



House of Commons
CANADA

Standing Committee on Government Operations and Estimates

OGGO • NUMBER 015 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, April 21, 2009

—
Chair

Mr. Derek Lee

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

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

Standing Committee on Government Operations and Estimates

Tuesday, April 21, 2009

•(1110)

[English]

The Chair (Mr. Derek Lee (Scarborough—Rouge River, Lib.)): I call the meeting to order. I see a quorum.

Colleagues, after much planning and discussion, we've finally managed to convene a meeting here today on the subject of the stimulus package. This will be a full meeting, intended to outline as best we can, through the officials who are attending today, progress in the unfolding of the stimulus package spending that was outlined in the government's budget.

We've all had lots of time to prepare. In fact, these witnesses have been with us on two or three or four occasions. We thank them for that.

I'll just note for the record that we had discussed the possibility of one or more ministers attending. One or more of those ministers were of the view that it was, from their point of view, premature for them to attend, or not the best of times to attend, in their judgment. The committee is negotiating these things through our clerk, very cordially, and each of the ministers has suggested a later date. We can discuss that later ourselves.

I'm going to ask the witnesses if any of them have an opening statement today on this subject.

Mr. Smith.

[Translation]

Mr. Alister Smith (Assistant Secretary, Expenditure Management Sector, Treasury Board Secretariat): Mr. Chairman, thank you very much for the invitation to appear before this committee to discuss the economic stimulus package.

[English]

With me today are two colleagues: from the Privy Council Office, Tim Sargent, assistant secretary to the cabinet, liaison secretariat for macroeconomic policy; and from the Department of Finance, Paul Rochon, senior assistant deputy minister, economic and fiscal policy.

We don't really have an opening statement. We would be very pleased to respond to the committee's questions on budget implementation, to the best of our ability.

The Chair: Well, that's a heck of an intro. Thank you. We can go right to questions.

Again, colleagues, we've had at least one planning meeting for this. I think members will have a pretty good focus on where we want to go.

I'll go first to Ms. Hall Findlay.

Ms. Martha Hall Findlay (Willowdale, Lib.): Thank you very much.

Thank you very much, gentlemen, for coming back.

The questions this morning follow on what we've been trying to elicit, in terms of information, at a number of past meetings, and that is simply focusing on vote 35 and the \$3 billion, on where, when, and if any of that has been spent.

Maybe I can start with this open-ended question: has anything been spent, and if so, where? Perhaps you could elaborate on that. If not, then I'll go to more specific questions very quickly.

Mr. Alister Smith: Thank you very much.

Vote 35, as you know, is now operative as of April 1, and will be used to make allocations for budget initiatives—that is, for the programs, not for projects—until the end of June. So there are allocations from vote 35, and those will continue.

We will be providing information on those allocations, as we have said a number of times before, when we table supplementary estimates, which will probably be May 14 or thereabouts, and in the June quarterly report, which will be sometime in the first half of June, I think.

•(1115)

Ms. Martha Hall Findlay: We did talk last time about the June quarterly report, but the reason given for vote 35 was the need for speed, the need to get money out the door. That's different from an allocation. An allocation is quite different from actually cutting a cheque.

First off, just point-blank, has any money been spent? We're now at April 21. The reason for vote 35 was so that money could start being spent as quickly as possible. We're now almost into the last week of April. Has anything been spent at this point?

Mr. Alister Smith: Could I just mention, as well, that there are several elements to this overall budget package in addition to vote 35? They include the Budget Implementation Act, which itself contains \$7.6 billion of direct program spending, as well as other tax measures and loans. In addition, we will have a supplementary estimates package that will also have budget items in it. There's a large overall package of \$20 billion or so of funding for 2009-10. TB vote 35 is only one of those elements.

Treasury Board vote 35 is an allocation mechanism, like supplementary estimates, that allocates to departments for particular budget initiatives. You can't tell from TB vote 35 whether in fact the item is spending or not spending. In fact, that depends on what the departments are doing with the particular program initiative.

In a number of instances, we know that programs are open for application, such as the admissible infrastructure loan program and others that have been announced. Funding will occur in due course as those applications are approved.

Ms. Martha Hall Findlay: I want to just clarify that my questioning relates to funding coming out of vote 35—the \$3 billion specifically. I understand that it applies to the larger amounts in the budget and that the \$3 billion is not outside of the budget. My questioning is specifically related to the stress placed on having a \$3 billion amount without, for the purpose of speed, the normal pre-approval. It is that focus that I want to insist on in the questioning, although I will also just note, for future reference, your comment that once the allocation is made to a department, you cannot confirm whether a cheque has been cut. It is the department that has to tell us.

In terms of our discussions about witnesses, we had talked about the need to have representatives from each of the departments. Can you tell me right now which of the departments that have had the allocation would be the best for us to be interviewing or to have come as witnesses at this point in time?

Mr. Alister Smith: I think you may want to ask a range of departments to come forward. The allocations will be quite clear in mid-May, when we table supplementary estimates. They will cover a range of departments. You may at that point want to decide whom to ask to come forward.

Ms. Martha Hall Findlay: Are we not going to see any of the information about those allocations until mid-May?

Mr. Alister Smith: That's what we have said all along, that we would be presenting the information from Treasury Board vote 35 in supplementary (A) estimates in mid-May, when we table supplementary estimates, and in June, when we provide the quarterly report.

Ms. Martha Hall Findlay: Is it correct for me to assume that if we will not even see the information on the allocations to the various departments until mid-May...? Can those departments be issuing cheques and spending any money before then, or are they only going to be in a position to actually spend money after that information is public?

Mr. Alister Smith: No, they're able to spend money as of the time they receive all the authorities from Treasury Board and the approvals are in place.

Ms. Martha Hall Findlay: Do we have information as to when those authorities are actually granted or have been or will be granted by Treasury Board? You understand what I'm trying to get at here. We would really like to know, first, whether money has been approved, and then where it has been approved, whether it has been spent, and where it has been spent.

Mr. Alister Smith: We've said all along, and our ministers have said as well, and we can't really diverge from that, that we will be providing information on those allocations in mid-May.

I'll just add that we are starting the preparation for the June report, and we are collecting information as well from departments in the first couple of weeks of May as to spending and to progress on individual items. That is at the program level. As I mentioned before, we're talking about the approval level here. Those processes are now nearly complete.

•(1120)

Ms. Martha Hall Findlay: Why can we not have the information on what those approvals are at this point?

Mr. Alister Smith: They are cabinet confidences until such time as we table them in Parliament, until we table the allocations from this vote.

Ms. Martha Hall Findlay: Is it possible for you today to even tell me five departments that have had these allocations made, even though we're not going to get the information officially until May? For our own purposes—and our job is to keep the government to account on \$3 billion worth of spending that was done in an unusual circumstance for the purpose of getting the money out quickly—we want to be able to ask those departments where they're spending money, if they are, and where it's going. So is it possible even to have the four, five, six departments that have been given the okay, as it were, so far?

Mr. Alister Smith: I would prefer not to provide any of that information at this time until we table supplementary estimates.

Ms. Martha Hall Findlay: Just for the record, it is very hard for us in opposition to hold the government to account on spending that we approved under unusual circumstances, specifically to get stimulus money out the door more quickly than it might otherwise have gone, and it's very difficult for us at this point to even know if any of that money is going out the door and how and where. You can understand our challenge here.

Mr. Alister Smith: Yes, I do, but there have been a large number of announcements on a large package that goes well beyond this particular vote. The Budget Implementation Act was passed in March, and there have been a number of announcements, a lot of applications processes are open and under way, and progress has definitely been made.

Ms. Martha Hall Findlay: But, with respect, we've heard announcements on the same issue three and four times. An announcement is absolutely not the same thing as spending money. Our concern right now is that we want to know for sure what money is being spent, if it is being spent, and where and how.

Thanks, Mr. Chair.

[*Translation*]

Le président: Good morning, Ms. Bourgeois.

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Thank you, Mr. Chairman, and good morning.

Good morning, gentlemen. Perhaps Mr. Smith or Mr. Sargent can answer me.

If I correctly understood, you're telling us that the funding allocated under Vote 35, the \$3 billion, is for program-related spending. What is important for me is that, if this is program-related spending, then these are new programs. How can we ensure that those programs really meet the needs of each department? How can we ensure that there won't be a program put in place simply because someone wants it and it doesn't necessarily meet a need? How as well can we ensure that accountability mechanisms are really in place? That requires planning. Since time is so short, will the departments have time to plan?

[English]

Mr. Alister Smith: These allocations certainly are limited to what's in the budget, so they typically are new programs for new initiatives. In some cases they're top-ups of old initiatives, and they're all viewed as being important in helping deal with the economic situation we find ourselves in, so they're largely stimulative in that sense.

