



House of Commons  
CANADA

# **Standing Committee on Government Operations and Estimates**

---

OGGO • NUMBER 016 • 3rd SESSION • 40th PARLIAMENT

---

**EVIDENCE**

**Monday, May 10, 2010**

—  
**Chair**

**Ms. Yasmin Ratansi**



## Standing Committee on Government Operations and Estimates

Monday, May 10, 2010

• (1530)

[English]

**The Chair (Ms. Yasmin Ratansi (Don Valley East, Lib.)):** Order. The clock says 3:30. Welcome all members.

We have before us, to discuss the main estimates for the PCO, from the Privy Council, Marilyn MacPherson, the assistant deputy minister, corporate services branch; and Monsieur Yvan Roy, deputy secretary to the cabinet and counsel to the Clerk of the Privy Council.

I understand, Madame MacPherson, that you have some opening remarks to make.

The floor is yours. Thank you.

[Translation]

**Mrs. Marilyn MacPherson (Assistant Deputy Minister, Corporate Services Branch, Privy Council Office):** Good afternoon Madam Chair and members of the committee.

I am pleased to be here today on behalf of the Privy Council Office. As you said, I am accompanied by Yvan Roy.

My introductory comments pertain to the 2010-11 Main Estimates for the Privy Council Office (PCO) and I will speak to these without further preamble.

PCO's Main Estimates for 2010-11 total \$143.9 million. Resources are allocated as follows: 52% of our resources are spent on providing to the Prime Ministers and portfolio Ministers support and advice; 33% for internal services; 12% on providing Cabinet and Cabinet Committees advice and support; and 3% on providing the Public Service leadership and direction.

Since 2009-10, Internal Services are now being presented as a separate Program Activity (PA), in the Main Estimates as per the Treasury Board Secretariat standardized profile of the Government of Canada's Internal Services. In prior years, Corporate Services budgets and expenses were pro-rated based on the weight of each program activity.

[English]

For internal services, please note that PCO operates in a highly centralized and unique environment, where many costs normally assumed by line managers are covered by the corporate services and not reallocated to the individual programs. These costs include all informatics and technical services, which include protected and classified networks, furniture and equipment, supplies, printing and graphics, messenger services, telecommunications, and review of

cabinet confidence information in order to protect prior and current cabinet information.

The overall increase of \$15.2 million to PCO's financial requirements, from \$128.78 million for 2009-10 to \$143.95 million for 2010-11, is mainly related to the following. There is \$7.6 million to permanently fund the chronic funding pressures in the department and to ensure that PCO can continue to provide the necessary advice, services, and support to the Prime Minister's Office and portfolio ministers of the department.

The funding will be used for a number of purposes, including providing advice, services, and support to the Prime Minister; providing support to the Prime Minister and his office in the preparation of and during his participation at events in Canada and outside the country; providing communications advice, service, and support to the Prime Minister and his office; increased translation services associated with the dissemination of more communications products in order that Canadians may have access to as much information as possible on what the Prime Minister and his cabinet are doing on their behalf; and additional costs to support portfolio ministers' offices.

Any additional costs would normally be absorbed within a department, and this is the case with most departments that have only one minister's office. PCO provides funding to five ministers' offices, which includes the newly created Office of the Minister of State for Democratic Reform. We cannot absorb all costs within the existing appropriations from Parliament.

Finally, there are costs associated with providing ongoing corporate administrative services and support.

There is \$3.6 million required related to the funding for the coordination of a government-wide communications strategy for Canada's economic action plan. The EAP money is time-limited for 2009-10 and for 2010-11.

There is \$3.4 million for collective bargaining agreements.

There is \$1.8 million for the ongoing operation of the public service renewal task force branch, which was transferred from the Canada Public Service Agency.

There is \$0.69 million to permanently fund the Canada-Australia exchange program. This program will formalize the exchange of public servants between Canada and Australia, encourage the sharing of best practices, and provide professional and career development opportunities.

There is \$0.1 million for the Commission of Inquiry into the Investigation of the Bombing of Air India Flight 182. This new funding is needed in 2010-11 only by the commission, since delays occurred in the availability and with the submissions of documents, slowing the drafting of the report. In order to provide useful recommendations to the Governor in Council, particular care has been taken to ensure the accuracy of the narrative and the practicality and appropriateness of any proposed solutions.

This is offset by the following decreases.

First is the \$1 million for the winding down, in 2010-11, of operations for the Office of the Coordinator for 2010 Olympics and G8 Security. The office will cease its activities during the 2010-11 fiscal year.

Second, \$0.3 million for the expenditure controls and public opinion research.

Third, the reduction of \$0.3 million for the efficiency savings announced in budget 2007. This relates to procurement efficiencies.

Next is the \$0.2 million for a permanent transfer to the Department of Foreign Affairs and International Trade for the Canada-Australia exchange program. The Department of Foreign Affairs and International Trade will provide all services related to the relocation, travel, and housing of Canadian participants under the common services abroad policy. An amount of \$0.2 million is being transferred from PCO to DFAIT for that purpose.

Finally, there's the amount of \$0.1 million for a permanent reduction for the implementation of a funding strategy for the comprehensive component of the 2011 census of population.

In closing, I would like to thank you for giving me this time to inform you of the initiatives in the 2010-11 main estimates.

• (1535)

**The Chair:** Thank you very much.

We'll go to the first round of questions.

Ms. Siobhan Coady, you have eight minutes.

**Ms. Siobhan Coady (St. John's South—Mount Pearl, Lib.):** Thank you very much.

I certainly appreciate your both coming here today and providing us this information. I appreciate your availability.

A couple of key questions that I want to ask here have to do with the estimates versus the planned spending by program activity, if I might go there.

I understood from the estimates that there was \$74.462 million allocated for the Prime Minister's and portfolio ministers' support and advice. However, your planning and priorities says \$75.465 million, basically \$1 million more.

Can you describe to me what that difference might be?

**Mrs. Marilyn MacPherson:** I don't have the details of the difference, although I could certainly get them.

**Ms. Siobhan Coady:** I'd appreciate seeing why there is a change from the estimates to your planning and priorities document.

I also want to ask about the announced budget freeze. As you know, you're getting a fairly significant increase in your budget from last year. I'm wondering what impact you see happening on the go-forward from this.

As you know, for 2010-11 you have an increase, or you're anticipating that. I understand from your planning and priorities documents you are still going to maintain some of that.

What are your plans at this point?

**Mrs. Marilyn MacPherson:** With respect to the spending freeze and the measures that are put into place, the main implication for the Privy Council Office is with respect to absorbing the costs for collective agreements. In the 2010-11 year, we are expecting our managers to absorb that increase. It is relatively small, 1.5%.

We are also one of the departments that are implicated in the strategic review process this year. So we will be going through our priority-setting and looking at our reduction process, going forward from 2012. During that process, we will look at options and considerations for being able to absorb ongoing spending freeze requirements.

**Ms. Siobhan Coady:** According to your report on plans and priorities, you have identified about \$3.6 million of spending, and the employment of 20 full-time equivalents on communications for the economic action plan in 2010-11.

What does PCO specifically communicate, or is that simply a mechanism to allow the Prime Minister's Office to have more availability of communications specialists?

**Mrs. Marilyn MacPherson:** The economic action plan funds are for the PCO communications and consultation branch. Last year they provided for the development of the guidelines and the overall advertising campaign for the economic action plan. And they were also responsible for setting up the website.

Ongoing for this fiscal year, they will continue to coordinate—as is their role under the communications policy for the government—the interdepartmental communications activities to ensure that there is a coherent approach to EAP. They will also continue to give full communications support to the Prime Minister and other ministers in PCO for EAP events and announcements. They will continue to do media monitoring on these events and on the announcements, and they will continue to provide advice and monitoring on the progress of the EAP signage and project sites.

• (1540)

**Ms. Siobhan Coady:** So once the EAP comes to a conclusion in the next year, is this where you anticipate being able to save your 5% or to go back to regular spending levels?

**Mrs. Marilyn MacPherson:** The \$3.6 million and all of the funding that came with the economic action plan are terminal. They will end as of the year 2010-11. They will not be available for us to put forward as part of our 5% cut for strategic review.

**Ms. Siobhan Coady:** So you take that off, and then you take off another 5%?

**Mrs. Marilyn MacPherson:** That's correct.

**Ms. Siobhan Coady:** So those 20 full-time equivalents are either absorbed under current funding allocations or appropriations or they would have to be laid off, one of the two. Is that right?

**Mrs. Marilyn MacPherson:** Because we knew that the EAP was a two-year project only, the funding strategy and the resourcing strategy for the people included asking departments for secondments. So most of the staff who are involved are seconded employees, and they will return to their departments as we wind down EAP over the next few months to the end of 2010-11.

**Ms. Siobhan Coady:** That's interesting; so they'll just move back out—

**Mrs. Marilyn MacPherson:** That's correct.

**Ms. Siobhan Coady:** —and you'll have that reduction, then, as a go-forward?

**Mrs. Marilyn MacPherson:** That's correct.

**Ms. Siobhan Coady:** Okay.

Now, you're continuing, I notice, to allocate funds—you requested \$1.1 million—for the Public Appointments Commission Secretariat, and it employs four full-time equivalents.

When is it going to actually be established? You have a tremendous amount of money and resources there. What's happening?

**Mrs. Marilyn MacPherson:** For the public appointments commission, the appointment of a commissioner is the prerogative of the Prime Minister. We have received no indication that there will not be a commissioner appointed, so we continue to put in a marker for the funding of four FTEs and \$1 million to support the commission.

There is a secretariat in place, which was created at the same time as the commission, and there is one individual who continues to work on preparing documentation and information for when the commission is actually set up.

**Ms. Siobhan Coady:** Do you have a total amount that you've spent on that particular Public Appointments Commission Secretariat to date?

**Mrs. Marilyn MacPherson:** I can give you some information by year. We spent \$633,000 in 2006-07; \$113,000 in 2007-08; and \$347,000 in 2008-09. We have not closed the books on 2009-10, but it's around \$290,000, I believe.

**Ms. Siobhan Coady:** So you're up to approximately \$1.4 million, plus now another \$1.1 million?

**Mrs. Marilyn MacPherson:** That's correct.

**Ms. Siobhan Coady:** That's a lot of money for no action. I'll just point that out.

How much time do I have?

**The Chair:** You have about two minutes.

**Ms. Siobhan Coady:** Okay, great. Thank you.

I just want to go back for a minute to the amount of money that in your department has been increasing. I think in 2006-07—this is from the report on plans and priorities, not the mains—it was about \$127.4 million, compared with today's current amount, which is significantly higher than that.

Can you account for the difference? Besides the EAP—we've gone over that—it's a significant increase in departmental requirements for PCO. Can you just describe, besides EAP, what other things you've needed this extra money for?

**Mrs. Marilyn MacPherson:** One of the major causes of fluctuations in the PCO budget is with respect to commissions of inquiry. Those are put into place at the prerogative of the Prime Minister. We have had several since 2006, including Air India. We've also had the commission of inquiry led by Judge Oliphant on the allegations on business dealings between Karlheinz Schreiber and the Right Honourable Brian Mulroney. We have also just established the Cohen commission.

