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EVIDENCE

Tuesday, March 1, 2011

—
Chair

The Honourable John McKay

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• (1135)

[English]

The Vice-Chair (Mr. Chris Warkentin (Peace River, CPC)): Pursuant to Standing Order 108(3)(c), we are undertaking a study of the effectiveness of management of the operations together with operational expenditure plans arising from supplementary estimates (C). We have three different groups that are bringing in testimony today. We have the Treasury Board Secretariat, Privy Council Office, and the Department of Public Works.

Colleagues, we did want Treasury Board to be prepared to speak not only on their own estimates that are being referred to this committee but also on a larger perspective as well. I believe that representatives from Treasury Board are prepared to do some of that, so direct your comments that are in the broad scope to Treasury Board officials. Privy Council and Public Works officials are here to respond to their own estimates. Just keep that in mind, folks, when you are questioning. We do have limited time.

Mr. Holder.

Mr. Ed Holder (London West, CPC): Thank you. That's exactly my point, Chair. Thank you very much.

I recall having an interview with *The Hill Times* not too long ago, and one of the things I talked about was the issue of the estimates. Since it is one of the key pieces of this committee's *raison d'être*, we wanted to give it full and proper service.

I know we've been delayed today by virtue of the votes, and it may be premature, but I would ask the committee to consider if it may be necessary to consider having them back to complete the balance of questions that we may have, because we're going to probably go through a round.

The Vice-Chair (Mr. Chris Warkentin): Let's see where we get to, and let's start off right away. I think there's a general consensus that it's something that's necessary to do. Let's start with the folks from Treasury Board.

Thanks, Mr. Smith.

Mr. Alister Smith (Associate Secretary, Treasury Board Secretariat): Thank you, Chair.

I'm pleased to be here with my colleagues from Treasury Board to present the supplementary estimates (C). We'll start with that, and if you wish, we would be happy to answer any questions you may have after that.

My colleagues include Christine Walker, who is the assistant secretary and chief financial officer at Treasury Board; David Enns,

who is the deputy assistant secretary of expenditure management sector; Sally Thornton, who is the executive director of expenditure operations; and Marcia Santiago, who is the senior director in the same area of expenditure operations.

I'm happy to take any questions you may have on the production of the estimates, the actual supplementary (C). Let me just provide a quick overview of the supplementary estimates (C). These are the third and final estimates for the fiscal year, 2010-2011. They were tabled in the House on February 8.

[Translation]

These supplementary estimates seek authority from Parliament for increases to spending for the fiscal year 2010-2011. The spending will be for items that were based on Budget 2010 expenditure plans, and are now being brought forward for funding approval.

The supplementary estimates also seek authority to transfer existing spending authority from one organization to another, or from one vote to another within an organization, in accordance with the evolving requirements of government.

These supplementary estimates also provide information to Parliament on a net increase of \$886 million in statutory spending. Statutory spending, as you know, is spending authorized by the legislation already approved by Parliament, such as major transfers to individuals or provinces.

[English]

This is the third consecutive year in which we have had annual supply cycles with three supplementary estimates: supplementary estimates (A), (B), and (C). Supplementary estimates (C) presented near the end of the fiscal year tend to be smaller than supplementary estimates (A) or (B). By their nature they deal largely with year-end pressures and the final budget items that were not ready for earlier supplementary estimates. In terms of voted items, 2010-11 is the smallest supplementary estimates (C) of the last three years. This year the government is seeking approval for \$920 million in voted items for 48 organizations. In 2009-10 it sought \$1.8 billion and in 2008-09 it sought \$1.5 billion. These supplementary estimates bring the total estimates for 2010-11 to about \$267 billion.

There are six major items, accounting for about 90% of the \$920 million that's sought here, or about \$824 million of that total. The first item is the purchase by Public Works of the Nortel Carling campus in Ottawa, which was announced on December 17, 2010. The second item is support for the operations of Atomic Energy of Canada Limited. The third item is funding for the payment of disability awards to recognize and compensate veterans for the non-economic impacts of a service-related disability such as pain and suffering or reduced quality of life. The fourth item is approval to write off debts owed to the crown for unrecoverable loans from the Canada student loans portfolio. The fifth item is for a short-term increase in expenditures in the claim payments as a result of the introduction of the pay direct card. This card, introduced in November 2010, allows for immediate claim processing of prescription drug purchases covered under the public service health care plan. The final item I would just note here, the sixth item, is for the Canada Revenue Agency, which requires resources to administer the harmonized sales tax program for Ontario and B.C. and the affordable living tax credit for Nova Scotia.

On the statutory spending side, the \$886 million net increase in statutory spending will not form part of the appropriations bill. In supporting the supplementary estimates, the department will be asked to approve the net increases due to a series of increases in certain programs—for example, fiscal equalization offset payments to Newfoundland and Labrador and payments in response to prairie drought conditions, offset by decreases in other programs—for example, reductions in total payments for the old age security and guaranteed income supplement from amounts previously forecast.