Your question is a broader question, I think, about whether these meet other needs in departments that perhaps have not been met and whether they fill in gaps, and I think the answer would be that they weren't intended to, no. But every year departments look at their programs, look at the objectives, and decide whether or not the programs need to be revamped or improved in some way to meet those needs. Strategic review is one exercise that we have in place to try to look at whether programs are in fact meeting Canadians' needs, but it's a broader issue and it's a longer-term issue as well.

• (1125)

[Translation]

Ms. Diane Bourgeois: That's why it's so important for me because I've always advocated quite strict planning and accountability. I imagine the departments can introduce the programs they've conceived, but that are not necessarily related to pressing needs. This agreement, this addition of \$3 billion, for credit Vote 35, was done so quickly that I'm wondering whether you have a mechanism for determining whether the department really needs that money.

Mr. Paul Rochon (Assistant Deputy Minister, Economic and Fiscal Policy Branch, Department of Finance): First, the vast majority of programs included in the budget meet an economic need. Many of those programs are already in existence; so we're adding to what is already in place. In those cases, I think it is clear that the departments have the necessary tools and mechanisms to deliver the programs.

Ms. Diane Bourgeois: I asked you the question because there are immediate infrastructure measures. Those measures include the National Recreation Trails. Can it be proved to us in black and white that there was an imperative need warranting that addition? I don't mean that the National Recreation Trails aren't important, but, for the purpose of putting people to work, are there any specific objectives in that initiative that prove to us it will be beneficial?

Mr. Paul Rochon: In this case, this is a program that was put in place not only, but mainly to respond to the decline in recreational infrastructure, partly because a lot of that infrastructure was built in the 1960s, in 1967 more specifically. It is now 40 years old. This includes arenas and other recreational infrastructure. So this program is being put in place, not solely, but partly, to renew that infrastructure.

To answer your question on the program criteria and mechanism, these are defined in the context of discussions held at the Treasury Board. The results of those programs and expenditures will be included in the reports submitted to Parliament every year on departmental programs, the Reports on Plans and Priorities.

Ms. Diane Bourgeois: Thank you, but you'll understand my surprise. When you know the state of the Canadian road system, for example, it's surprising that \$25 million is being allocated to trails. It's not a large amount, but I'm surprised, on the one hand. On the other hand, it's under discussion, which means that there may not necessarily have been an already avowed need. I find that in the Status Report on Implementation of Commitments. I was a bit surprised to see that. It's not much, \$25 million, but I'm surprised that such an amount is being allocated to trails, whereas it could perhaps have been allocated to roads.

My next question will be on the signing of agreements with the provinces and territories. Every time I checked the status report, enabling instruments were in effect starting in April or May, but always based on the signing of agreements with the provinces and territories. To date, can you tell me whether all the agreements with the provinces are complete on all matters, in the status report that we have?

• (1130)

[English]

Mr. Tim Sargent (Assistant Secretary to the Cabinet, Liaison Secretariat for Macroeconomic Policy, Privy Council Office): As you know, the government is engaged in a lot of negotiations and discussions with the provinces. All but one or two provinces have come out with their provincial budgets, and they're certainly ready to participate in negotiations with us. All I can tell you right now is that the government is working actively with the provinces to negotiate agreements in order to get money into the economy as quickly as possible.

[Translation]

Ms. Diane Bourgeois: My last question concerns the acceleration of measures for contaminated federal sites. The next stage, we're told, will be the final project selection stage. There aren't 25,000 contaminated federal sites.

An hon. member: There are more than that.

Ms. Diane Bourgeois: There are a lot. Regardless, the fact remains that not very many have been singled out by the municipalities and provinces. Are we to think that funding will immediately be released to enable the municipalities and provinces to accelerate the third stage of decontamination of these sites? That's a good question, isn't it?

[English]

Mr. Alister Smith: We would certainly have to go back to the departments to ask them that question because we wouldn't have that level of detail. But certainly there is a lot of effort under way in work with the provinces on this.

I don't know if my colleagues have seen any lists that would indicate which sites.

The Chair: That's time. *Merci*.

Mr. Warkentin.

Mr. Chris Warkentin (Peace River, CPC): Thank you, Mr. Chairman.

Thank you, again, gentlemen, for joining us this morning. We appreciate your candidness and your openness this morning.

We do have a number of questions with regard to stimulus spending. As a committee we believe there's an importance to be placed on two different objectives. One objective is that there be accountability with the money that is leaving so that we have assurances that the money going out be spent on the projects for which it was intended, and secondly, that it be done in a timely manner. So we appreciate your assurance on both of those fronts that this is happening.

Out of curiosity, I'm just seeking an additional assurance this morning. For the \$3 billion, vote 35, will all of the allocation of that money to the different departments undergo the challenge function within the Treasury Board Secretariat?

Mr. Alister Smith: Absolutely.

Mr. Chris Warkentin: Okay. So that assures me and members around this table that, number one, this is going to programs to which it was intended. It is programs that we as parliamentarians have voted on specifically within the budget document. We appreciate that.

I will move on, and outside of vote 35, because really what we are more concerned about is the entire breadth of the stimulus package. The \$3 billion is a portion of it, but \$20 billion, give or take, is the amount of the stimulus that's going into the economy. I just want to briefly discuss a number of things that I've identified, having had the opportunity to be part of the announcements in the last number of weeks.

Specifically on the allocation of \$2 billion to municipalities across the country, I would like to ask about the expectation of your departments as to when the gas tax fund money will be flowing to municipalities. My understanding is that it's going to be arriving three months earlier than what was originally expected by the municipalities, but that it's also going to be doubled from what they were expecting.

Many of the municipalities that I spoke to in my own riding, which will receive over \$8 million of this \$2 billion, were pleased to hear that they were getting twice as much as they expected and that it's coming a lot sooner. Is that your understanding, that this is still on target to be issued and out into the municipalities' hands earlier than was expected?

Mr. Alister Smith: I'll let my colleague from the Department of Finance answer that.

Mr. Paul Rochon: I can't expressly speak to the acceleration; however, I can say that the gas tax funds have been transferred to municipalities under agreements that were signed in 2005 and 2006, and that those moneys are flowing on a regular basis in the sense that they don't require specific project approval.

Mr. Chris Warkentin: Yes, and I appreciate that because I know there are many municipalities that will utilize those funds for this

construction season. And they're pleased to know that's going to be available to do projects and that will actually give them the opportunity to leverage other dollars.

Secondly, like most members of Parliament, I actually had the opportunity to be back home these past two weeks. In the evenings I had an opportunity to work on some projects that needed to be done at home as well, so it gave me an opportunity to spend some time visiting constituents in the hardware store. In every hardware store I went to they were advertising the home renovation tax credit. Obviously, this is something that most of us are being bombarded with, through marketing and different things in our homes and in the hardware stores. Although it's a good marketing tool, we understand that it's also a stimulus. It's having a stimulus effect across this country and in every riding of our country.

As a matter of fact, I was in the tile store, Ideal, which is a local Grande Prairie business, and I was speaking to the owner, Ingo. I asked, "How are things going? Are you busy?" He said, "I'm busy and it's all your fault." I said, "Well, what's the deal? I'm not purchasing a whole lot." He said that because of our renovation tax credit he was actually having a better year than he has in the last two years. So obviously this is having a major stimulus effect.

I was speaking to another constituent who said he needed to replace the windows in his home and he says it's amazing what \$1,300 will do. It's actually going to encourage him to spend another \$20,000. So this is having a major effect.

Is there any research that's being undertaken in terms of what stimulus effect this currently is having? Obviously, I've talked about what I'm seeing on the ground. I guess in the budget documents there was probably a number identified. Maybe you'll give us that and then also tell us if we have any idea if we're on target.

• (1135)

Mr. Paul Rochon: Right. The number in the budget for that measure was included in a range of tax measures and tax reductions that were put in place. With respect to monitoring that specific measure, we don't have any data currently, although we would expect that at some point it would show up in indicators such as building permits and construction spending. At the end of the day, we will have definitive information once tax forms are filed for the 2009 tax year, so roughly in one year's time.

Mr. Chris Warkentin: Well, I think we should make CRA aware that they're going to have additional work come next tax return season, because I know there are very few communities that aren't being affected positively by this tax credit.

We know there are other funds, and dollars that are continuing to flow. Obviously, there are huge numbers of dollars running through infrastructure projects. There are also dollars going towards the forest sector, through FPInnovations. There is affordable housing money, and municipalities and universities and colleges and other groups are currently applying for other dollars. We're going to start to see a number of announcements being made, and probably more frequently than we've seen in the past.

In terms of the Building Canada Fund, I know you people can tell us a little bit, give us an update. I know it's not in your purview, but there are a number of municipalities across the country that have applied for Building Canada funds and the assessments of those applications are being undertaken as we speak. Can you give us assurance that yes, indeed, this money is going to flow as soon as the scrutiny of these applications is finalized?

Mr. Alister Smith: That's my understanding. There are a number of framework agreements with provinces under the Building Canada Fund. I'm just looking at an announcement here for Saskatchewan, where there is \$236 million from the Building Canada Fund available for 2009-10. Proposals opened March 16, and projects were to be submitted by April 17. The same story could be repeated in a number of other provinces, so indeed there is a considerable amount of activity in funding flowing from that initiative now.