When the commissions are established, their costs can be quite significant, so they will cause quite a change in our budget. There's also the Afghanistan task force, which is also an initiative scheduled to change at the end of 2011-12. We have had EAP, and we had the coordinator for the Olympics and G8.

So we have various initiatives that come in at short periods of time, inflate our budget, and then disappear.

• (1545)

**The Chair:** Thank you.

We now go to Monsieur Jean Dorion for eight minutes.

[*Translation*]

**Mr. Jean Dorion (Longueuil—Pierre-Boucher, BQ):** Ms. MacPherson, thank you for coming to testify before our committee.

According to the acting Information Commissioner of Canada, the Privy Council refused to respond to information requests made to it in one out of five cases. When it responds, it takes 157 days on average to do it, which is five times longer than what the Act provides.

Could you tell us what criteria allow the Privy Council to refuse to answer certain questions?

[English]

**Mrs. Marilyn MacPherson:** In response to your question, we get a lot of ATIP requests at the Privy Council Office, and we make every effort to respond to those requests in a timely manner. Because we often will have requests that are fairly complex, there is a requirement for us to have consultations with other departments. Frequently we need to send those documents to the Department of Foreign Affairs or to DND. In doing so, extensions are required. Although we have a long period of time to respond to requests, we do use extensions because we want to ensure that the material is properly reviewed.

Am I responding to your full question?

[Translation]

**Mr. Yvan Roy (Deputy Secretary to the Cabinet and Counsel to the Clerk of the Privy Council, Legislation and House Planning and Machinery of Government, Privy Council Office):** Madam Chair, may I intervene?

**The Chair:** Yes.

**Mr. Yvan Roy:** I would like to add this. One of the complex factors that the Privy Council Office has to deal with is the fact that Cabinet confidences are exempt from the legislation, as provided in section 69 of the Access to Information Act.

You will understand that Cabinet confidences, when there are consultations throughout the government, are produced within the Privy Council. To some extent, the times we are talking about result from that concentration. The demarcation lines around Cabinet confidences are governed by the legislation and require special attention. That does not explain all the time you are alluding to, but to a large extent, it is explained by that phenomenon.

**Mr. Jean Dorion:** So we could say that it doesn't explain everything. Are there other factors that might explain it?

We are talking about very long times. We are talking, first, about cases where no response is given. Part of those cases can perhaps be explained by certain exceptions provided, because of confidentiality. When there actually is a response, and I don't think the reason it takes time is because the legislation prohibits a response, it comes after 157 days, on average. Do you understand that it is difficult for the public to understand how it takes 157 days to do what the law requires be done in 30 days?

[English]

**Mrs. Marilyn MacPherson:** In response to the comment, again, I agree that there is a 30-day window that was anticipated by the law to be able to respond to these requests. Unfortunately, many of the files that come to PCO are quite complex. They involve security. They may involve solicitor-client privilege. When you have documents that have to be reviewed by several departments, it takes quite an extensive period of time to do that review.

We also are very mindful of trying to establish a reasonable time for the extensions. And we get back to the people who are asking for the access requests to explain the amount of time it's going to take. We want to be realistic. There's no point in telling them that we're going to get it back in 100 days when in fact we know that it's going to take longer. We try to be as ethical as we can be in giving people an understanding of when they might expect a response.

• (1550)

[Translation]

**Mr. Jean Dorion:** In fact, 157 days is a very long time. What measures do you intend to adopt to improve this situation?

[English]

**Mrs. Marilyn MacPherson:** I should mention, notwithstanding the comments by the commissioner regarding extensions, that every time we do an extension on an access request, we provide an explanation, a rationale for the extension, and the reason for the number of days. That is sent to the commissioner. We have not received any feedback that our rationales are in error.

We have resourced our ATIP office up to 27 FTEs. It's extremely difficult to keep good people. We've put into place our own program for training ATIP officers, starting at the junior level and proceeding up to the senior level. We are trying to do everything we can to speed up the process, as much as we can, inside the organization. We have put in place a process, and we've standardized correspondence. To the extent that we're able to control the process, we are making efforts to do so. But again, once those documents go for consultation to other organizations, we can't necessarily control the timeframe for those institutions.

[Translation]

**Mr. Jean Dorion:** The President of Treasury Board recently announced that the Privy Council Office will be one of 13 federal agencies that will be the subject of a strategic review, during fiscal 2010-2011. Do you think it is possible that if the Privy Council's budget is reduced by 5%, that will interfere in its ability to give answers under the Access to Information Act?

[English]

**Mrs. Marilyn MacPherson:** I don't want to speak ahead of the process, but I don't believe there is any lack of commitment to the access to information process in the Privy Council Office. The strategic review is really meant to be a strategic look at areas where we can become more efficient and go for higher priorities. I don't see in either of those circumstances that we would jeopardize the access to information area in the department.

As I mentioned, we've already done quite a bit of work to become more efficient with the workload.

[Translation]

**Mr. Jean Dorion:** Thank you, madam.

[English]

**The Chair:** Thank you. *Merci*.

We now go to Mr. Brown for eight minutes.

**Mr. Patrick Brown (Barrie, CPC):** Thank you, Madam Chairman.

Thank you for coming in today, Mr. Roy and Ms. MacPherson.

I have a few questions to start off with. I realize that there are some unique pressures on the budget this year, and I thought it would be helpful for the committee to allow you to elaborate a little bit on some of these unique pressures.

I understand that there are obviously significant expenses related to the G8 and G20 meetings. Could we start off with elaborating on those expenses and how they affect your budget?

**Mrs. Marilyn MacPherson:** The increase in our budget from main estimates last year to main estimates this year is \$15 million, but I would like to point out that \$13 million of that was actually included in our 2009-10 budget through the supplementary estimates.

With respect to the various increases, as I mentioned we have \$7.6 million in chronic underfunding pressures—for example, there is \$1.1 million of that for the Prime Minister's tour group. This is a group of 13 people who accompany the Prime Minister on all events he participates in, both domestically and abroad. They do all of the broadcast—sound, lighting, recording services, flags, and staging. They also set up an office for the Prime Minister so he can continue to do his functions with secure voice and data transmission. We have had chronic overages in overtime, freight and cargo, and equipment replacement going back to 2006 and 2007, so we are looking for some additional funding of \$1.1 million.

**Mr. Patrick Brown:** How did the Olympics affect your budget in the last year? Are there any lingering costs associated with the Olympics?

• (1555)

**Mrs. Marilyn MacPherson:** We had funding for the coordinator of the Olympics and the G8, and that was for an amount of \$2 million in 2009-10. Ongoing into 2010-11, that amount has been reduced to \$1 million. There will be ongoing activities until the G8 and G20 summits are completed.

**Mr. Yvan Roy:** Perhaps we should point out that the bulk of the costs associated with the G8 and G20 are to be taken care of by other departments; PCO only has the function of coordinating some of the security efforts. That's the reason Madam MacPherson is talking in terms of \$2 million going to \$1 million and eventually going to nothing once the function is not required. Obviously the security costs for the G8 and the G20 are much more extensive than that, but they are not within the PCO budget.

**Mr. Patrick Brown:** But referencing the coordination costs—I think you said \$13 million for the G8 and the \$2 million for the Olympics—those are unique costs that have been pressures on the PCO. I think it highlights why there was a need, obviously, for a budgetary increase. I think no one would ever question the pride we have in having those events. Having the Olympics, and having the G8 and the G20, obviously are incredible opportunities for Canada. The coordination by the PCO is terribly important to having that done in a professional manner. That's why I can appreciate this being rightfully responsible for some of the increased budget costs.

Another thing that was mentioned in one of the questions—I thought you could draw it out a little—was the cost with advertising, with the economic action plan. I do think that was important. I remember sitting in this committee room a year ago, and there was an opposition question about why we weren't spending money on advertising how Canada was going to get out of this recession, why we weren't building confidence so that Canadians would be optimistic about their country's economy. One member referenced in a question why we didn't have a website like they have in the U.S., where you can pinpoint projects.

Well, here we are a year and a half later, and that's happened. I think we've actually seen increased confidence in the economy. We have a website where Canadians can see where projects have occurred in their own communities. Looking back a year and a half ago to now, you can see the success of some of the work that has been undertaken by the PCO.

Could you reference for us some of the costs associated with that advertising, what the costs were for building this confidence we've seen growing in Canada with our economy?

**Mrs. Marilyn MacPherson:** First I will explain that while PCO has an overarching responsibility for the coordination of the communications strategy for the economic action plan, we do not actually have any advertising money. All of the advertising is done by the departments that have the programs.

However, we do have a coordination role to make sure that the branding is consistent and that the signage is consistent. We do all the monitoring of the media. We give advice to departments to ensure that everything they're doing is in line. For example, the website is a huge undertaking. We have about 22,000 web pages. We coordinate with over 30 departments, on 9,500 specific EAP projects. It is a very significant effort to continue to keep that up and running, to continue to provide advice to other departments, and to keep the whole EAP out there until the end of this fiscal year.

**Mr. Patrick Brown:** Well, I certainly think that coordination has been helpful as well.

I think I saw in your presentation a reference to the Minister of State for Democratic Reform and supporting the cost with that ministry. Could you expand on that as well?

**Mrs. Marilyn MacPherson:** In our department, as I mentioned, we have five ministers as opposed to one, and so it becomes quite expensive. When the Minister of State for Democratic Reform was established, he was provided with a budget of about \$900,000, and so we are not able to absorb that.

**Mr. Patrick Brown:** And what are the other ministries that are supported through the PCO?

**Mrs. Marilyn MacPherson:** We are responsible for the leader of the government in the House; the leader of the government in the Senate; the Minister of Intergovernmental Affairs, President of the Queen's Privy Council for Canada, and Minister for La Francophonie; the Minister of State and Chief Government Whip; as well as Minister Fletcher.

• (1600)

**Mr. Patrick Brown:** Would another explanation for budgetary pressures have to do with the increased number of parliamentary secretaries, too?

**Mrs. Marilyn MacPherson:** Not in our case, no.

**Mr. Patrick Brown:** No. Okay.

Well, I certainly think, given the important work that you've undertaken, that this is certainly value for Canadian taxpayers.

Thank you.

**The Chair:** Thank you very much.

We now go to Mr. Martin, for eight minutes.

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

Maybe I'll start with questioning why we still have a Public Appointments Commission Secretariat when we don't have a public appointments commission.

I accept your answer to the previous questioner, and it isn't your fault, but it just seems like an illusion, a charade.

**Mrs. Marilyn MacPherson:** The only response I can provide is that as with the public appointments commission itself, which was established by an order in council, the secretariat was also established by an order in council. So in the absence of any indication that there is not going to be a commission established, we still put in the marker for the million dollars and the four FTEs for the secretariat.