In conclusion, Mr. Chairman, this presents a broad brief overview of the supplementary estimates (C), and my colleagues and I would be happy to respond to your detailed questions.

• (1140)

The Vice-Chair (Mr. Chris Warkentin): Thank you, Mr. Smith.

We'll now hear from representatives from the Privy Council Office.

Ms. MacPherson.

[*Translation*]

Ms. Marilyn MacPherson (Assistant Deputy Minister, Corporate Services Branch, Privy Council Office): Good morning, Mr. Chairman.

I am pleased to meet with the members of the Standing Committee on Government Operations and Estimates. I am accompanied by Mr. Bill Pentney, Deputy Secretary to the Cabinet, Plans and Consultations. My introductory comments pertain to the 2010-11 supplementary estimates (C) for the Privy Council Office, PCO, and, as we have three distinct items totalling \$1.9 million, I will speak to each of these.

The first request in the amount of \$1.6 million is for the panel of arbiters created to review documents related to the transfer of Afghan detainees by the Canadian Forces, pursuant to the House order of December 10, 2009 and the subsequent memorandum of understanding between the government and two opposition parties, dated June 15, 2010. The panel, composed of three eminent jurists, the Honourable Frank Iacobucci, the Honourable Claire L'Heureux-

Dubé and the Honourable Donald I. Brenner, was created to review privileges asserted by the Crown with regard to the documents identified for disclosure under the House order. The panel is supported in its work by counsel from the law firm Torys LLP. They are providing essential research assistance to facilitate the panel's review. The funding requested is for the remuneration of the panel members, including disbursements, as well as professional fees and disbursements for counsel from Torys LLP.

[*English*]

The second request, in the amount of \$0.8 million, is for the office of the special adviser on human smuggling and illegal migration. This office was created to coordinate the government's strategy and response to migrant smuggling by sea, particularly through engagement with key domestic and international partners, as well as with governments in source, transit, and destination countries. Key domestic partners, which will assist the special adviser to coordinate Canada's strategy, include the Canada Border Services Agency, the Canadian Security Intelligence Service, the Department of Foreign Affairs and International Trade, the office of the Communications Security Establishment commissioner, Public Safety Canada, and the Royal Canadian Mounted Police.

The funding request for the office of the special adviser is for the salaries of the special adviser himself and for the services of three full-time staff. The special adviser is also being supported by employees seconded from various departments, whose salaries are paid by the home department or agency. Funding requested is also for travel. In order to advance Canada's strategy to combat human smuggling, the special adviser will need to work with a wide array of international partners and engage in international and regional fora. Funding is also requested for incremental costs for corporate services support and translation.

The third item is a budget reduction of \$0.5 million for cost-containment measures identified in the day-to-day operations of the Prime Minister's Office for 2010-11. The PMO is committed to leading by example and has cut its budget by approximately 5%, or \$480,000, for 2010-11.

PMO achieved this budget reduction as follows. First, there was an office reorganization. Staff positions were realigned to better fit with organizational needs and a new office structure. Some positions were eliminated entirely; other efficiencies were found within specific jobs. Second, at the beginning of the fiscal year, each division within PMO was allocated a reduced budget, both for operating and salary expenses, and requested to find ways to live within that budget. Cost containment was therefore an office-wide exercise. Third, cost-containment measures on the operating side included reduced staff by up to 50% on many tour advance trips; increased usage of flight passes; and increased level of scrutiny and assessment of the most cost-effective options for expenditures.

In closing, I would like to thank you for giving me this time to inform you of the ongoing initiatives in the 2010-11 supplementary estimates (C). We would be pleased to respond to your questions.

• (1145)

The Vice-Chair (Mr. Chris Warkentin): Thank you, Ms. MacPherson.

The representatives from the Department of Public Works.

Mr. Alex Lakroni (Chief Financial Officer, Finance Branch, Department of Public Works and Government Services): Mr. Chair and members of the committee, good morning.

[Translation]

My name is Alex Lakroni, and I am the Chief Financial Officer at Public Works and Government Services Canada. With me is John McBain, Assistant Deputy Minister of the Real Property Branch.

We appeared before this committee to discuss supplementary estimates (B) on November 25, and we are pleased to return today as part of your review of the supplementary estimates (C), which were tabled in the House of Commons on February 28.

[English]

With these estimates, our appropriations will increase from \$3.1 billion to \$3.3 billion.

The supplementary estimates (C) identify a total requirement of \$261.4 million. This amount is reduced by \$58.7 million as a result of funding available within our existing budgets. Thus, the net funding required for PWGSC is \$202.7 million.

As the first three items in supplementary estimates (C) constitute over 95% of the funding sought, these will be the focus of my initial remarks. I will address these three items by order of magnitude and will then be happy to answer any questions you may have on the remaining items.

PWGSC is responsible for, among other things, the accommodation needs of federal employees across Canada. To ensure the effective delivery of accommodation services, the first item in these supplementary estimates (C) is the department's \$216.8 million acquisition of the former Nortel Carling campus located at 3500 Carling Avenue.