Of course, that's ongoing, although it has been topped up by the budget.

• (1140)

Mr. Chris Warkentin: Yes, we appreciate that, and we know that a number of these announcements can't be made yet. But I think all of us around this table are intimately aware of applications for projects in our constituencies that were going forward. We all had the opportunity to support those initiatives, and we're going to be waiting with baited breath for those announcements to be made.

I think it's important that Canadians know that this work is currently being done, that there is a real focus on ensuring that the money is going towards projects that we, as Canadians, can be proud of, and that due diligence is going on and people are working overtime to ensure that the money flows. So we appreciate your efforts. We promise we won't continue to haul you before our committee. We know you have other work that needs to be done, specifically on these issues, but we do appreciate your willingness to come today and your willingness to come when we do ask, to ensure accountability, that the money is going to the places that we, as Canadians and taxpayers and parliamentarians, would expect, and that it's being done in an expedient way. So thank you very much this morning.

The Chair: Thank you.

The last opening-round question is to Mr. Martin.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you, Mr. Chair. Thank you, witnesses.

I'd like to start with one fairly straightforward question, call it a technical question.

Of the \$43 billion total overall funding for new measures, \$6 billion was included in the Budget Implementation Act and \$3 billion was included in the budget implementation vote—of which you get eleven-twelfths, or whatever can be spent now. Will there be any way now or in the future for us to be able to tell which project drew from which of those streams of funding?

Mr. Alister Smith: Let me see if I can start with that question. My colleague, Mr. Rochon, may want to join in.

The Budget Implementation Act is actually a \$10 billion package. I think the estimate of direct program spending from that package is

about \$7.6 billion. That doesn't include other tax measures in the ways and means motion and loans as well. In addition, there will be two other sources of funds, one being whatever is provided through the budget implementation vote, TB vote 35, and the large part of supplementary estimates (A), which will be devoted to the budget. Indeed, there may well be some late funding in supplementary estimates (B) in December. The overall \$20-billion-plus package will have been funded this year and allocated this year. So that's part of it.

Mr. Paul Rochon: I think the short answer to your question is yes, you will, because those spending items that are being delivered under the authority of the Budget Implementation Act will be identified in both the public accounts and various departmental reports as statutory. Those items that are funded under vote 35 will be reported on separately, and everything else will have received authority from either the mains or the supplementary estimates. So I think at that level of detail, one should be able to identify the authority under which the funds were expended.

Mr. Pat Martin: That's interesting. So if a school were built on a first nation somewhere, for instance, we'd be able to say that school was paid for by a revenue stream that came from the eleven-twelfths, special vote 35, or whatever that was.

Mr. Alister Smith: You would be able to see in TB vote 35 which particular programs or initiatives were funded from TB vote 35. Where it gets a little more complicated is that, because this is bridge funding, bridge financing, you will get some items that are funded in part through TB vote 35 and in part through supplementary estimates. That makes it a little bit more difficult, but in that universe of the bridge funding and supplementary estimates, as Paul was saying, you will know that those are direct program spending as opposed to statutory spending.

• (1145)

Mr. Pat Martin: That's interesting.

If I can go to the main theme, sometimes we get so entrenched into the project that we forget the original goal was to create jobs. I missed the first round of questioning; I apologize if you were asked this already. I'm interested in the modelling used to come up with the estimates, that \$43 billion worth of spending will create 190,000 jobs. It's just such a leap of faith, in my view, to be able to pinpoint that. Who does that kind of modelling? I know you can't go into great detail, but can you tell me anything about how you equate that this billion dollars in this industry will equal x number of jobs?

Mr. Paul Rochon: Those estimates were done by the Department of Finance using an economic model. Roughly speaking, the general approach...if we're looking at a dollar, for example, of construction spending, we look at how much a typical dollar of construction spending generates in additional output and employment in construction in the first instance. In the second instance, we look at the feedback impacts of that dollar circulating in the economy and the construction sector on other sectors. There's an annex in the budget that sets out our approach.

At a very high level, I guess what one observes from these economic studies is that a dollar spent on direct construction in the first instance generates more economic activity than a dollar related to a personal income tax cut, for example. They both have their roles to play, in that you can deliver personal income tax reductions ahead of infrastructure spending. They can be delivered immediately. However, the impact of a reduction in personal income taxes on the economy is, in the first instance, muted by a desire on behalf of householders who are likely to save part of that.

The general approach is to estimate what we call the “multiplier impact”, which is how much a dollar of spending your tax reduction generates in terms of additional activity and employment, and then using a model to determine the secondary impacts.

I might point out very quickly that when we did this work we compared our approach to the approach and the assumptions used by the U.S. government, and we asked both the Conference Board and the University of Toronto to verify our assumptions. We're comfortable that our approach was reasonably prudent. Having said that, these are estimates, and they are subject to error.

Mr. Pat Martin: We won't complain if you ended up with more jobs than you estimated.

May I ask if anybody did the estimate for a dollar invested in income maintenance for EI? What is the rate of return or economic activity that might yield in comparison to a dollar spent on infrastructure or tax cuts?

Mr. Paul Rochon: Yes. In fact on page 240 of the budget—not too many people got that far—we see, roughly speaking, that a dollar spent on support for low-income generally, which could include EI and other items such as the WITB, in the first year generates about 80¢ in additional activity. In the second year it generates \$1.50 in incremental activity. That is roughly similar to what one finds the impact is for infrastructure.

Mr. Pat Martin: So it is roughly similar.

Mr. Paul Rochon: Yes, it is.

Mr. Pat Martin: Thank you.

This was just brought to my attention now. I do confess that I didn't read that far into the book.

Thank you. That was very helpful.

One thing that's been raised by our party in the House recently—as a complaint, I suppose—with the rollout of money, as it were, is that some of the mayors have indicated they're unable to take advantage of the situation because they can't come up with the matched dollars. The government's response was to make the \$2 billion available to loan to the municipality so they can come up with their share.

We're critical of that idea. We would much rather simply remove the matched dollar requirement, or go back to the old days where we used the Canada Pension Plan money to give low-interest loans to municipalities to do infrastructure instead of losing it on the stock market. But that's another story.

Can you tell me why it took so long to have the application form and the details out? If the idea is to have things happening in April,

or at least before June, why were the applications made available only yesterday to mayors and municipalities? There were no such forms even available for municipalities to apply for the \$2 billion; they didn't exist. Can you tell me about the route that was taken to arrive at this policy that lending money to the municipalities was in some way a good idea?

● (1150)

Mr. Alister Smith: I can't comment on the policy route; maybe my colleagues can.

The program you're referring to is the municipal infrastructure lending program at CMHC. It is a \$2 billion program over two years that will provide loans to municipalities to reduce the cost of borrowing and help them build building-related infrastructure. This is a Budget Implementation Act initiative, and it became law only in March. The fact that they have made applications available in a month is, to me, pretty outstanding work. It was announced on April 19 that municipalities could start applying right now. For a program of this complexity, that's outstanding.

The Chair: That'll be time, Mr. Martin. Thank you for explaining the difference between speed and velocity.

Ms. Hall Findlay.

Ms. Martha Hall Findlay: I appreciate my colleague's enthusiasm for home renovations. I would like to point out that by far the majority of economists, think-tanks, and various other commentators have acknowledged that when you are in a position such as the one we are in, where infrastructure stimulus is a good idea, the stimulus should be focused on infrastructure that we as a country need anyway, infrastructure that can help ensure our future productivity and competitiveness.

I'm not sure that cottage decks qualify, but from a local construction stimulus perspective, municipalities across the country have acknowledged that affordable housing is a key priority, and that those same construction workers and carpenters and suppliers would be equally busy if we were building the affordable housing that many municipalities across the country need so desperately.

On vote 35, \$3 billion—my apologies, but this will be a refrain of mine. Of that \$3 billion, how much will be going into infrastructure? How much is focused on infrastructure as opposed to other programs?

Mr. Alister Smith: Maybe I could just make a general observation. Given the orientation of the Budget Implementation Act to infrastructure, you can infer that the bulk of the infrastructure funding will be outside TB vote 35. The Infrastructure Stimulus Fund, the Green Infrastructure Fund, the communities' component of the Building Canada Fund, the municipal infrastructure lending program—these are all statutory. There's a great deal of the infrastructure spending that's outside TB vote 35 or supplementaries (A). The amount of federal funding available to provinces, territories, and municipalities, I think, is more than \$18 billion over the next two years. That's a substantial amount.

However, there are other areas of infrastructure that may benefit from TB vote 35. Federal infrastructure is an example, but those are areas that typically are not in the Budget Implementation Act.

• (1155)

Ms. Martha Hall Findlay: I appreciate that, and I would also point out that the length of time it has taken to get infrastructure funding out under the Building Canada Fund over the last couple of years would fit with that description—the \$3 billion that's supposedly going out fairly quickly.

To the extent that there is federal infrastructure that would come under vote 35, are we still at a point where we don't know what that would be? I'm looking for specifics. Is there green retrofitting of federal buildings that might come under that? I would like some examples of federal infrastructure. Where is this money going, and is it going at all? Is it going quickly, and where is it going?

Mr. Alister Smith: As I mentioned, I really do not want to provide a list in advance of tabling that list with Parliament. I think it would be inappropriate for me to do so.

There have been announcements on federal infrastructure. That's one of the areas that's not covered in the Budget Implementation Act, so you can draw some inferences from that. Indeed, work is progressing there and in other areas too.

There are application processes under way for a variety of initiatives, and those will take some time. We're going to gather information ourselves on the rate at which progress has been made at the beginning of May. So we will be assessing that.

Departments themselves are the best place to tell you exactly what has been done. We don't really have that information in detail.

Ms. Martha Hall Findlay: It's a little difficult for us to follow through on that if we don't yet even know which departments we're dealing with. As soon as we have some idea of what departments, we certainly would be asking them those more specific questions.

Mr. Alister Smith: Well, as I say, it's not just up to \$3 billion in the Budget Implementation vote or TB vote 35. You have \$7.5 billion, mainly infrastructure, in the Budget Implementation Act. We know what departments are involved in those.

Ms. Martha Hall Findlay: Understood, and I will go back to this refrain probably a lot more after today. The focus that I have specifically is that we were asked to approve vote 35 in unusual circumstances in order to get money out quickly, and I'm focusing on vote 35 and the \$3 billion.

You mentioned—

The Chair: We've gone over five minutes. We can come back.

Ms. Martha Hall Findlay: Thank you.

The Chair: I'll go to Monsieur Roy for five minutes.

[*Translation*]

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): Thank you, Mr. Chairman.

I must admit I have the opposite problem to the one you're presenting to us this morning. Ultimately, you're making every effort to speed up the work. You're making every effort so that the funding is injected extremely quickly. I don't have any problem in that regard, except that Quebec launched its own roughly \$30 billion infrastructure renovation program last year.

I'm going to tell you something. In my riding, there was a municipality that had a roughly \$2.3 million or \$2.4 million infrastructure project. However, after two requests for proposals, no engineering firm responded. I'll explain to you why.

Currently, with all the infrastructure programs introduced by the Quebec and federal governments, most engineering and architectural firms in our region, and even outside our region—because the request for proposals was issued in the Quebec City region and even in the Montreal region—are extremely busy.

So the problem we'll have at some point, according to what the municipalities tell me, is that this could considerably increase infrastructure costs and make it so that we won't even be able to carry out the projects. Since the engineering and architectural firms are overwhelmed with work, they'll choose the biggest jobs and will obviously try to get the biggest contracts. They won't even take the trouble to bid for work on a \$2.8 million contract.

There's also another phenomenon in the construction sector in Quebec right now: we're eventually going to be short of labour. We're already short of it. So if we start out more major infrastructure works, contractors won't even have the trained and skilled labour to do the work.

What could happen is that the work will be significantly delayed because, if we put a lot of money into infrastructure, people who lose their jobs won't necessarily be able to work in the construction sector. That's currently the problem in my region.

I'll give you an example. In the Matane area alone, in my riding, they apparently need 98 welders. They can't find them. If infrastructure programs are launched and steel is used for bridges, we don't even have welders. Have you assessed the impact that can have on increased works costs?

•(1200)

Mr. Paul Rochon: I'll make a few general comments on that subject. First, if you consider the job cuts in Canada since October 2008, the construction industry is one of the hardest hit. Second, in that case, we expect that there will be enough human resources after all.

There may be problems in certain sectors and occupations. According to the information received when the budget was planned, generally speaking, there now appears to be availability, and that availability should increase.

Your comment also explains in part why it is important to put the emphasis on infrastructure, but not just on that. That explains in part why the budget included a number of tax reduction and income support measures for low- and middle-income people.

Yes, that's a good question, which we have addressed and analyzed during the budget preparation phase. In certain places, or in certain targeted occupations, there may be capacity problems involved in meeting the demand. In general, however, we don't think that will be a problem.

Mr. Jean-Yves Roy: It may not be a problem across Canada, but it's already a problem in the regions right now. In the situation I referred to, the fact is that most engineering firms will choose major works. The small municipalities won't be able to carry out their infrastructure works. A lot of work is indeed involved in preparing plans and specifications for a \$2.8 million infrastructure project. Roughly the same amount of work is involved in a \$20 million or \$25 million infrastructure project. That's what's important.

What all the small municipalities—the communities of 5,000 or 25,000 inhabitants—are telling us is that there is a considerable increase in costs. Has that potential increase been assessed? An infrastructure project that should normally have cost \$2.8 million could cost \$3 million or even \$4 million or \$5 million. It can go that far.

Mr. Paul Rochon: With regard to specific projects, the department of transport, infrastructure and communities would definitely be in a better position than I to answer the question. The larger economy reveals a reduction in employment in the construction sector and a general reduction in pay increases in all sectors of the economy.

Mr. Jean-Yves Roy: Thank you.

[English]

The Chair: *Merci.*

Mr. Anders is next, for five minutes.

Mr. Rob Anders (Calgary West, CPC): Thank you, Mr. Chair.

I was intrigued by Mr. Rochon's comment earlier, when he talked about an economic model that could measure the stimulus of tax reductions. On that note, I wonder whether or not that model has an ability also to look at the opposite of stimulus, in the sense of tax hikes. I'd like to delve into that just a little bit.

On June 10, 1991, a certain federal politician said "Taxes have to rise; there is no other way", in the Kingston *Whig Standard*. That politician went on to say on June 15, 2006, to the *Globe and Mail*:

"We've also got to have popular, practical, believable policies that may involve some form of carbon tax."

That federal politician then went on, on December 18, 2008, in a *City TV* news interview, to say "I'm not going to take a GST hike off the table." He then went on to say on April 14, 2009, just a few days ago, to the Kitchener-Waterloo *Record*, "We will have to raise taxes."

Just to give you one last indication, this individual also, on November 20, 2004, to the Toronto *Star*, described himself as "a tax-and-spend Pearsonian Trudeau Liberal".

That individual is none other than the scheming Liberal, Dr. Michael Ignatieff. What I'm wondering is what your thought is about when he will raise taxes, which taxes he will raise, how much he will raise them by, and if not those questions, then what Liberal hidden agenda to birth some foreign tax monster that has never been seen before in Canada will be unleashed on us.

Sir?

•(1205)

The Chair: That's an interesting question, Mr. Anders. It's quite rhetorical. I regard it as rather stupid. Witnesses are excused from answering that unless they really want to.

Witnesses?

Mr. Rob Anders: Mr. Chair, I'd like to follow up on that—

The Chair: Are there any takers in answering the question?

Go ahead, Mr. Rochon.

Mr. Paul Rochon: On the very first question as to the estimates in the budget, they apply for tax reductions and spending increases. Roughly speaking, they would apply both for increases and decreases in the same proportion.

Mr. Rob Anders: Mr. Chair, I understand there are some people around this table who may like tax hikes. Frankly, Mr. Chairman, I think it's stupid to propose tax hikes at a time when the Canadian economy is going through the difficulties it is, and I'm going to highlight that as well as I can, Mr. Chair.

Now, I'm going to pass on my time to some of my other colleagues, who I think would like to talk about those crazy tax hike ideas and how stupid they are for the Canadian economy.

The Chair: Someone has a minute and a half.

Mr. Patrick Brown (Barrie, CPC): I'll use that last minute and a half.

One thing I was interested in, which I don't think has had a lot of attention but will be tremendously helpful to municipalities, is the availability of \$2 billion in municipal loans. I know it was talked about at the Federation of Canadian Municipalities as being something that would be a huge boost to the economy, enabling municipalities to do projects they couldn't otherwise do.

Can you explain how this is going to work and how quickly these loans could potentially flow to municipalities? I understand that a previous question mentioned that the application came online on Sunday. I'd love municipalities to hear a bit more about this.

Mr. Alister Smith: Perhaps I can start, and my colleague Mr. Rochon could add more information.

As I understand it, it provides low-cost repayable loans to municipalities to reduce the cost of borrowing and help them build housing-related infrastructure. It's intended to help accelerate infrastructure projects in municipalities. They can also use the money towards their contribution for cost-shared federal infrastructure programs, which is another benefit. As you mentioned, the application process has already opened.

Mr. Paul Rochon: I think that covers it. I suppose it's particularly appropriate in the current circumstances, as borrowing costs for municipalities have gone up quite considerably.

Mr. Patrick Brown: Is there any sense on timelines?

Mr. Alister Smith: Well, it's a two-year program. It's just started and it will continue through the next two years.

Mr. Tim Sargent: If I may just add to that, CMHC is in a position to process the applications now, and we will be providing an update on the volume of applications in the June report.

• (1210)

Mr. Patrick Brown: Also, I know the gas tax funds were accelerated this year. They were normally to be received in July and they were received in April. Could you explain the rationale in that? Was it to help get some of these projects out the door a lot more quickly?

Mr. Alister Smith: Yes, I think that's correct. There are a number of them. It is not just the gas tax fund; some of the base funding for municipalities has also benefited from some acceleration.

The gas tax fund, as you know, is an ongoing fund worth about \$2 billion a year. Over the next seven years, something like \$12 billion will be provided to municipalities through this mechanism. Municipalities can actually have greater flexibility, in that they can pool, bank, and borrow against this funding, providing significant additional financial flexibility.

As you mentioned, the funding was indeed accelerated for municipalities. In addition, the same type of flexibility has been built into the base funding program for provinces and territories. This program was worth \$25 million annually for each province and territory, for a total of \$175 million for each jurisdiction. Now federal funding can be provided up front on a regular basis and will not have to be utilized in the year for which that \$25 million allocation would have been provided, so there's additional flexibility there as well.

The Chair: That's time.

Go ahead, Mr. Regan, for five minutes.

Hon. Geoff Regan (Halifax West, Lib.): Thank you very much, Mr. Chairman.

Mr. Smith, earlier you mentioned an announcement of a project in Saskatchewan, an announcement that you said was made fairly recently. Of course, as my colleague Ms. Findlay has been saying, an

announcement is not the same thing as spending money, but there was this announcement recently.

Of course, there have been projects announced over the past three years under the Building Canada Fund for which we still haven't seen the money. However, in relation to this project in Saskatchewan that was just announced, is the funding for this project from the 2009-10 budget, or is this in some fashion a reprofiling of the Building Canada Fund moneys that lapsed at the end of the fiscal year that just ended on March 31?

Mr. Alister Smith: What I was referring to was the Building Canada Fund for Saskatchewan and the announcement under the framework agreement that more funds were available for projects, but I was not specifically identifying projects. There's a joint application process for Saskatchewan. That's just to clarify this point.

With respect to reprofiling of the infrastructure funds, Infrastructure Canada already has in its fiscal year 2009-10 reference level sufficient room to make commitments for some of these initiatives; it doesn't require reprofiling from lapsing funds from the previous fiscal year 2008-09. In fact, that reprofiling normally takes place in supplementary estimates (B) in the fall, and it requires approval by the Department of Finance. While it is routine for us to reprofile these funds, they're not reprofiled automatically or immediately. They have to go through a due diligence process, and they're voted on by parliamentarians in supplementary estimates (B) typically.

So under the community component or major infrastructure component of the Building Canada Fund, Infrastructure Canada probably already has the commitment authority to make these....

Hon. Geoff Regan: Perhaps I'm failing to understand this, but my main question was, were the funds for this project from the 2009-10 budget?

Mr. Alister Smith: These funds would be ongoing, I think, under the Building Canada Fund, because it is a \$33 billion fund. Actually, it's a \$9 billion fund for the Building Canada Fund per se, but the Building Canada suite of funds is \$33 billion over seven years. So there's a fair amount of money in place.

Hon. Geoff Regan: So this is not a result of the 2009-10 budget just passed?

Mr. Alister Smith: I'm not sure about the communities component of it here, but I don't think so; I don't think this is existing funding.

• (1215)

Hon. Geoff Regan: When can we expect the shovels to hit the ground for that project?

Mr. Alister Smith: Well, in this case, I think the projects will be considered until May 15, and presumably they will be under way around that time.

But that's just a guess. Infrastructure Canada would be able to clarify that.

Hon. Geoff Regan: Did you say the projects will be considered until May 15?

Mr. Alister Smith: Yes.

Hon. Geoff Regan: So do you mean that after that date there will be no projects from municipalities considered under the Building Canada Fund?

Mr. Alister Smith: I don't think so. This is a particular intake of proposals under this framework agreement, and with the funds allocated. Obviously, if you use up all of those funds assigned for that purpose, then you'd have to find some other means of funding them. The department alone probably could tell us if this would indeed take all of the funds.

Hon. Geoff Regan: So it's a current round under the program.

Do you know when the next round closes?

Mr. Alister Smith: You should really ask them. I'm sorry, I can't really give you a good answer on that.

There are other elements here, which I think begin later under this particular framework agreement, but I would have to look at the framework agreement to know.

Hon. Geoff Regan: Thank you.

The Chair: Thank you.

Mr. Calandra, for five minutes.

Mr. Paul Calandra (Oak Ridges—Markham, CPC): Thank you, Mr. Chair.

I have just a quick question. The original Building Canada Fund, as passed by Parliament, was a seven-year program. Am I correct on that one?

Mr. Alister Smith: That's correct.

Mr. Paul Calandra: Thank you very much.

I have a comment. Since we came to office—and this is just to follow up on what my colleague Mr. Anders was talking about—we have invested about \$220 billion in tax cuts and reductions for businesses and for families. We've cut the GST from 7% to 5%. I notice that in Britain they're doing the same thing with their VAT as well. And we have been moving aggressively to put more money back into the hands of Canadian families so they can invest in themselves and in their families' futures.

When I was back in the riding, I did what I suspect most members of Parliament did. I visited a lot of local builders and building supply stores, and the reception I got was tremendous. Schell Lumber said that the people they're supplying are so busy because of the home renovation tax credit and that so many jobs are being created by this that the impact it'll have on our small town in Stouffville will be tremendous. We're talking about a small town of 30,000 people.

So I was somewhat disappointed to hear earlier that one of my colleagues opposite doesn't necessarily approve of cutting taxes in that fashion. With all due respect to the chair, let me suggest that the Canadians I talk to and the people in my riding very much support the idea of cutting taxes so they can put more money into their pockets and into their business and so they can invest in their families and their families' futures.

But just as a follow-up, regarding the \$222 billion in tax cuts and savings, is it safe to say that when you put \$222 billion back into the hands of Canadians, it is a very important stimulus for the economy?

Mr. Paul Rochon: Yes, I think one could safely conclude that, and I think the permanent nature of the tax cuts that have been put in place, by and large, in Canada is also important in that it allows corporations and households to know they can plan on those tax cuts for the future.

And that's in contrast to the tax reductions that have been proposed in the context of stimulating the economy in both the U.K. and the United States. In one case those tax reductions will last for a year, and in another case they will be provided over two years. So it's not only the fact that Canada is cutting, has reduced, and is continuing to reduce its tax burden, but that it is being done in a way that is sustainable.

Mr. Paul Calandra: I wasn't actually elected when we started to reduce taxes with one of our first budgets, and at the time the Minister of Finance and the Prime Minister had been suggesting, as early as 2007, that the world economy was facing some difficulties. That's why we were starting to put money back into the hands of all Canadians.

I also remember at the time that the government put \$37 billion towards repayment of the debt, and I'm not sure if you can comment on whether I'm correct on that amount. Was it about \$37 billion?

● (1220)

Mr. Paul Rochon: Yes, that's correct.

Mr. Paul Calandra: I remember also at the time there was some comment specifically from members opposite that perhaps the government paying down its debt was not the best use of its resources, and that perhaps we should be investing in programs—not in infrastructure—but in different programs and services. I wonder if you would agree that having paid down that \$37 billion in advance, foreseeing that there was a world economic crisis pending, has also helped our financial position moving forward, and that forward thinking by the government has helped us prepare for this economic storm right now?

Mr. Paul Rochon: In general terms, it's quite safe to say that the fiscal strength of the federal government in Canada, as well as that of most other provincial governments, is an outstanding feature of this country. That is important in a whole variety of ways, including keeping interest rates to a minimum, which provides benefits to both households and businesses directly. It also provides the government the flexibility to put in place responses to the current downturn that are viewed as being sustainable and that therefore don't carry with them the prospect of large increases in taxes or spending reductions in the future.

Mr. Paul Calandra: If I may, when I was back in my riding I spent a great deal of time.... I represent a riding that has four communities, from small towns to Richmond Hill and Markham. I spent a lot of time with the mayors, members of council, and town staff looking at potential infrastructure projects, projects they would have had no ability to do on their own. I've been extraordinarily excited by their response, which includes sending back to me potential projects they are very excited to bring forward.

For me, part of this was not only to see what they're interested in doing but also to assess the impact it would have on the community, the types of jobs, the person hours this would create.

I can tell you that in King—the small town of King has 17,000 people—the number of jobs this stimulus will create is extraordinary. They're very excited. But the same goes for Richmond Hill. The same goes for Markham. The same goes for Stouffville. The working relationship between me and my Liberal provincial counterpart, in order to assess what the communities need and to bring that forward, and their willingness to cooperate have been extraordinary.

If I may say, they have been extraordinarily happy about how quickly the government and the public service have been working. They have nothing but praise for how quickly we are getting things done. I want to pass on, on behalf of the mayors of Markham, Stouffville, King, and Richmond Hill, a thank you to you and to all the people who are helping support small-town Ontario to get the economic stimulus out the door and to help create as many jobs as possible. I thank you very much. I know you've been in front of the committee many times. So on behalf of my riding, thank you. This is going to mean a very big difference for the people of Oak Ridges—Markham. We're ready to go. We have the money. You've been right there with us to get this done.