**Mr. Pat Martin:** If a person didn't know any better, they'd think there's an up-and-running Public Appointments Commission Secretariat that's screening and vetting public appointments to make sure there's no nepotism and no favouritism, and doing all the things that you would want an oversight commission to do. And none of that is taking place.

**Mrs. Marilyn MacPherson:** Well, the secretariat has done work. They have prepared options to provide to the commission, when it is established, on the code of practice, which is part of their mandate. They are providing advice and assistance on various options around governance selection processes, how to advertise, to PCO.

**Mr. Pat Martin:** But really, nothing has changed. It's just like it was under the last Liberal government. The public appointments are done with a big Rolodex in the PMO of friends and party faithful, and nothing has really changed there. But I won't dwell on that.

I wanted to ask you about the advertising as well. This \$3.6 million, above and beyond the \$42 million they've spent advertising in print, broadcast, and online media to promote the economic action plan, the money is already spent. What are we promoting? What information do we have to give to the public now that it's too late to apply for the money anyway? You could see the home renovation tax credit or something needed an information program so the public would know the program exists and how to apply for it, but a lot of people are starting to say this is really just the government blowing its own horn, or trying to take credit, to feel good about the Conservative brand.

**Mrs. Marilyn MacPherson:** As I mentioned, first of all, the EAP money, the \$3.6 million for PCO, includes no money for actual advertising. The role of the communications in PCO is to coordinate intergovernmental communications, to make sure that events are supported, the announcements are supported, and to do media monitoring. They also continue to give advice on EAP signage and to support the website. Notwithstanding that many of the initiatives are under way, there was a commitment by the government to

continue with EAP until the end of 2010-11, and so the website will be in place and all of the activities around maintaining EAP will be in place until the end of the fiscal year.

**Mr. Pat Martin:** Just as a layperson's observation, that seems like a staggering amount of money to keep up a website to tell people where the money is already spent.

Given the study we've been doing about the Jaffer affair, what kind of support can the PCO offer to public servants if they've been browbeaten or pushed by staffers in ministers' offices, etc., to fast-track applications? Is there any support service that PCO, as the permanent government...to provide guidance to public servants who may be manipulated or browbeaten, as I said, by the ministerial staff in a situation like that?

I'm thinking of when people are saying, "We have to have the answer to Rahim by Friday, because we're playing golf with the guy in the"—

• (1605)

**The Chair:** Yes, Mr. Holder.

**Mr. Ed Holder (London West, CPC):** On a point of order, Madam Chair, I always appreciate Mr. Martin's line of questioning, but it seems to me he's calling for certain assumptions of our guests that I don't think are the purview or the intention of them being before us. I'd like to ask you to rule whether that's appropriate questioning.

**The Chair:** I was listening very intently to how he was couching his question, and he's within his limits. I have to give him some latitude. He was asking about the PCO and its function and how it can or can't help people.

According to how I understand where he's coming from, he is within his rights to ask that question.

**Mr. Ed Holder:** On the same point of order, Madam Chair, I guess what I'm asking is that, while I appreciate the way you've articulated that point, I think the verbiage chosen by my colleague certainly is extremely leading. I wonder if I could challenge our committee, in the most thoughtful way, to ask these questions at a high level as opposed to using, I think, what would otherwise be considered inflammatory language.

**The Chair:** I do not hear any inflammatory language from Mr. Martin, but if you heard it, and Mr. Martin feels you're right, he can continue on with his questions.

**Mr. Pat Martin:** Mr. Holder is hypersensitive, I think.

Really what I was asking was where in the budget..., In the context of the budget, I suppose, where and how does the PCO take steps to ensure that public servants are well informed, and even shielded in some way, on how to handle violations of the Lobbyist Act and what to do when undue pressure is put upon them by a minister's office?



Given the fact that public servants responded to a demand from a minister's office to give priority to the Jaffer proposal, what does the Privy Council Office do to protect public servants from that kind of intrusion from political bosses?

**Mrs. Marilyn MacPherson:** The counsel may want to make a comment, but as any public servant, we are covered by the code of conduct and the values and ethics code, so we know that we have, as public servants, the ability to go to our senior managers and certainly to our deputy. We also have other avenues through the integrity officer.

So there are ways and means of protection for public servants. It's more under the Treasury Board Secretariat, who is the employer, as opposed to the Privy Council Office.

**Mr. Yvan Roy:** This clerk, and the previous one, because I have served both of them in the last four years, have been insisting in just about every forum where they appear on the fact that the public service must serve its political masters in a non-partisan way. It is, I think, understood throughout this system that such is to be the case.

One would expect that if situations present themselves, and I'm certainly not going to suggest they do because I do not know, but assuming they present themselves, within departments mechanisms are in place. Integrity officers exist. It is the expectation that the deputy ministers will apply those same sets of values we're now talking about such that if an issue of that nature presents itself, it is going to be elevated and be dealt with accordingly.

**Mr. Pat Martin:** [*Inaudible—Editor*]...the whistle-blower officer, for instance. I mean, if you were a public servant and you felt you were getting undue political pressure, that might be one of your avenues of recourse?

**Mr. Yvan Roy:** And that person is an officer of Parliament; but within the organization itself, you don't necessarily need to go outside. It is understood in our culture that we are dealing with these matters in a non-partisan manner, and if there is an infringement or a violation of this, within the organization it should be possible for people to go to their managers, go to the senior level, for the matter to be addressed squarely. And I can assure you that if that were the case, that would be addressed squarely.

**The Chair:** Mr. Martin, you can have one last very brief question.

**Mr. Pat Martin:** I notice that your internal services take up one-third of the total budget. I mean, is that efficient? A lot of administrations would be criticized for burning up that amount of their total budget on internal services. Is there a logical explanation?

• (1610)

**Mrs. Marilyn MacPherson:** I think the way we have internal services organized is probably a very efficient model. One of the things about PCO is that we want to ensure that the deputy secretaries and their staff and analysts have the time and effort to put on the important files of the government. So we have centralized to the extent possible and we have a lot of efficiencies of scale.

For example, we maintain inventory. We buy paper and toner. I think they told me that we save about 70% by doing so. We manage all of the BlackBerry's, all of the service, all of the computers, which means that we buy everything in bulk. We manage everything that way.

I think in some departments you would find that where they have a decentralized system, there are repetitive functions that are not necessarily obvious. We have very little of that because we have it so centralized. It is also very transparent where the money goes.

**The Chair:** Thank you.

We now go to the second round of questions with Ms. Hall Findlay, for five minutes.

**Ms. Martha Hall Findlay (Willowdale, Lib.):** Thank you, Madam Chair.

I will take just a few seconds at the beginning to deal with a comment made by my colleague.

There was a time, quite a while ago, when we actually did say we would like to see much more information on the results of the economic stimulus package. We did call for a much more substantive website. We were told that PCO was in fact spending money on a website, and to date we still have a website that does not actually give any of the real detailed information that for months we have been asking for. There is certainly not any information on job creation specifically related to projects, or even the state of the projects that have been started, where they are.

I just want to make it clear that, yes, we did want a website that was akin to the one in the United States. Yes, we pushed for it. We were told that we were going to get it. We were told that was the reason PCO was spending so much money. We still haven't seen it.

I will simply echo the concerns of my colleague Mr. Martin about \$3.6 million. That's an awful lot of money that's not advertising, that's just coordinating advertising in a way that the ethics commissioner just recently suggested some aspects of which—I would suspect due to that coordination—were perhaps inappropriate.

My real question, however, has to do with spending. There has been, since this Conservative government has taken power, a steady increase in PCO spending from the 2006-07 year, including a 12% increase just being proposed right now.

I would like to go back to a colleague of mine, John McCallum, who in 2005 put a great deal of effort into an expenditure review report that found, across all of government, \$11 billion in savings over the course of four or five years; I think it was about four years. That included specific opportunities within PCO, that were committed to, of savings, reductions in spending, of \$6 million a year in administrative savings.

Had that been the case and had any of those recommendations been implemented, rather than significant increases in PCO spending over the last few years there would have been in fact a decrease in spending.

So I have two questions. One is that I want to ask about the concern that we've raised elsewhere about padding significant increases in this spending and in this budget in order to then be able to cut back and say, "Aren't we wonderful? We've cut back both in the freeze and in the strategic review."

But I want to ask first, were any of those recommendations ever implemented? As I say, they said they found they were able to see significant savings, and yet PCO has only spent increasing amounts every year.

**Mrs. Marilyn MacPherson:** I'm not familiar with even the recommendations.

That was in 2005?

**Ms. Martha Hall Findlay:** In 2005, John McCallum produced a significant expenditure review report that included, among other things, recommendations and a commitment, in fact, from PCO that \$6 million of savings every year, for four years, would be found. I will note that over those four years, instead of savings of \$24 million, PCO has actually spent more, to the tune of about \$30 million.

Let me ask my second question, then, which has to do with significant increases just in time to actually be faced with a freeze and then be part of a department review. It certainly gives a distinct impression that this is padding. I'd like to have some idea of what you have, as PCO, been instructed to look at, what you're thinking of looking at in terms of how you're going to deal with, first, a freeze, and then participate as one of the departments participating in future cuts. Where are you going to find those savings?

•(1615)

**Mrs. Marilyn MacPherson:** I should start by saying, as I mentioned earlier, that of the \$15 million, which is the increase from the 2009-10 main estimates to the 2010-11 main estimates, \$13 million was actually included in our 2009-10 budget because we put it through supplementary estimates. That amount includes the chronic funding pressures that I mentioned, of \$7.6 million. It includes—

**Ms. Martha Hall Findlay:** With all due respect, I actually asked this question—what is meant by "chronic funding pressures"—of the president of the Treasury Board. When I have an expenditure review report that suggested the ability to find \$6 million a year in savings, I don't know what is meant by "chronic underfunding". That seems like a label that is relatively convenient, if I may say, in order to justify significant increases in spending without really any detail of what those are.

**The Chair:** Thank you, Ms. Hall Findlay.

You may answer the question.

**Mrs. Marilyn MacPherson:** As I mentioned, the chronic funding pressures were actually identified early in 2009. I'm sorry that I'm not familiar with Mr. McCallum's work, but we have identified, for example, with the PM's tour group, a \$1.1 million pressure. That is simply a function of the cost of cargo and of overtime for the number

of events that the Prime Minister attends. We really don't have a lot of control over those, but they must continue; they're mandatory.

As well, I mentioned the ministers' offices. There is a pressure when we're trying to support that many ministers, and we are just not capable of continuing to operate the department and actually absorb those costs as well.

**The Chair:** Thank you.

*Madame Meili Faille, s'il vous plaît. Vous avez cinq minutes.*

[Translation]

**Ms. Meili Faille (Vaudreuil-Soulanges, BQ):** In fact, I will let my colleague continue.

**The Chair:** No problem.

Mr. Doiron, you have the floor.

**Mr. Jean Dorion:** Thank you, Madam Chair.

I am going to stay with the subject of chronic pressures. Is this not a characteristic of people who are in power, to want to talk constantly about their achievements or their claims? On that point, could we say there is chronic pressure coming from the Prime Minister's Office to simply echo its plans, its achievements, or its claims? Is that what you mean by "chronic pressure"?

[English]

**Mrs. Marilyn MacPherson:** Possibly, in part; for example, I think there are many more international trips at this point. The Prime Minister is travelling more in response to the economic situation of the world, so there are more G8 and G20 meetings that he is attending. He has also been pursuing a number of trips to open markets and was recently in India. Those are some of the events that will increase our pressure. But again, that will have a resulting pressure on the Prime Minister's tour group, because they must travel with him.

We've also included costs for some translation services. As we continue to increase our amount of communications that we do out to the public, because communications has now become a 24/7, 365-day operation, it's actually increasing our costs for translation.

Those are the types of things that are included in our chronic pressures.

[Translation]

**Mr. Yvan Roy:** I would first like to add that we certainly must not forget, as Ms. MacPherson said a little earlier, that the Prime Minister's portfolio includes five ministers, and that creates additional pressure. That is the sense in which we are talking about chronic pressure.

**Mr. Jean Dorion:** We can't say there are more activities, but mainly there is a greater desire to talk about those activities and make taxpayers aware of them.

**Mr. Yvan Roy:** I will quote the Conflict of Interest and Ethics Commissioner. In her recent report, she noted that in a political environment, it may be expected that there is an interest in making accomplishments known.

At the same time, it is not an insignificant factor to say that Canadians want to know what is done with the money given to politicians. For example, when we talk about Canada's Economic Action Plan, the websites are viewed by Canadians who want to know how the effort made is producing results. It works both ways somewhat.

• (1620)

**Mr. Jean Dorion:** Thank you.

I am going to change the subject. You talked about an exchange program between Canada and Australia. Can you tell us what benefits we get from that project, if we compare it with other exchange programs we might imagine exist, with emerging countries that are much more prominent than Australia in our trading relationships and that will be increasingly important in the future, like India, Brazil, and so on? What is special about Australia?

[English]

**Mrs. Marilyn MacPherson:** In September of 2007 the Prime Minister met with the Prime Minister of Australia, and they actually signed an agreement to do an exchange. I believe the purpose of that was to share best practices and also for career development.

Yvan may have more information on why Australia was chosen, but it is a Westminster country. Therefore, within their system we may actually learn best practices that are somewhat more applicable to our type of government.

We also have quite a tradition in the Canadian government of having exchanges with the Australian government in other departments. It was probably just a natural affinity because of the type of system that we operate under.

**The Chair:** Did you want to answer as well, Mr. Roy?

[Translation]

**Mr. Yvan Roy:** I would just like to add something here. I completely agree with my colleague. We are somewhat comparable countries. The Australian states make up a confederation that operates under what is called a Westminster system of government. We can learn from them and they can learn from us in return. The only way to do it is through exchanges. That is the spirit in which the program was established. We learn things and they learn from us. So we may then make fewer mistakes.

**The Chair:** Thank you.

[English]

We now go to Mr. Holder for five minutes.

**Mr. Ed Holder:** Thank you, Madam Chair.

I'd like to thank our guests for attending this afternoon.

It's rather interesting; it was suggested earlier by a colleague that somehow I'm hypersensitive to how we deal with our guests, and the innuendo, and the way that comments are made. I absolutely am: I think it's important that we treat our guests with respect and that we,

at the same time, take a line of questioning that is equally non-partisan, as I believe you have been.

In fact, Mr. Roy, your comment was that public servants must serve their political masters in a non-partisan way, and I appreciate your comment.

I would also like to remark, Ms. MacPherson, that you talked in terms of the code of conduct and high ethics and integrity.

You know, my Cape Breton mom used to say that you've got two things in your life, your name and your integrity; you don't mess up one without messing up the other. And I believe in that wholeheartedly.

So I would like to commend our public service and the work that you do in the PCO, and I hope you would take that back. I think we have an obligation, as members of this committee, to ask things in a thoughtful manner so that we can get to the best answers that we can on behalf of the people who we all serve, in the same way that you're asked to do the best you can with the highest integrity for the people who you serve. So that's a very sincere thank you for that.

Madam MacPherson, in your formal comments you made reference to chronic funding pressures, and of course that has been a recurring theme in some of the questions that have been asked. As I try to get a sense of it, I think what I've heard you say is that some of the challenges have been that... What you've done is you've had to put into the supplementary estimates what you are now putting into the main estimates, so that you won't have as much of that challenge in terms of chronic funding pressure.

Do you believe that will be the case as a result of the budget you've put in and provided with us today?

**Mrs. Marilyn MacPherson:** Yes, I do believe so.

**Mr. Ed Holder:** So would that mean—as I look at this logically—that when we come back to look at the supplementary estimates, notwithstanding things that might come up, be they one-time events or unforeseen events, from your standpoint that should show us a better result, in terms of a lower expectation, in the supplementary estimates? Would that logically follow?

• (1625)

**Mrs. Marilyn MacPherson:** It would. I would say the only exception to that logic would be for the Cohen commission, which was just launched. So we will be coming forward for funding for it, but no funding for the department itself.

**Mr. Ed Holder:** Can we then talk about commissions, since you've brought that up?

I note that on page four of your comments, you talk about \$0.1 million for the Commission of Inquiry into the Investigation of the Bombing of Air India Flight 182, which from my standpoint is the never-ending commission and never-ending investigation. I would sure like to know that we're done with this. And I say this as much for the victims, and families of victims, that...

I mean, there may be all sorts of reasons why this has taken as long as it has taken. Can you see an end to this?

**Mrs. Marilyn MacPherson:** I think the counsel can probably respond more completely to that.

**Mr. Yvan Roy:** It is expected that Justice Major will report before the summer recess. Indeed, speaking of commissions of inquiry, we also expect the Oliphant commission of inquiry into the business dealings between Mr. Schreiber and the Right Honourable Brian Mulroney to also report before the summer recess.

**Mr. Ed Holder:** The reason I asked is that it would seem to me that 25 years is a fairly long time to try to find justice, and I'm not sure that we ever will there, honestly.

I'm more curious about the issue of the one-time events that we've also talked about. Certainly the inquiry relating to Air India was one. You mentioned the Schreiber affair. Earlier you mentioned Afghanistan and the costs associated with the G8 and Olympics coordinators.

Are there any other commissions of inquiry, expenses ongoing, that you're anticipating...are included in this budget?

**Mrs. Marilyn MacPherson:** Not in this budget. The only ongoing funding that we will be seeking will be for the Cohen commission.

**Mr. Ed Holder:** I have one final question, if I can, and it relates to the funding of the five ministers' offices, the ones that Ms. Coady and I like to reference as the "newbies on the block" here.

We're providing funding to five ministers' offices, including the Minister of State for Democratic Reform. Is that intended to be an ongoing process, or would it be that ultimately they're going to stand alone in terms of being provided in other formats? Or will it also be provided through this budget, in terms of those extra expenses?

**Mr. Yvan Roy:** The way the government is organized, so to speak, is the prerogative of the Prime Minister. He has chosen to have these ministers as part of his portfolio. It is certainly possible that the Prime Minister might choose to organize things otherwise, but I don't foresee that as being a possibility in the near future.

**Mr. Ed Holder:** Thank you to both of you.

**The Chair:** Thank you.

I'd like to thank you for being here and for trying to at least help us through some of the issues. There was one request from Ms. Coady about a difference of about \$1 million between what is shown in the report on plans and priorities and what is shown in the estimates. You will be providing information on that.

I think there is confusion about the \$7.6 million for covering the chronic funding pressure—which we don't seem to understand—versus the \$6 million in savings that are supposed to be found. So if there's any way you can find that, and perhaps help us through the gap, that would be really appreciated.

Thank you very much.

Yes, Mr. Holder.

**Mr. Ed Holder:** On that basis, since Ms. Hall Findlay brought that up, she could bring it to the committee so that we could all see it, and then you might present that to these nice folks.

**The Chair:** But because it should be with the PCO, if they have it.... All I'm asking is that if they have it, they should help us with the gap. As the Standing Committee on Government Operations and Estimates, it's our job to at least understand where these savings are

coming from, because we are going through a strategic review. Everyone is supposed to find 5% in savings. The president of the Treasury Board did say that PCO was under that strategic review.

So if it helps us understand—if you don't want to understand, that's fine—then we—

**Mr. Ed Holder:** Madam Chair, it's not a question of not understanding. Again, on your point, Ms. Hall Findlay indicated that there was a study put in by a prior government. I'd love to see it—

**The Chair:** Sure.

**Mr. Ed Holder:**—and our guests have already indicated that they weren't aware of it.

**The Chair:** They haven't seen it.

• (1630)

**Mr. Ed Holder:** So I think the onus would be, if I might say, on the members opposite to bring it forward. Let's take a look at it. I'd like to see it and see what aspects of it might be valid, and if they want to comment, I'll leave that to you, Chair.

**The Chair:** Sure.

Ms. Hall Findlay.

**Ms. Martha Hall Findlay:** If I may, it took a great deal of time and was launched with a significant amount of information. It is on the public record. It is available on the finance ministry's website, I believe. It's pretty easy to search for: "McCallum, expenditure review report". It's all on the public record.

**The Chair:** Thank you.

So if you can provide that information, we would appreciate it.

Again, thank you very much for being here.

I'll suspend for 30 seconds while we wait for the next witnesses to take their places.

• (1630)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1630)

**The Chair:** We can start with the next round of witnesses.

We are studying the main estimates, votes 1 and 5, and we have before us, from the Department of Public Works and Government Services, Monsieur François Guimont, the deputy minister. We also have Mr. Andrew Treusch, the associate deputy minister; and Mr. Alex Lakroni, chief financial officer.

I understand that you have opening remarks, Mr. Guimont.

[*Translation*]

**Mr. François Guimont (Deputy Minister, Deputy Minister's office, Department of Public Works and Government Services):** Thank you, Madam Chair.

I am very pleased to have the opportunity to appear before this committee to discuss the Main Estimates of Public Works and Government Services Canada. I would first like to introduce the people who are with me today: my Associate Deputy Minister Andrew Treusch, and Alex Lakroni, who is Chief Financial Officer.

As Committee members are aware, PWGSC is a common service provider that is central to the functioning of the entire Government of Canada. PWGSC aims to excel in government operations by delivering high quality services and programs that meet the needs of federal organizations and ensure sound stewardship, on behalf of Canadians.

Among the department's 14,000 employees are, for instance, architects, designers, IT specialists and security experts—all of whom help the department fulfill its multiple roles. PWGSC manages a diverse portfolio of real estate that accommodates 255,000 federal employees in more than 1,800 locations across Canada. On average the department facilitates 60,000 transactions a year for the procurement of goods and services worth about \$14 billion.

The Office of Small and Medium Enterprises, or OSME, with regional offices across the country, strives to reduce barriers to federal procurement activities.

• (1635)

[English]

Over the past three years, OSME, the Office of Small and Medium Enterprises, has assisted over 70,000 individuals and businesses in doing business with the Government of Canada.