While the purchase of the campus offered a significant real estate opportunity, this acquisition was made by PWGSC to enable the consolidation of the Department of National Defence in the national capital area. At present DND is distributed across 48 locations. Upon completion of the fit-up and move to the Carling location, DND will be concentrated in approximately 10 locations, offering significant operational efficiencies.

As taxpayers rightly expect with a purchase of this scope, PWGSC undertook rigorous due diligence prior to bidding on this property. The department first canvassed for potential sites across the national capital area. Once the Nortel building was determined to be the optimal option, a third-party engineering firm was engaged to assess the condition of the building and campus infrastructure. Prior to entering the bidding process itself, the department engaged third-party real estate professionals to assess and advise on the market

value of the property. Individually and collectively, the third-party independent analyses confirmed that this acquisition represents exceptional value for money for Canadians.

Over a 25-year period, this purchase represents savings of approximately \$600 million, compared with sustaining status quo accommodations, and more than \$300 million over the next-lowest cost option.

Beyond the outstanding value of this purchase, it is also important to recognize that no other potential site offered the immediate capacity, the security capability, or the existing municipal infrastructure offered by the Carling campus. My colleague John McBain will respond to any questions you may have about the advantages of this purchase.

It should be noted that this purchase in no way affects our commitment to the 75-to-25 target ratio of division of office space between Ottawa and Gatineau.

• (1150)

[Translation]

The second notable item in these supplementary estimates (C) is funding of \$17.5 million that will be used to renovate and recapitalize a portion of our real property portfolio. Finally, \$16 million is required to address the increasing cost of providing office accommodations, attributable to the renewal or growth of programs government-wide.

[English]

Mr. Chair, we would be happy to answer your questions on the items I have discussed as well as other items in these supplementary estimates (C).

Thank you.

The Vice-Chair (Mr. Chris Warkentin): Thank you, Mr. Lakroni.

We're going to start with eight-minute rounds.

Ms. Coady, you're up.

Ms. Siobhan Coady (St. John's South—Mount Pearl, Lib.): We certainly appreciate your being here this morning and answering our questions, and your waiting for us while we attended the vote.

My first question is an overall question, and I think Treasury Board has been designated to answer it.

We've been studying the operating budget freeze plan, and we've known that there is going to be about \$300 million in savings to be identified in this fiscal year. We've been studying where those savings will come from. I note in these supplementary estimates that there are only two real reductions that relate to the operating budget freeze: one is with the Office of the Information and Privacy Commissioner, a small amount; and the other is Veterans Affairs Canada, where there is a vote.

When you combine the 51 items—I think it's worth about \$181 million in the earlier supplementary estimates (B)—we're still short a bit. We need about \$117 million in operating budget freeze savings in order to meet that \$300-million target. And we need to know which departments are going to be affected, and how severely those departments will be affected. Will it have an impact on Canadians and consumers?

The Parliamentary Budget Officer's report said that “the spokesperson for the President of the Treasury Board indicated that the residual \$117 million in operating budget freeze reductions would be accounted for in lower compensation adjustments and therefore would not appear in the government's estimates”.

That's of concern to me and I'm sure to my colleagues around this table. We have a fiduciary responsibility. We've been following through, trying to get information on the impact of \$300 million in cuts this year. Perhaps you could talk to us about this.

Mr. Alister Smith: Certainly I will try.

As you said, the operating budget freeze for the 2010-11 fiscal year will result in savings of \$300 million. Some of the savings have been taken and essentially clawed back within the estimates, and some of the savings are due to the fact that we are not asking for the funding. So the additional \$117 million we're not asking for. With appropriations, we simply use this document to ask Parliament for approval of new spending. So when we don't need to ask for new spending, we don't ask for it in supplementary estimates. That's why it doesn't appear. So what we are not doing is—

Ms. Siobhan Coady: Can I ask you a question on that, then? We're still getting the \$117 million in savings. Is that what you're telling me?

Mr. Alister Smith: That's correct.

Ms. Siobhan Coady: You're just not asking for the reductions.

Mr. Alister Smith: We're not asking for the additional funding to compensate departments.

Ms. Siobhan Coady: Okay. So for clarity, please advise this committee where those reductions are coming from. We have a responsibility to the people of Canada here. Where are those cuts coming from? From which departments? How much, by department?

Mr. Alister Smith: The reductions have to do with the 1.5% wage increase, which departments would otherwise have been compensated for. For this 1.5% applied under the Expenditure Restraint Act, we would normally compensate departments. We're not compensating them for that. Therefore, they have to absorb that reduction from their operating budgets. That's the way it works. And that will apply across all appropriated departments that have salaried staff.

• (1155)

Ms. Siobhan Coady: So that I'm clear on this, what you're telling me is that in the 2010 budget we said that the 1.5% in salary increases would have to be found in departmental budgets. We all know that. But in addition to that, you were looking for \$300 million in savings.

Mr. Alister Smith: No, that is the \$300 million.

Ms. