clarify that as well, so we don't have any misunderstanding in the future. I think the error was that it says "notice of motion", but it's actually a proposal for future business.

Okay, so we all agree.

The Chair: Do we have agreement to do an hour on the estimates on Tuesday, and for the Thursday meeting, is it the will of the committee to do estimates or to move to infrastructure?

Hon. John McKay: We could do infrastructure, but you could reserve an hour on Wednesday and set it aside for supplementary estimates if you thought we needed it.

The Chair: How about we have the hour for estimates on Tuesday, we reserve two hours on Wednesday, and if we could get some witnesses or an indication from Mr. Mulcair as to what he would like to study, then on Thursday we'll move to infrastructure. Is that okay?

Some hon. members: Agreed.

The Chair: Thank you.

Please submit the names of your witnesses by e-mail or in person to the clerk for the upcoming meetings.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.