Public Works and Government Services manages payments of \$27 billion a year through payroll services for 110 federal departments and other organizations, as well as the pension accounts of 340,000 former public servants, members of the Canadian Forces, judges, and MPs.

Through the operations of the federal treasury, the department also manages the preparation of the annual Public Accounts of Canada and a cashflow of more than \$1.7 trillion per year. I'd like you to know that the government has received an unqualified audit opinion on the summary financial statements for 11 consecutive years.

The Translation Bureau translates more than 1.7 million pages a year for federal departments and agencies. It provides translation and interpretation services on more than 1,800 occasions for the House of Commons, the Senate, and parliamentary committees like this one.

Turning to the department's budget for 2010-11, Public Works will spend \$6.3 billion this fiscal year to deliver on its mandate. The department is heavily revenue-dependent, with 56% of its expenditures, or \$3.5 billion, covered by revenue primarily from client government departments for services rendered in support of their programs. As a result, Parliament is being asked to approve \$2.8 billion in the main estimates, which represents our net appropriation requirements.

Public Works' financial structure is more complex than many other departments. Of the \$6.3 billion total budget I referenced, \$1 billion is needed to deliver on our core program of central purchasing and banking, public accounts, and payroll and pension services.

Another \$2.4 billion is required to pay rent, fit-up, and utilities for government-wide accommodations; Receiver General treasury functions, such as banking fees paid to financial institutions and

the purchase of cheques and envelopes; and translation services for Parliament.

The \$451 million is capital needed to invest in Government of Canada buildings and infrastructure.

Lastly, \$2.4 billion is related to providing other services, such as auditing, consulting, translation, and telecommunications and informatics services, to client departments.

In comparison to last year, the budget for 2010-11 represents an increase of \$456 million, primarily related to three major initiatives. First, \$224 million is to deliver on our commitments under the government's economic action plan. Second, \$90 million is for price increases for expenditures such as rent and utilities. Lastly, \$73 million is for parliamentary precinct projects.

[Translation]

Madam Chair, as the backbone of the government's everyday operations, PWGSC has also made key contributions to activities of national importance over the last year. First and foremost, PWGSC has played and continues to play a key role in the Economic Action Plan. Under Budget 2009, the department received direct investment funding of \$431 million over two years, of which \$332.4 million is for repairs and renovations to PWGSC-owned buildings across the country.

[English]

At the end of the two-year action plan, the department will have accelerated its infrastructure investments in many of its assets across the country while stimulating the economy. As well, Public Works and Government Services Canada is supporting other departments and agencies, such as Fisheries and Oceans, Natural Resources Canada, and Parks Canada in fulfilling their own obligations under the economic action plan.

Given the size and scope of what we do on behalf of the federal government, Public Works and Government Services Canada is, as should be expected, subject to rigorous scrutiny. We have a solid working relationship with the Office of the Auditor General. Our action plans, in response to recommendations, are usually put in place before the reports are even made public.

Indeed, reflecting our own culture of continuous improvement, the department rates highly on a number of other measures as well. For instance, on the Treasury Board Secretariat's measure of good management practices throughout the government, known as the "management accountability framework", or MAF, Public Works and Government Services Canada ranks amongst the best.

Public Works' most recent rating by the Commissioner of Official Languages was 4.5 out of 5, or a B rating. Moreover, we scored a blue—which is the highest rating under the management accountability framework “people management” performance indicators—on employee engagement, employment equity, and performance management, .

Madam Chair, we are proud of our ever-strengthening management record, and we strive hard every day to keep getting better at doing what we do. Our goal is clear: it is to excel in our mission to deliver high-quality programs and services that meet the needs of federal organizations while ensuring good value for Canadians.

This concludes my opening remarks. I would be more than happy to take your questions.

• (1640)

**The Chair:** Thank you very much.

We'll start with the first round of questions.

Ms. Hall Findlay, I understand you're going to be sharing some time with Ms. Coady.

**Ms. Martha Hall Findlay:** Yes, please.

**The Chair:** The floor is yours.

**Ms. Martha Hall Findlay:** Thank you, Madam Chair.

[*Translation*]

Thank you for being here today.

Before asking questions, I would like to say that this Department is so complex and so large that managing it must also be a truly complex task. That is why I want to thank you for the work you do. We don't do that enough.

[*English*]

But we do have a few fairly key questions, and the first is on the expenditures. I note that in all of the years from 2004-05 through to 2009-10—and 2009-10, we know we don't have the finals, but based on the budget, the mains from last year—the expenditure of the department has been relatively consistent, and I think that's worth commending. There are a number of other departments, as you well know, that have not in fact kept their spending relatively stable. Public Works has, which on the one hand is commendable, I think, but it makes the increases of this year particularly noticeable. It's a massive increase, \$456 million.

I understand that you have a couple of examples—one, by far the single biggest piece of this, to deliver on the commitments under the economic action plan. Given that this year is the second year of the economic action plan—last year was the first year—I'm not sure where, all of a sudden, we have a significant increase that ought, I think, to have shown last year.

My question is in two parts. One, I don't think that's enough detail, quite honestly, to justify having such a significant increase after six years of relatively consistent expenditures.

Given that PWGSC is part of the freeze but also one of the departments subject to the strategic review, we've raised concern in a number of cases, and I will raise it again with you, of significant

padding of the department's expenditures just so that then you can pull back to end up at the same place and look good.

There is a concern that when we have such an increase in spending in the environment that we have now, that can get lost in the economic stimulus requirements and big deficits, what happens if it's a little bit bigger and so on? These kinds of numbers can get lost in the numbers that we're looking at. I am worried that we're adding just so that later it'll be easier to then look good when we're cutting.

I would also like to ask then—I mentioned this before you arrived, but I'll mention it again—about the expenditure review report that my colleague John McCallum had done in 2005, and had found, across government, \$11 billion in potential savings over the course of four years. PWGSC was one of the departments that exhibited an ability for significant savings. In that report, the commitment was that the department would be able to save \$23 million a year. Over the course of four years, that's \$100 million.

Can you comment, one, on the significant increase that we're looking at this year as opposed to the past five or six years? And two, what, if any, of the recommendations from the 2005 expenditure review report were implemented in PWGSC?

[*Translation*]

**Mr. François Guimont:** Thank you.

[*English*]

Thank you for the question, and thank you for your good words. I appreciate them, and my staff appreciates them.

Let's talk about the main estimates adjustments, if I can call them that, and more specifically the \$456 million, which you rightfully single out as being a substantial amount of money. It's half a billion dollars.

There are three entries, and I'll just walk through them. They're pretty straightforward, at least from my perspective.

One of them, \$73 million, is really reprofiling, and reprofiling as a result of work that could not take place last year...into the new fiscal year, related to the parliamentary precinct.

Frankly, I will tell members, we've made very good progress on the precinct, but we do find surprises. You poke at walls, things happen. You've got to start and take a fresh look. It takes time. We therefore—not the first time—reprofile, every so often, moneys that could not be wisely spent in a given fiscal year. So \$73 million of the \$456 million is for that.

The other entry is \$90 million, for price increases. These are the hard realities—rent, utilities, electricity, things of that nature—which...that increment we get adjustment for systematically.

Otherwise, these increments in price, which are passed on to us... and we have to detail that, in excruciating detail, with Treasury Board and Finance. When they're satisfied that the case passes muster, they give us price adjustment.

The rest—

•(1645)

**Ms. Martha Hall Findlay:** I understand that. We all deal with inflationary pressures and price increases. But I still say that in context of PWGSC having kept its expenditures relatively constant, what happened to all those same price increases and price pressures of the past five or six years? I'm still questioning why there is all of a sudden almost \$100 million that wasn't shown before.

**Mr. François Guimont:** These adjustments were done from year to year. We have price adjustments, on what we call these entries, systematically, if we can make our case, and we've always been able to make our case and get a price adjustment.

The one entry that is a new variable is the economic action plan; there's no question there. This year it is half of the amount, \$224 million. We had some of that money last year, and this year, as you said, is the last year. This increment will disappear. So in practice, in reality, next fiscal year this amount will not be in the main estimates. We all know—the signal has been very clear—it is to be used, and at the end of the fiscal year it will disappear.

The point I'm making here, my emphasis, is that in terms of price adjustments, we get relief for that when we can make our case. So one can expect that, for next fiscal year, if we can make our case and convince people that we should get price protection...and I'll use my words here. Secondly, there could be still some reprofiling: money that we were not able to use and that was carried forward or reprofiled with a view to making the proper amount of work.

**The Chair:** Ms. Coady is trying to get in.

Go ahead, Ms. Coady.

**Ms. Siobhan Coady:** Thank you very much.

Sorry, we have only a very short period of time. I want to follow through on some earlier questions with regard to PCO.

Public Works and Government Services Canada has a tremendous amount of money and has a tremendous number of programs under its responsibility. I appreciate the work that you do and appreciate the fact that you're here today. A question came up earlier to the Privy Council Office concerning support to ministerial staff, and whether they have been put under pressure by the minister's office. One of the questions was around—I'll use the term—the “Jaffer affair”.

We have received a tremendous amount of information from your office, or from Public Works and Government Services Canada. There have been a number of e-mails and a number of discussions that were going on.

I have two questions. First, is it normal practice for the minister to ask you to meet with a potential supplier?

Second, this goes to a question from an e-mail from André Morin—I think he's a strategic adviser to you—who says,

The DM is concerned about this type of request

—I'm assuming it's the request for the meeting—

and by the fact that it can contravene and disrupt our daily operational or program requirements, task and work.

Can you elaborate on your concern for that?

Thank you.

**Mr. François Guimont:** Thank you for the question.

On the first segment of your question, I would say that it hasn't happened—I'm going by memory here—that the minister would ask me to meet with someone. Now, my office may be approached by the minister's office; that is a possibility.

The department has a number of points of entry. Our Office of Small and Medium Enterprises, in the last three years, if I remember the numbers, has had contact with 70,000, either individuals or companies, and we want to promote these relationships so that they can get a better appreciation for how to be successful at getting contracts.

In the department there's a basic rule, and it goes like this. When we tender, we don't talk to people. When it is a contract management issue, people can talk to people, because there's a contract in place and solutions must be found to the problem. Contracts can be complicated, in interpretation and otherwise. Very often our philosophy is to try to tackle issues and deal with them at the lowest common denominator: between the contract officer and the person who probably has an issue. And on the front end, as the small and medium-sized enterprise, or regarding representations that can be made by people outside a bidding, the department does have dealings with individuals. We have quite a few, actually. And in 70,000 contacts—phone calls or otherwise—there is a substantial amount of back and forth between the department and people who want to do business with the government.

•(1650)

**The Chair:** I'm sorry, the time is up.

We now go to Ms. Meili Faille.

[*Translation*]

**Ms. Meili Faille:** Thank you.

Mr. Guimont, I am pleased to see you again at the Standing Committee on Government Operations and Estimates. We are used to seeing you at the Standing Committee on Public Accounts in connection with the Auditor General's reports.