The Chair: Mr. Warkentin, for five.

Mr. Chris Warkentin: Thank you very much.

Before I get into my questioning, I think it's important that we clarify something. I know you didn't venture down this...but I can, for my colleague, Mr. Regan. He was asking specifically if there were dollars through the Building Canada Fund allocated in the last budget...or Canada's action fund. There was \$500 million allocated to double-up the commitment for the communities component in the last budget. That was included in the last budget. So that's helpful information for my colleagues and also for the people who may be looking at what we're doing today.

I want to ask Mr. Smith if you might just talk about.... I know we can't ask Treasury Board about a lot of the stimulus spending, because it's other departments. But I know Treasury Board itself has undertaken some initiatives that will stimulate the local economy and will create jobs.

Specifically, there was the announcement on behalf of the president of the Treasury Board, and that was with regard to the hiring of Canadian students for the summer. These students will be working under the federal student work experience program, the cooperative education/internship program, and the research affiliate program.

I'm wondering if you could talk a little bit about that in terms of the dollars your department is allocating and spending on that—what these allocations include and how many additional jobs will be created as a result of that spending. In addition to that, is this a statutory vote, the funding for this particular program, including the increase?

• (1225)

Mr. Alister Smith: Thank you very much.

In fact, the federal public service student employment initiative is about \$20 million, \$10 million in 2009-10 and \$10 million in 2010-11, to improve or increase federal public service student employment. In 2007-08 we had 23,000 students hired by the public service across the country. This will provide room for an additional 2,000 students over the next couple of years, according to the information I've seen. This represents a 7.5% increase in the funding and a good increase in the number of students.

The jobs are in several programs. One is called FSWEF, the federal student work experience program, another is the cooperative education/internship program, and the third is the research affiliate program. Students can apply for these jobs on the government website, jobs.gc.ca.

This is not statutory, so this is one of the programs that will be funded through either supplementary estimates or TB vote 35.

Mr. Chris Warkentin: Well, I wondered if that was the case, so I thought I would go on my little excursion to do some investigating. Maybe it helps to satisfy all of us to know there are funds being spent possibly out of vote 35. Obviously, there's nobody around this table who would oppose the hiring of students by the government. For one thing, it creates jobs for people who are looking for jobs, and for another, it gives them practical work experience that might assist some of them as they enter the public service down the road. We hope some of them enter the public service, because we know there are challenges in finding qualified people in certain areas. We, as a committee, have ventured to investigate that issue in other hearings, so we appreciate your involvement in recognition of that important task.

My colleague across the table affectionately characterized the home renovation tax credit as something other than worthwhile, talking of decks on cottages. I thought it would be important to tell yet another story of my friend Wayne, who works across the hallway from me in my constituency office. He approached me some time ago about the seniors complex that he and his wife and many other families live in. He was concerned about the tax credit and whether it applied to condominiums. He and the other seniors living in this complex have been unable to fund the repaving of the street around the complex for some time for two different reasons. One is that they haven't been able to get a qualified person to do the work because everyone's been so busy; the other is the financial side. I was pleased to convey to him, and I'm pleased to convey to anybody else who's listening, that condominiums do qualify for the tax credit. As a result of this tax credit, the seniors at Coachman Village in Grand Prairie will receive brand-new pavement this year. I know there are other condominium associations across the country that will receive the same.

In addition to this tax credit, other important infrastructure is being funded either through tax incentives or through contributions by the federal government. Just recently, I had the opportunity to announce in my own riding two very important infrastructure projects. They relate to some of the most disenfranchised Canadians out there. Our aboriginal people are significant beneficiaries in terms of infrastructure funding in this most recent budget. We had the opportunity in our community to see that we will have a new school built in place of one that was originally built for 100 students. The population now is some 600 students in a very remote area in my community. This is a project that's going to be undertaken this summer. In addition to that, we have another community that's receiving significant investment in a new water treatment plant. These are the types of projects that are going forward even this summer and will benefit some of the most disenfranchised, folks who haven't seen investments like this in decades.

Although my colleague references decks on cottages, I would not take offence at that because I'm hoping there are some decks on cottages that are built. Perhaps I would leave this as a comment: there are people who desperately need infrastructure in their communities who are going to be beneficiaries as a result of the stimulus spending, and we're hearing those announcements and seeing projects start every day.

• (1230)

The Chair: Thank you.

Mr. Brown, you have five minutes.

Mr. Patrick Brown: Thank you.

I know in the stimulus package there was information about funds allocated for the Canada Health Infoway—\$500 million—and the Canadian federal laboratories. Could you explain the timelines on that and the effects of the potential stimulus from those investments?

Mr. Paul Rochon: Let me start with Health Infoway. As you know, it is an organization that's been in existence for a number of years. It does important work related to electronic health records in particular. My understanding is that these funds will flow over three years and will be managed by Infoway themselves.

I'll let Mr. Smith address the federal laboratories component in more detail, but that is an effort that involves a number of departments. The allocation of funds for this, I understand, is being administered by the Treasury Board Secretariat. It involves an initial scan, for which a lot of the work was done at the time of the budget, and then a selection process, which I understand will be completed towards the end of May.

Mr. Alister Smith: This is an initiative that one part of Treasury Board is implementing, the modernizing of federal labs; it's a multi-year action plan. There has been an attempt to develop a list of the projects that contribute most to core federal regulatory responsibilities. There is \$250,000 available for this. It is largely aimed at deferred maintenance at federal laboratories.

Indeed, the application process and approvals are nearing completion for this program. We would expect that we'll start to see action on this very shortly.

Mr. Patrick Brown: Do we know what aspect of the health care system the funding for the Canada Health Infoway will go toward in terms of the electronic records?

Mr. Alister Smith: I'm not awfully familiar with that program, but I believe the intention is to develop comprehensive health records for Canadians.

Mr. Paul Rochon: The goal of the moneys in the budget is to ensure that at least 50% of Canadians have electronic health records by 2010. I guess the Department of Health could provide you more information on what that means, if you want to get into greater detail.

• (1235)

Mr. Patrick Brown: Yes.

So I guess that funding is going directly to Canada Health Infoway, and it's up to them how that's disbursed.

Mr. Paul Rochon: Yes. Canada Health Infoway is an organization that has representatives from all provincial governments and the federal government. It has its own board of directors and it administers the funds independently.

Mr. Patrick Brown: The reason I was curious was that we all, I think, look at the economic stimulus and national programs in our own ridings. I remember asking the CEO of my hospital if they ever got any Canada Health Infoway funding, and she said that hospitals didn't, as far as she knew. I was just curious about where that stimulus funding was going, through Canada Health Infoway, but maybe it's better if I ask officials from Health Canada. They probably have a better gauge.

In terms of the overall project, are there any estimates on the stimulus of those two programs? Are there any job projections or expectations in terms of how much will be spent in the first part of those three years?

Mr. Paul Rochon: That is something we will have over the course of this year. For the purposes of the numbers that were presented in the budget, we have included, as an assumption, an estimate that these funds would be disbursed over the next three years. This would be an expense that would be very much in the same category as infrastructure in terms of economic impacts.

It's clearly in a different segment on the economy, dealing with knowledge workers and electronic infrastructure, but in terms of generating economic activities and employment, we would think, or I think it's fair to say, that \$1 spent in Health Infoway generates in the first year \$1 extra activity, and in the second year probably \$1.50.

Mr. Patrick Brown: Is there a projected date for when projects would have to be completed? I remember reading that for knowledge infrastructure it was March 31, 2011, or something like that. Are there any dates projected in the health field?

Mr. Alister Smith: I know that the \$500 million, as Paul was saying, for Canada Health Infoway is through to 2010.

On page 94 in the action plan, so chapter 3 of the budget, or chapter 4 of this separate March report, we do have an estimate that it is anticipated that \$150 million to \$250 million will be spent in year one, with the remainder over the following year, for Canada Health Infoway.

The Chair: That's five, Mr. Brown.

Mr. Patrick Brown: Thank you.

The Chair: Mr. Regan.

Hon. Geoff Regan: Thank you, Mr. Chairman.

Mr. Smith and Mr. Rochon, you've indicated in some of the answers you've had to give today that it would require one of the departments to come forward to answer some of the questions that you've been asked. I guess what strikes me is that a lot of these questions are simply asking you to show us that in fact this money is going out there.

My question to the two of you is this. If the Prime Minister came to you and asked what money was being spent, what money was going out the door, what would your answer be? Or what would you do to get him the answer?

Mr. Alister Smith: Thank you, Mr. Regan.

We are monitoring departmental spending and progress on these initiatives. That's, indeed, how we were able—the Department of Finance in particular took the lead—to generate the March report. We are now working towards the June report.

With each of these initiatives, we go out to departments with a series of templates and gather the information directly on rates of spending, progress, various stages, progress on individual initiatives. We will assemble all that information and provide it in the June report. We will be doing the same in September and the same in December. As we move further along the year, we'll start to see more of the results of these initiatives.

But that's how we gather the information, to answer your question.

Hon. Geoff Regan: You're referring to a process that results from the opposition motion on the budget that was passed—our motion—requiring reports in March and June and December. It suggests to me that otherwise—if that weren't there, and they asked those questions—you wouldn't be undertaking this process and wouldn't be able to tell the Prime Minister what in fact is being spent by the Government of Canada to get the economy moving or what's being done on projects across the country.

● (1240)

Mr. Paul Rochon: Maybe I could respond to that.

There was an accountability framework included in the budget that was tabled on January 27 that involved regular reports to Canadians on amounts spent. That's set out in the budget.

It's also important to realize that this implementation is happening in real time. We're in the twentieth day of that phase now. It involves a large number of departments across a large number of programs. That work is ongoing. We're monitoring it and we'll take stock at numerous points throughout the year. The next formal point will be likely some time in May, in preparation for a report later, in June.

Hon. Geoff Regan: My colleague would like to ask a question.

Ms. Martha Hall Findlay: Thank you.

I want to clarify, because I think I heard this before and it speaks to my colleague's point, the inability to actually say where the money is going right now.

I understand progress reports, but June is much later than what we're looking for, in particular with respect to the \$3 billion blank cheque, as it were. It continues to be fairly blank for us, so I want to confirm. We're about to address an issue here as a committee about what witnesses we want to have come, over the next number of weeks. We very much would like to make those appearances useful, and we will need to make decisions about which departments to ask.

So just to confirm, can you tell us today the four, five, six departments we should be focusing on with respect to the \$3 billion, to ask them to come to the committee meeting? Are you able to give us even the four, five, or six departments we should focus on for the \$3 billion?

Mr. Alister Smith: I'm not sure it's all that helpful to pick out specific departments. We will have, certainly as early as mid-May, a detailed list. We have a lot of departments that are involved in BIA initiatives, in loans, as well as through the Treasury Board vote 35 items. You'll have a large supps package of budget items as well.

There are some departments that will certainly benefit from initiatives under TB vote 35, but I'm not sure it would be useful to try to pick out individual ones at this stage. If your interest is in how progress in getting money out the door is occurring, I think it would be better to ask Infrastructure Canada, Industry Canada, HRSDC—the large departments who are involved, front line, in delivering these programs—than go through a list of smaller items.

An hon. member: That is a list.

Mr. Alister Smith: These are departments, by the way... Infrastructure programs are largely statutory, and those are programs where there's a great deal of action now.

Ms. Martha Hall Findlay: But again, on your own comments earlier—that of the \$3 billion—most of it probably wouldn't be in fact for infrastructure, for the very reasons that we've talked about. At least I have HRSDC, Industry Canada—that's giving us a start.

Your version of “useful”, with respect, might be a little bit different from mine. We were asked to approve \$3 billion without any prior approval of any specifics, and we're not finding out until significantly later, when the key three-month period...we're almost a third of the way through. Our job is to hold the government to account, and we're not getting very much information at this point.

Mr. Alister Smith: I might just add that every year we ask for interim supply, which you give us. This year over \$20 billion is approved in interim supply before detailed scrutiny by parliamentary committees. In essence, the \$3 billion will be under even greater scrutiny than that funding has provided. In addition, this is a \$20 billion package of items. My point is simply that if you're interested in where the money is going, overall, and I think that was the premise, with infrastructure, for instance, and with communities, then there's a much wider range of initiatives to look at, including all of those in the BIA—\$10 million worth.

•(1245)

Ms. Martha Hall Findlay: No, I'm specifically continuing with questions on the \$3 billion.

The Chair: We've hit the time limit here.

I have a question, as chair, and I have a comment. There's only one question, and it's two competing things that I just need to be clarified.

With respect to the \$3 billion contingency, vote 35, I understand that if it is not used by the end of June it will lapse, so there's \$3 billion up or down. In addition, there may be, from the previous fiscal year, some reprofiling, which would add expenditure into this budget year. We certainly can't figure out the vote 35 yet because the time hasn't run.

What about reprofiling? Is Treasury Board in a position, or is Finance in a position, to give us some clarity on reprofiling that would be in progress now, following the end of the fiscal year?

Mr. Paul Rochon: The fiscal year that we just started, 2009-10, started in April. There may be some funds that are reprofiled from 2008-09 into future years to the extent that those are associated, for example, with infrastructure programs that the government has committed to keeping whole.

As well, as we go through 2009-10, to the extent that there are amounts related to programs such as infrastructure that are not used in 2009-10, those would be not for the new programs in the action plan but for the existing Building Canada funds, for example. Those amounts would be reprofiled to future years.

At this point, no, we do not have information on the lapse, either from 2008-09, from those programs, or on whether Infrastructure Canada expects to fully expend amounts that have been included in the main estimates for the infrastructure programs for the current year—

The Chair: Excuse me. Since this is indirectly related to stimulus spending, when might we be in a position to know how much was reprofiled and where? When?

Mr. Alister Smith: Once the current fiscal year is closed, in public accounts terms in September, we will know what funds have lapsed and what the requests will be for reprofiling. Through the fall, departments that want to reprofile from the previous fiscal year will be able to reprofile into this fiscal year, into the 2009-10 fiscal year, with Finance's approval. Then those are presented to you for approval in supplementary estimates.

The Chair: Okay. The actual practical reprofiling I'm discussing is going to go on for some months.

Mr. Alister Smith: That's right. The actual decision will not be until the December approval of supplementary estimates (B).

The Chair: All right. Thank you.

My comment is this. Our committee, on behalf of the House, is engaging in an exercise here, attempting to track, monitor, the stimulus spending. To date, we seem to be unable to establish any benchmark, any useful, clear measuring stick on how that stimulus spending is flowing. Now you've explained to us why. Essentially you're saying, "This is a work in progress. We're on day 20. Give us a chance to get it sorted out."

Parliament may or may not be happy with that, and colleagues around the table will be considering this over the next while. I believe it's the view of the committee that we want to continue to monitor the progress and the spending of the stimulus package. You've indicated that on May 14 the supplementary estimates (A) will provide a reasonable amount of clarity on some of the spending. So colleagues can look forward to that. That's approximately three weeks from now.

I think I can say for most members, if not all, that we'd like to be able to sink our teeth into some real benchmarks. Let's get out the thermometer and take a temperature. Right now I realize the thing is progressing, and it's a large undertaking, but I think we'll want at some point, whether it's with you as witnesses or with ministers, to be able to see those crystallized benchmarks. I'm telling you that now. I think that's where the committee members would like to be on behalf of the House.

So that's my comment, and if there aren't any further interventions on this subject, we can release the witnesses. The witnesses may withdraw at this time. Thank you very much for attending again. You've acquitted yourselves well, and we all look forward to seeing you again should that be necessary. Thank you very much.

Colleagues, before we adjourn, there are five items of business I have to place before you. I don't think any of it is controversial, but we'll see.

The first item is future business. As you know, we're going into a three-meeting phase now, where we're looking at procurement. The clerk and our researcher have done a good job of bringing witnesses together, and we'll be using live attendances and some videoconferencing. I'm just alerting you to that. On the focus of our inquiry—I'm just going to repeat this—we're not doing a study of the entire world of procurement. That is a massive undertaking. What we're really looking at is the ability of SMEs to access RFPs and the government procurement process. So we're going to keep it at that, and even that by itself is probably a significant issue.

Anyway, I've taken a look at the work plan for it. I think you'll find the three days useful.

Secondly, you will recall members discussed the fact that this committee in the previous Parliament completed a report, tabled it, and asked for a comprehensive response from the government. By my calculations, the response should have been given by the government by a particular date—I have the information—which expired without the response. As a result, it appears to me that the government didn't reply within the time allowed, within the 120 days, but it's noteworthy that within a couple of weeks of that date, Parliament dissolved for an election. So it would be understandable that the department at that point didn't devote much energy to this, but it seems pretty clear that the deadline was missed. The department would have had to table this through the clerk with Parliament not sitting, because Parliament was not sitting at the time. That date was the 29th of August.

• (1250)

Rather than our taking steps here, I've simply indicated to the Privy Council that it is our take on this that the report should have been completed and should have been tabled. And I'm asking whether they have actually done the work. If they have, I'm prepared to write to them to ask them to provide the response. If they can't do that, then we may be able to take other steps. I'm quite sure that we can take other steps, but let's allow them the opportunity to provide a report without us formally re-adopting that measure.

If that's okay, I'll proceed on that basis.

I have a motion to adopt a budget for our procurement study. Who wants to move this very important motion? We're looking for about \$5,800 for witnesses for the procurement study.

Mr. Warkentin moves that the committee adopt a budget in the amount of \$5,875 for its study of the federal government's procurement process.