You are required to answer to us under the federal Accountability Act, which is why it is important for you to be here today. As compared to other government agencies, your department has a large budget, in terms of expenditures. I think you are aware of the complexity and size of your department. The two biggest planned spending increases for Public Works and Government Services Canada come to \$357 million. That is a 21% increase in expenditures on accommodation and real property assets management.

First, what interests me in particular is the \$69 million increase, a 26% increase, in expenditures on internal services. To date, you have been open in explaining the legal cases involving your department that might have a financial impact on it. There was the Rosdev case, which is not over, I believe; the problems relating to the Integrated Relocation Program; and the disputes concerning various technology contracts. And I have to mention an incident that complicated things, the dismissal of one of your deputy ministers for conflict of interest.

In reply to a question from my colleague, you said: "When we tender, we don't talk to people." At some point, you receive representations. I want to try to understand the role of Cabinet. Has the Minister or have members of Cabinet ever asked you to take direct action against companies doing business with the Department or against employees of Public Works and Government Services Canada who are suspected of fraud?

**Mr. François Guimont:** If I may, Madam Chair, I'm going to go back to one point, briefly.

We say there is no contact when a contract is to be issued, but during the process, there may be an Industry Day. That is part of a transparent process in which the companies introduce themselves, depending on the contract we are preparing to offer. There may be a fairness monitor there. That is part of the process, and it is very structured. There may be contacts, but they are not indirect contacts with people making representations when a contract is being awarded. That is the first point.

On the second point, you asked me whether I had been approached directly or whether I had been asked to sit down with people...

**Ms. Meili Faille:** I may be able to clarify, Madam Chair.

In your presentation, you said: "Our goal is clear: it is to excel in our mission to deliver high quality programs and services that meet the needs of federal organizations while also ensuring good value for Canadians."

In addition there is a concern that you have often expressed: ensuring fair and equitable treatment for contractors looking for new business opportunities. Is that solely your responsibility, as the person in charge, or are there times when the Minister's office, if the Minister is aware of a case that could be litigious, expresses interest, one way or another, in what you are doing?

**Mr. François Guimont:** When the competitive processes are prepared, when it involves an acquisition strategy, criteria, the team responsible for selecting or evaluating criteria, I am not even involved in those decisions. That is done at the program level. So there is some distance established, and I think that is very sound. The process takes place, I am told who got the contract, for example if it is about airplanes, etc.

The Minister is made aware when Treasury Board has to be approached for the supply needed. In other words, if the authorities are within the Department, the contracts are awarded. I'm talking about 60,000 transactions. So I don't see them. That responsibility is assigned to people; as Deputy Minister, I create the conditions that allow them to work properly. To do that, I have the assistance of my management team.

When some delegations exceed my authority and the approvals needed have to be obtained from Treasury Board, a submission for it is prepared. We submit comments to the Minister, which is to be expected. It is then forwarded to Treasury Board, and then it is approved or refused. That is what ties it all up. Those are the circumstances in which the Minister is involved.

• (1655)

**Ms. Meili Faille:** I would like to ask you again whether people in the Minister's office have ever asked you to do something directly

against a company doing business with the Department. What is your answer?

**Mr. François Guimont:** No.

**Ms. Meili Faille:** Thank you.

In the course of the process, would you discuss the details of measures you are going to take against an employee or a company suspected of fraud, or involved in an action against the Department, with the person in charge of a federal law enforcement agency?

**Mr. François Guimont:** Yes. I might not do it myself, it might be done by the members of a group called the Departmental Oversight Branch. That is a branch that is unique to our Department. Unless I am mistaken, we are the only ones to have one of them. The people in that group are the ones who do the work. However, if I need to consult a commissioner to get advice or legal services, those consultations will take place in order for the case to move ahead.

**Ms. Meili Faille:** Do you also communicate with the people at the Canadian International Trade Tribunal?

**Mr. François Guimont:** No, I do not communicate directly with those people. When there is a dispute, if we decide to make representations, it's the people in legal services who handle it. They may be asked to work with the people at the CITT.

**Ms. Meili Faille:** Those people are not in direct contact with you, but they communicate with staff in your division, in legal services?

**Mr. François Guimont:** Absolutely, to make our representations. In some cases, we win; in others, we lose. Either way, it involves making contacts.

**Ms. Meili Faille:** With respect to management contracts for the maintenance of federal buildings, given the operating budget freeze for the coming years and the strategic review, how are you reporting the outsourcing of the maintenance contracts to SNC-Lavalin? Can you also tell us what the management fees cost and what percentage of the contract that represents?

**Mr. François Guimont:** On the first question, I think the contract does what it is supposed to do and that works well. I know there are some problems. It would be a little naive to ignore that. Comments have been made on certain work. Access to information was in issue. However, if we set those items aside and consider things with a very structured approach, by doing an audit, we see that those people have done a good job and savings have been achieved.

With respect to the fees and percentage, I think, if I am not mistaken, that this is confidential information. From what I understand, the committee is going to have an opportunity to question the people from ProFac Inc. and SNC-Lavalin O&M at an in camera session. Those people may then be able to answer that question themselves. It's not that I'm refusing to answer, rather it's that this information should be provided directly by the company.

[English]

**The Chair:** Madame Faille, this is just to let you know that SNC-Lavalin has said they will provide the information, in camera, to the committee.

Thank you very much.



We will now go to Monsieur Petit *pour huit minutes, s'il vous plaît.*

[Translation]

**Mr. Daniel Petit (Charlesbourg—Haute-Saint-Charles, CPC):** Thank you.

I am going to split my speaking time with my colleague Mr. Warkentin.

Mr. Guimont, there has been a lot of talk about the Economic Action Plan. Half of the funds in that plan have been spent. There is still the second year.

You are surely aware of the results in the first year. What major projects have been carried out, in Quebec, in particular? There has been \$455.9 million spent, in fact.

Could you give me some examples?

• (1700)

**Mr. François Guimont:** If you will allow me, I will give you a few figures that speak for themselves. I just want to put things in perspective. The total amount, for the two years, is \$431 million. The first year, this year, we invested \$227 million. We were able to use about 96% of the figure planned—we are in the process of finalizing the figures, which is to be expected. More than 95% of the money has been spent, in terms of the plan established at the beginning of the fiscal year.

As well, we did not receive the money just in a general way. It was assigned specifically to sub-envelopes. For example, we received money for some of our buildings, that we own. The work was performed in part by SNC-Lavalin O&M, as contractor, and in part by ourselves, in a ratio of about 80:20—80% of buildings are the responsibility of ProFac and 20% are the responsibility of the Department of Public Works.

You're asking me for specific examples. We have done work on four bridges, including two here in the national capital region, so infrastructure bordering on Quebec and Ontario. The first was the Alexandra Bridge, to which access was barred. We did seismic stabilization, painted, and rebuilt the span. For the Chaudières Bridge, you will recall that we had to block it last year or the year before, for stability reasons. We are going to add a structure that will stabilize it. So it is very visible and very real. We are working on two other bridges: the Burlington Bridge and the LaSalle Causeway, in the Lake Ontario region, near Kingston. In these two cases the work involves repainting, which is still important.

As well, \$40 million—\$20 million last year and \$20 million this year—has been given to us specifically to improve access for persons with disabilities and to help people who have difficulties, whether by touch recognition or ramps or whatever. Obviously, this is applicable everywhere there are buildings.

Investments have also been made in the Manège militaire. As you know, we are preparing the plans and specifications for rebuilding it. We have been given \$1 million to do preparatory studies. For example, some technical, environmental and archaeological surveys have been done.

[English]

The Alaska Highway; I know it's not necessarily in Quebec, or Ontario, but

[Translation]

the Department of Public Works and Government Services is responsible for the Alaska Highway. We have invested \$12 million to rebuilt certain bridges—I think there are eight small bridges—and also for paved areas. That has been done, it's finished.

The point I want to stress here is that for the next fiscal year, this year, we have the same money coming in. We are continuing to invest in our buildings. I am going to give you some examples of work that affects various aspects of our buildings. It may be heating systems, windows, walls that have to be repaired, or other external work. We have seen that in some places. That's the type of work being done. Most often, the work doesn't call for huge amounts of money. A lot of the work costs less than \$1 million.

There is a lot of work. Over 1,300 jobs have been identified for this year. A little under half of them, about 500, provide some environmental benefits. I have asked that this be documented. In other words, when a heating system is changed, it goes from lower quality to higher quality, and there is an environmental benefit. We have tried to identify this as much as possible.

This year, we are proposing to do the same type of work. It isn't the same work, because you don't do the same work twice, but it's the same type of activities. There is also a breakdown of the work by province.

We also have to take into account the geographic location of our buildings. Obviously, the way the money is allocated, in percentage terms, may vary from province to province. I will give you an example. In this year's budget, \$25 million was invested in Quebec, compared to \$12 million in the Atlantic region and \$108 million in the national capital region. It isn't necessarily that we wanted to invest more money in the national capital region or in the western region and a little less in Quebec. It is based on the location of our buildings, essentially. We have several buildings and infrastructures in the national capital region. I mentioned the two bridges currently being rebuilt, although the region has more. This explains why more money was spent in the national capital region, in the context of the infrastructure program.

I would like to make one last important point to the committee members, Madam Chair. Our infrastructure program is not a different program. In reality, the money allocated to the economic program corresponds to what is called the Accelerated Infrastructure Program. In other words, we establish our base for work to be done, from year to year. We have priorities set by managers, not by senior management.

In these programs, we can do as much as we can with the money we have, about \$450 million per year of capitalization. We have had an increase, so we have expedited those projects. We went lower on the scale of priorities, to take action to fix problems that would probably have ended up being fixed over time, but over a longer time. The more money put in, the more we can do to fix the problems. Obviously, that has the indirect effect of stimulating the economy.

• (1705)

[English]

**The Chair:** You have one and a half minutes, Mr. Warkentin, if you want it.

**Mr. Chris Warkentin (Peace River, CPC):** Well, I've been given limited time, but I do want to go down one specific path, and that's as it relates to the deficit that Public Works has in terms of work that needs to be done but work that isn't able to be done because there's a lack of money, so we would call it a deficit.

I know that some years ago our committee did some studies on this, and I was curious as to where we stood. I wonder if you could just give us any kind of an update. Or is there a current calculation of the value of work that would be necessary to bring all of Public Works infrastructure into a state that we'd all like it to be at?

**Mr. François Guimont:** I thank you for the question.

I don't want to be too long on this, because it can get technical, but in our asset facility management plan, we have a process whereby we establish priorities. You're not going to be surprised that our top priorities are health and safety, and then we go down the list. So these are our so-called A projects, B projects, C projects.

As you may imagine, the top of the apex is wide, but it's fairly narrow when you compare that to the rest of the investments one would have to make to bring the assets to the absolute level where they should be. It has been mentioned in the past, not recently, that the quantity of resources we get per annum—about \$450 million, or half a billion per annum—compared to the capitalization deficit overall in our building, is a fraction. One can be measured in billions; the other one is measured in half a billion a year.

It doesn't mean that we have substantial issues. Just like your house, you go to the—

**The Chair:** Mr. Guimont, you'll have to....

**Mr. François Guimont:** Sorry.

**The Chair:** He'll get the next round anyway.

I have to go to the next person who is asking the question, and that's Mr. Martin for eight minutes.

You know, feel free to cut the witnesses off if you think they're giving you answers that are too long-winded. You can interject. Don't ask the chair to do it for you.

**Mr. Pat Martin:** Okay. Thank you, Madam Chair.

It is a shame that we only have one hour to deal with Public Works and Government Services, the same amount of time we had to deal with the PCO, with a budget one-thousandth the size.

There are so many things we've dealt with as a committee that having you here is very useful, Mr. Guimont.

I'd like to focus mainly on the real property portfolio. First of all, in most comparable Commonwealth countries, the parliament buildings and the parliamentary precinct are under the jurisdiction of the speaker or some joint committee. I think most people agree that the delegation of that authority to Public Works has been problematic, at best, and maybe really expensive. Obviously you have so much on your plate now that it seems the renovation, restoration, and even maintenance of buildings here hasn't been very well done.

Would you agree—very briefly, if you could—with the Auditor General's report that it would be a good idea to set up some kind of other management administrative structure for the parliamentary buildings?

**Mr. François Guimont:** Thank you for the question.

I'll be brief. I know you want me to be brief, but I just want to say a few things before, if you don't mind, and I'll answer the question very clearly.

Members, Madam Chair, when we're given a mandate on the precinct, we do pretty well. With a clear mandate, plus the money, and we're just left to operate....

I can give you examples. The kitchen that used to be in the West Block, which has now been relocated, was under budget 10% and before schedule. We have done the same thing with the museum of photography. Now we're going to be able to have committee rooms there. On the other side of Wellington, the La Promenade Building was done, if I remember, below budget as well.

The point I want to make... I know it's not perfect, but when we have our hands on the project, generally speaking, setting aside surprises—with the Library of Parliament, there were a few surprises there, but most people now say it was well done—we can do a good job. I think it's important for my folks and me, since we spend hundreds of hours on this, to be able to say that.

On your point about governance—

• (1710)

**Mr. Pat Martin:** I'm running out of time.

**Mr. François Guimont:** —I acknowledge that there is a challenge there. I think Madam Fraser has put her finger on something that needs to be looked at. We committed to look into this, to work with the players. It needs to be addressed.

Frankly—I will say briefly—I was in the U.K., and I sat down with the Sergeant-at-Arms. Obviously they have a different model, there's no question.

To the questions...do you deal with issues, how do you create consensus, there's one single point of accountability; it's obviously probably easier.

I would also say that despite that issue on governance, the relationship with the players is good. It's just the reality; it's like hands on the steering wheel.

**Mr. Pat Martin:** It's staggeringly expensive.

**Mr. François Guimont:** It is. You're right.

**Mr. Pat Martin:** I come from a construction background. We would have a new office building there if the price didn't keep doubling, tripling, and quadrupling, to where we're talking hundreds and hundreds of millions of dollars for a simple office building. There's nothing more simple in the world than building an office building, but it was going to be three times the price of a hospital, which has operating rooms, MRIs, and equipment. It's just insane. So building in Ottawa is three times what it costs anywhere else in the country. Building on Parliament Hill is ten times more expensive. It's out of control.

But I have to move on to other issues here.

Our whole reason here is to try to get best value for tax dollars. Another thing that bugs me about the real property is the federal building initiative. I remember when this was created, because I was doing energy retrofitting in my own career at the time. The government owns about 50,000 buildings, many of which are absolutely sick buildings, energy hogs, because they were built in a time when nobody cared about that.

The federal building initiative was supposed to reduce the operating costs and create a healthier work environment and better indoor ambient air quality by energy retrofitting all these buildings. Yet, out of 50,000 buildings, maybe 500 or 600 buildings have been done. We'd have to do 5,000 a year to get the federal building initiative to actually energy retrofit. The retrofitting they do is things like changing the light bulbs. They never do the building envelope. They do the low-hanging fruit.

Could you briefly give me the status of the federal building initiative, how much priority it's getting, and how much attention it's getting within Public Works?

**Mr. François Guimont:** Thank you for the question.

To your point about 50,000 buildings, again, for members, about 350-odd buildings are in the Public Works portfolio; if I remember, it's 315 buildings. This is what we own. They're office buildings.

But you're right, there are a lot of federal buildings above and beyond what we call office buildings. There are laboratories and warehouses. So I agree with you, absolutely; there are a lot of DND buildings, a lot of buildings—

**Mr. Pat Martin:** There are thousands.

**Mr. François Guimont:** There are a lot of them. I agree with you.

The things I'm directly responsible for are the office buildings. Having said that, I'm not aware of the status of that program. That program, if I remember, was put in place by NRCan.

The other point I would say that goes to your point is this. When we proceed with renovations, retrofits, we go with the LEED standard. We try to go with, as much as we can, classifications—

**Mr. Pat Martin:** How do you explain Place du Portage where people essentially turn green if they work there too long? Some of these are sick buildings where you lose public servants' productivity, and they're ridiculously expensive. They're just bad buildings. They need comprehensive retrofits or a wrecker's ball.

**Mr. François Guimont:** We do have projects like Place du Portage. I'm not necessarily aware of the timing for that building. I'm thinking of the C.D. Howe Building and Place de Ville. We are going to be making investments in these buildings.

**Mr. Pat Martin:** Can I ask you about Larco? Has there been a cost-benefit analysis on whether it was smart to sell those buildings and lease them back? It seems every time the federal government wants to sell off buildings, they don't sell the dogs, they sell the crown jewels, or the jewels in the crown, because nobody wants to buy their dogs. This seems like bargain basement to me.

Where we used to deal directly with contractors, now we go to SNC-Lavalin and let them deal with the contractors—cost plus. Instead of hiring that contractor, we hire the contractor and pay SNC-Lavalin 14% to have the same work done.

Where is the business case for that?

**Mr. François Guimont:** On Larco, or the sale-leaseback of the seven buildings, when those buildings were sold, we had very good timing, and we see that now. That is the first point I will make.

We did indeed sell buildings that had good value, otherwise there would have been no pickup. That's the second point I would make, and I don't question that.

Third, was it a fair deal? Deutsche Bank, which we hired on purpose to advise us on whether or not this would be a fair deal for Canadians, opined formally that this was a fair transaction. Right now, the relationship with Larco through this building, because we are now in a 25-year leaseback, is functioning well. No issues came to my attention in that relationship.

• (1715)

**The Chair:** Thank you.

We now go to the second round of questions, for five minutes.

Ms. Siobhan Coady.

**Ms. Siobhan Coady:** Thank you very much. I'll be sharing my time with Martha Hall Findlay.

I want to go back to my original question. In your response I think you basically said that you don't get a whole lot of calls from the minister's office asking for that. I know you get 70,000 a year, but not a whole lot from....

I wonder if you could address the question I put to you earlier about the André Morin e-mail that said:

The DM is concerned about this type of request and by the fact it can contravene and disrupt our daily operational or program requirements....

Could you address that for me? Then Martha Hall Findlay has some questions for you.

**Ms. Martha Hall Findlay:** If you could do it fairly quickly, that would be much appreciated.

**Mr. François Guimont:** André Morin used to be part of my office. We rotate people.

I was not called on these things, my staff were. I probably simply opined the way he wrote it, that we should get the structured approach whenever we get the phone call about setting up a meeting, which may be totally proper. How do we proceed, who is called in, etc. That was very simply that.

I just want to be clear that I don't necessarily get those phone calls directly, but my office—the deputy minister's office or the associate deputy minister—may be in contact with the minister's office on requests that may be coming. It's quite natural. That's why I have various staffers supporting me.

**Ms. Martha Hall Findlay:** Thank you, Madam Chair.

Thank you, Madam Coady.

To be clear, we love information, so we don't want to cut you off. Our frustration is that we have so little time in order to get the information. In fact it's very refreshing to have you be so keen to volunteer as much information as you have.

I had asked a question in the first round that did not have a chance to be answered, and I will add a second one. The first one referred to the expenditure review report that was done in 2005, which had significant recommendations. I wanted to know what, if any, of the recommendations from that report were in fact undertaken at PWGSC.

And the second question is that the Auditor General, as you know, issued a report relatively recently, a relatively scathing report on information technology. PWGSC did not escape the review. Some significantly challenging comments were made by the Auditor General.

I note the one area in the PWGSC numbers for the main estimates that is actually proposed to go down is information technology. That is of significant concern, particularly in light of the Auditor General's report.

If you could answer both of those questions, I'd much appreciate it.

**Mr. François Guimont:** Thank you for the questions. They are clear, so I'll remain focused.

With regard to 2005, the reference is made to the approach we took in the context of the way forward, and more specifically the savings that were to be accrued out of the approach we would take, for example, in changing the footprint. We had a footprint per employee of 21 square metres, on average; we went down to 18 square metres. These are essentially savings. There are investments to be made, but ultimately savings.

If I remember, we were able to meet the target to about 80%. This was successful. These resources have been essentially taken from the real property budget. We moved from that footprint that was more substantial in nature to a smaller footprint and we effected the savings.

With respect to the second point, on the IT, you're right, we have had challenges expressed by the OAG. I agree with her assessment, and I was quite clear in the response of the department.

There are two points I will make on that. The place where I have more challenges is in a properly defined and integrated IT investment plan. We have bits and pieces in the department. For years at the department it's been a bit of an amalgam of various components that came through time—the latest in 1993—but we had various bits and pieces that came together, and now we're forming a department. We have bits and pieces of a plan, but it's not integrated. If it's not integrated, you don't totally understand what your risk is. We're running big systems and you should totally understand your risk.

More importantly, an integrated investment plan means you're going to be putting in money. Right now, with my management team, I am essentially putting together an investment reserve to be able to fuel the investments that need to be done every year so that my legacy systems are corrected and my new systems are working correctly.

So we do acknowledge the need to move in that direction.

• (1720)

**Ms. Martha Hall Findlay:** All of that sounds good, except that I still don't understand how that means that you are going to be better off because the department is reducing its spending on IT. I'm all for more efficient spending on IT, but—

**The Chair:** A very brief response.

**Mr. François Guimont:** Actually, spending on IT will augment.... We have a substantial investment in pension modernization, which is a huge system, more than \$200 million over seven years. That's taking place now. So we do have also augmentations. I will have to reinvest in my basic legacy systems, and like most departments, I'm going to have to reallocate, but there will be a major influx of resources coming. As an example, I say it again, the pension modernization is substantial, and I did a migration two years ago of our financial management system—

**The Chair:** Mr. Guimont, I have two more people who want to ask questions.

Madame Faille, five minutes.

[Translation]

**Ms. Meili Faille:** Thank you.

In fact, I would like to go deeper into the question of possible expenditures. I would like to know something. PWGSC awards various contracts. Some companies take over the contracts. What I'm talking about is the fact that a company that gets a contract can turn it over to another company. In some cases, the invitation to tender provides for transition periods, but in other cases there are none.