(Motion agreed to)

• (1255)

The Chair: Bill C-18 was adopted by the House and referred to this committee. Bill C-18 deals with the RCMP Pension Plan and some other statutes. It has to do with calculating pension benefits and contributions. It's a technical bill. I believe it's totally non-controversial. It's a kind of remedial statute. I'm suggesting that we just deal with it, get it back to the House, get it to the Senate, and get it passed, just in case something happens between now and September or October. If that's okay with colleagues, we'll bring that bill in right after we finish the procurement study. It'll be one day only. It may be half a meeting, but I don't know. If members have issues with the bill or want to propose witnesses, speak to the clerk.

Go ahead, Mr. Warkentin.

Mr. Chris Warkentin: Will we do Bill C-18 immediately following the procurement study?

The Chair: Yes, and I'm looking at Tuesday, May 5.

I have a notice of motion from Ms. Hall Findlay that was given on April 9.

Did you want to put that now, Ms. Hall Findlay?

Ms. Martha Hall Findlay: Yes.

The Chair: Would you introduce it for our colleagues?

Ms. Martha Hall Findlay: If everyone has a copy of it, do I need to read it out, or are we okay with it?

The Chair: There is no need to read it, but you may want to describe it, or you can move it and debate it. Do it however you like.

Ms. Martha Hall Findlay: If everybody has it, I'll just move it.

The Chair: Ms. Hall Findlay moves her motion. You have copies before you. This is a motion that the committee call certain witnesses and set up a half-hour window on Tuesdays for the purpose of monitoring stimulus package spending.

Is there any debate?

Go ahead, Mr. Warkentin.

Mr. Chris Warkentin: I would prefer, Mr. Chairman, to undertake the regular practice of this committee, which is that as issues and concerns are identified by committee members, we proceed in that fashion and allocate them to respective dates. I appreciate what Ms. Hall Findlay is working to undertake, but my concern is that if we actually do this, we are going to put everything else on the back burner. We're going to jeopardize the ability to get through some other issues we would like to get through.

It would be my preference that as supplementary estimates (A) come forward we have a more comprehensive day of review. I don't think a half-hour every week or whatever is beneficial to members of this committee. I'm not sure we'll find out anything that's helpful for this committee.

Since I have the mike, I think there are a few other concerns that have started to bubble away that members of this committee would like to address before our summer break. I think we're running under very tight time restrictions. I don't think there's anybody around the table who's opposed to having a full accountability and airing of vote 35 and other measures, but we may want to look at dates that would coincide with us having additional information, such as when the government submits supplementary estimates (A) for everyone to consider. I think at that point it might be our opportunity to dissect them and look further into those.

[*Translation*]

Ms. Diane Bourgeois: Thank you, Mr. Chairman.

I very much understand Ms. Findlay's concerns, particularly since the Liberal Party supported a budget with conditions and she wants to comply with them. That's very honourable on her part, except that people have come to see us three, four, five times, so much so that I asked them if they had the time to work. They're holding two meetings today: ours and that of another committee where they're doing exactly the same thing. They're asked questions. First, they have a job to do; second, I feel like I'm at the circus right now. Quite honestly, you won't get any answers because they are always the same. They tell us to ask the departments.

Ms. Findlay, if you propose that we invite every department from the end of June to early September, I don't see any problem in that. First of all, we have work to do for which we consulted each other. Second, I don't have any time to waste here.

Unfortunately, I won't vote in favour of your motion because I think this is a real circus.

● (1300)

[English]

The Chair: Mr. Brown.

Mr. Patrick Brown: Thank you.

My concern with this motion is that it would determine too much of our agenda going into spring. It would take the committee away from selecting witnesses. Although I trust the wisdom of the chair, it says here that the chair be empowered to invite witnesses, and I'd like that process to involve the whole committee.

Coming out of the questions today, I'd love to see what Martha is getting at. I appreciate the intent, but I think we should be more specific. It shouldn't simply be a passing of the buck to the chair to say, you pick whom we're going to hear from. Personally, I'd love to hear from the CMHC to know more details on those municipal loans. I want to hear from Canada Health Infoway and find out why those funds aren't being spent on hospitals, and to find out where the electronic health record funding is being spent.

I think if we had a session where we all came forward with the areas of stimulus funding we'd like to get greater details on, that would be a more productive use of our time.

The Chair: Shall I put the motion then?

Ms. Hall Findlay wants to speak to her motion. Okay, go ahead. I have no objection.

Ms. Martha Hall Findlay: I'll just say it very briefly.

[Translation]

I completely agree that this is a bit like a circus, but I would like this motion to be adopted. Based on what we've heard today and before leaving, they didn't give any answers. We supported a \$3 billion budget on the condition that we could request information. But there's nothing.

[English]

We also heard Mr. Brown's comment today that he would consider supporting it if it were a little more specific. Trust me, I would love it to be more specific, but twice today we heard a refusal to give us a list of departments that are in fact being allocated the money under the \$3 billion.

I've heard the comments, and I'll leave this on the record that this is our attempt.... I think it is our job to do this, not just as opposition members, but also as parliamentarians. Having been asked to approve \$3 billion in spending under unusual circumstances, it is our job to hold the government to account and to have departmental representation here, as well as the Secretary of the Treasury Board, before committee on a regular basis.

I have a final comment on Mr. Warkentin's point that we should probably wait until we have more information from the government. The whole point of this motion was in fact to require more information from the government and more quickly than it's already proposing. But I'll leave those comments on the record.

The Chair: Okay. I don't see any further debate. We can put the question.

(Motion negated)

The Chair: Our next meetings have already been sorted out. Clearly, the supplementary estimates referred to in today's meeting will trigger some interest on May 14. At the same time, we should be scheduling the main estimates—and after May 14, the supplementaries as well. So we'll have Public Works and Government Services, Treasury Board Secretariat, and the Privy Council as well.

In discussions with ministers and ministers' offices, I gather they think that this timeframe is a more appropriate window for their appearance. With that in mind, I'll ask the clerk to do some scoping out for appearances within those timeframes.

We now have Mr. Warkentin and Madame Bourgeois.

Madame Bourgeois first.

● (1305)

[Translation]

Ms. Diane Bourgeois: It's just a matter of health, Mr. Chairman. It's now 1:05 p.m. I had breakfast at 6:45 this morning and I've eaten nothing since then. I've sat in I don't know how many meetings here when I was quite tired. My colleague suffers from an illness that is like diabetes and he has to eat at set times. We have never had anything to eat here. When I see Mr. Gourde sleeping in front of us, I imagine he must be hungry. I also feel like sleeping because I'm hungry.

Mr. Chairman, is it possible to order lunch, even if it's just snacks, so that we can have a little energy in this committee? Please, I'm on my knees.

[English]

The Chair: I'll look at the snack approach. We'll look at a snack as an option.

Mr. Warkentin.

Mr. Chris Warkentin: Well, I assure you that my colleague, Monsieur Gourde, didn't rush off to take a nap; he's at another meeting. But I concur with her assessment in terms of the necessity to feed people who may show up.

I wanted to speak to committee members on something. In the last Parliament, I and Madam Bourgeois had an opportunity to undertake a review of Passport Canada and its relationship with Service Canada. At that point we got reassurances that there was a growing relationship and that they were working to assist Canadians to get passports. Specifically for those of us who live in more remote areas, where we don't have quick access to an actual passport office, this becomes a very large issue, especially when we consider that the Americans are proceeding with the western hemisphere travel initiative.

I think there was some concern during the last Parliament that this relationship between Service Canada offices and Passport Canada should become more solidified. Is there a possibility that we might take at least a partial meeting...? I don't want to grow the schedule of this particular committee, but I think it would be incumbent upon us, especially as we look towards the western hemisphere travel initiative being imposed on people who are crossing the border by car or in person, rather than by air, to undertake a review before we break for summer. If there were an opportunity, the analysts might be able to provide committee members who were not part of this committee before this current Parliament with a review of what we heard at that time from the director general of Passport Canada. At that point, we could maybe have a fuller discussion among committee members on whether they feel it would be appropriate to call at least a one-day meeting to review what Passport Canada and Service Canada have undertaken in terms of increasing their relationship.

I think it's going to become important. Rather than this committee's being reactive when there are problems in getting passports, specifically for people in the rural areas and the regions, I

think it might be helpful for us to be proactive and ensure that this is going to be an easier process than what we saw when the WHTI came into effect for air travel.

The Chair: It looks like we're going to go back to the future here. We'll re-establish the link with the previous work product of the committee and figure out some method of bringing it up to date, and that will probably involve a meeting.

This type of business we could probably put into a steering committee, if necessary, but if it's as simple as you describe it, we can probably undertake it. If you'd just continue to work with the clerk, if other members have no objection, we'll propose something to address your concern.

Mr. Chris Warkentin: I appreciate that, Mr. Chair.

The Chair: Thank you.

Is there anything else? Seeing nothing, I will adjourn.

Thank you.

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.