I would like to give a very specific example. For computer contracts, there are often additional costs that weren't provided for. One I am thinking of is the CGI contract in 2007. When the contract was signed, CGI had to pay for additional costs that were not originally planned for.

I'll give another example, to put you on the right track. The federal employees relocation program provides for a transition period, for speedy market entry. Why do some cases have that and not others? Where is that in your estimates?

**Mr. François Guimont:** Madam Chair, I am not familiar with the case of CGI. However, I am familiar with the case of the IRP, because that was on my watch.

Whether or not to have a transition period is something that comes from our employees, but it was also mentioned in our consultation with members of the industry. For example, when the Industry Day is held, we may meet people who say they need a transition period, and often they give us a figure.

When the request is made, there is often a possibility of interaction. But if people don't like what they see on MERX, they can also send us written comments, to which we have to respond, and we do that. Not only do we respond to those people, but the responses are shared with everyone. Ultimately, they have the period of time we want to give for the transition.

That is how I understand transition periods. If we want to do a migration, or there is a migration, people will tell us what they consider to be a reasonable period.

• (1725)

**Ms. Meili Faille:** On your watch, have you made sure that the contracts contained these clauses?

**Mr. François Guimont:** I do it when they are necessary, yes.

**Ms. Meili Faille:** That brings me to my next question. You indicated that you are familiar with the relocation program. Who manages the contract and the contractor's commitments? Is it Public Works and Government Services Canada? The client is primarily the Department of National Defence.

**Mr. François Guimont:** We established the competition. We make up what we call the contract management group, which means we are responsible for that. The primary clients are DND, the RCMP and the rest of the public service.

**Ms. Meili Faille:** But the contractor has specific commitments.

**Mr. François Guimont:** They are commitments made to PWGSC.

**Ms. Meili Faille:** What section is involved here?

**Mr. François Guimont:** It is the Acquisitions Branch. A person would be responsible for administration of the contract. But that is part of the Acquisitions Branch.

**Ms. Meili Faille:** Thank you.

In the request for expressions of interest or information, how many months were provided for the transition?

**Mr. François Guimont:** Unfortunately, I don't remember the number of months. I just know that, based on the comments that followed the consultation and that were received via MERX, we allowed the maximum possible time. We did an adjustment to the period of time allowed. Although I don't remember the number of months, I know we adjusted the period of time as much as possible.

**Ms. Meili Faille:** I had a document that referred to six months for the request for expressions of interest or the information request. In

fact, the people who responded to the invitation to tender or who expressed their interest in this business opportunity never had six months to prepare. I think the contract was awarded in the summer and they had to be able to take over on December 1.

Were those costs provided for in the contract?

**Mr. François Guimont:** I know the period you're talking about. It was observed by the fairness monitor, who is a third party. That person decided that the period of time for the transition was fair and issued an opinion accordingly.

[English]

**The Chair:** Mr. Warkentin, we have two minutes if you want to go for it.

**Mr. Chris Warkentin:** Some of my questions have been answered by the members opposite. I think Mr. Bruinooge has one question.

**The Chair:** Mr. Bruinooge.

**Mr. Rod Bruinooge (Winnipeg South, CPC):** Thank you, Madam Chair.

Before I ask the question, I'm going to give the committee notice, through you, of my intention to introduce a motion calling Mr. Lee before our committee. I know we've been studying the activities related to lobbying as of late, so I'm going to put forward that motion to you. Perhaps we can debate that at our next meeting.

I'll move on to my question. I know it's been brought up by a number of other MPs that there has been some focus recently in the media on the precincts. I would like to get a little more analysis from you on the transition out of West Block to the Sparks Street location.

I happen to be one of the MPs, like Mr. Martin, who will be making that transition. Perhaps you can speak a bit on some of the plans that have gone into that, the financing of that move, and whether or not it's on schedule for this fall, as has been reported.

**Mr. François Guimont:** Thank you for the question.

First, West Block will be emptied this fall sometime in October.

Second, members will be going to La Promenade building. It is operational, and I encourage all of you to tour La Promenade building to see the quality of the work that has been done there.

With La Promenade building, the committee rooms we have in that building, and the committee rooms that will be operational in the photography gallery close to the Château Laurier, we will have the equivalent of what the West Block offers. The lease we have at the photography gallery has allowed us to accelerate the West Block renovations by almost four years.

Instead of taking a two-step process in doing the West Block, which would have been really challenging, we'll be able to do the West Block in one shot. So when the West Block is sealed down and being worked on, people will be dealing with La Promenade, La Promenade committee rooms, and the photography museum committee rooms for operational reasons.

I mentioned earlier that the kitchen that used to be in the West Block is now operational. The West Block will be available to do what we have to do. That will be a fairly long-term project. If I remember, it will probably span five years, plus or minus. It will be a substantial renovation. It's probably the most deteriorated of our buildings, which is why we are starting there.

We will follow up with the East Block and then do the Centre Block. That's why we call it a long-term vision over 20 to 25 years, with five-year segments so that we can readjust plans if need be. But that's the sequence in the short term for the West Block.

• (1730)

**The Chair:** Thank you very much, and thank you for being here.

I just want to remind committee members that—

[*Translation*]

**Ms. Meili Faille:** Madam Chair, I would not necessarily want to ask the Deputy Minister a question. However, as I recall, the Deputy Minister has held the position since June 2007. The CGI contract that he told me was not on his watch dates from December 2007. You could perhaps give us further details.

**Mr. François Guimont:** Madam Chair, I could look to see whether there was a transition period for that contract. I have to admit that...

[*English*]

**The Chair:** Okay.

[*Translation*]

**Mr. François Guimont:** If I am able to find the information, I will send it to you within a reasonable time.

[*English*]

**The Chair:** Okay. Fine. So that's a request for information.

I just want to remind committee members that we have three major departments that we have to look at the estimates for: the Treasury Board, PCO, and PWGSC. The committee is not obliged to go through and accept it, because by May 31 it is deemed to be accepted.

You have received from the clerk a page like this. I'd like to do block voting. I wonder if the committee can spare one minute to do block acceptance of the estimates.

Is it okay by the committee? Thank you.

To the witnesses, thank you for being here. You are now free to go.

I'll take the first block, which deals with Canadian Heritage. It's part of our mandate to look at Canadian Heritage. These are votes 105, 110, 115, and 120.

If you're trying to figure out what pages these are on, they will be on your third page.

They're all in order: \$28,588,824; \$3,100,250.75; \$1,229,127.75; and \$411,000.

CANADIAN HERITAGE  
Public Service Commission

Vote 105—Program expenditures.....\$28,588,824

Public Service Labour Relations Board

Vote 110—Program expenditures.....\$3,100,250.75

Public Service Staffing Tribunal

Vote 115—Program expenditures.....\$1,229,127.75

Registry of the Public Servants Disclosure Protection Tribunal

Vote 120—Program expenditures.....\$411,000

Shall these votes carry?

**Mr. Pat Martin:** On division.

(Votes 105, 110, 115, and 120 agreed to on division)

**The Chair:** Thank you.

The next one is the Governor General, and that's the first vote. It's in the amount of \$4,275,959.

OFFICE OF THE GOVERNOR GENERAL

Vote 1—Program expenditures.....\$4,275,959

Shall that vote carry?

**Mr. Pat Martin:** On division.

**The Chair:** On division, yes.

(Vote 1 agreed to on division)

**The Chair:** The second vote is the Parliament of Canada and the Senate for \$14,872,587.50.

PARLIAMENT OF CANADA

THE SENATE

Vote 1—Program expenditures.....\$14,872,587.50

Shall the vote carry?

**Mr. Pat Martin:** On division.

**The Chair:** Thank you.

(Vote 1 agreed to on division)

**The Chair:** So the Privy Council votes are for \$32,256,693; \$1,543,206; \$6,588,467; and \$236,250.

PRIVY COUNCIL

Department

Vote 1—Program expenditures.....\$32,256,693.75

Canadian Intergovernmental Conference Secretariat

Vote 5—Program expenditures.....\$1,543,206.50

Canadian Transportation Accident Investigation and Safety Board

Vote 10—Program expenditures.....\$6,588,467

Public Appointments Commission Secretariat

Vote 25—Program expenditures.....\$236,250

Shall the Privy Council Office votes be carried?

**Mr. Pat Martin:** On division.

**The Chair:** On division, thank you.

(Votes 1, 5, 10, and 25 agreed to on division)

**The Chair:** Public Works and Government Services is on pages 1 and 2, I think, in the amounts of \$575,186,384 and \$112,855,937.

## PUBLIC WORKS AND GOVERNMENT SERVICES

Vote 1—Operating expenditures.....\$575,186,384.75

Vote 5—Capital expenditures.....\$112,855,937

Shall those votes be carried?

● (1735)

**Mr. Pat Martin:** On division.**The Chair:** Thank you.

(Votes 1 and 5 agreed to on division)

**The Chair:** The rest is Treasury Board for \$59 million; \$687 million; \$1,553,750; \$555,948,377; \$300,000,000; \$125,000,000; \$14,053,511; and \$1,508,250.

## TREASURY BOARD

## Secretariat

Vote 1—Program expenditures.....\$59,147,761.25

Vote 5—Government contingencies.....\$687,500,000

Vote 10—Government-wide initiatives.....\$1,553,750

Vote 20—Public service insurance.....\$555,948,377.75

Vote 25—Operating budget carry forward.....\$300,000,000

Vote 30—Paylist requirements.....\$125,000,000

## Canada School of Public Service

Vote 35—Program expenditures.....\$14,053,511

## Office of the Public Sector Integrity Commissioner

Vote 45—Program expenditures.....\$1,508,250

Shall those be carried?

**An hon. member:** On division.

(Votes 1, 5, 10, 20, 25, 30, 35, and 45 agreed to on division)

**The Chair:** Shall I report the main estimates to the House?**Some hon. members:** Agreed.**The Chair:** Thank you very much.

The meeting is adjourned.







**MAIL  POSTE**

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

**Lettermail**

**Poste-lettre**

**1782711  
Ottawa**

*If undelivered, return COVER ONLY to:*  
Publishing and Depository Services  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,  
retourner cette COUVERTURE SEULEMENT à :*  
Les Éditions et Services de dépôt  
Travaux publics et Services gouvernementaux Canada  
Ottawa (Ontario) K1A 0S5

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

### **SPEAKER'S PERMISSION**

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and Depository Services  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S5  
Telephone: 613-941-5995 or 1-800-635-7943  
Fax: 613-954-5779 or 1-800-565-7757  
publications@tpsgc-pwgsc.gc.ca  
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

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

### **PERMISSION DU PRÉSIDENT**

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les Éditions et Services de dépôt  
Travaux publics et Services gouvernementaux Canada  
Ottawa (Ontario) K1A 0S5  
Téléphone : 613-941-5995 ou 1-800-635-7943  
Télécopieur : 613-954-5779 ou 1-800-565-7757  
publications@tpsgc-pwgsc.gc.ca  
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>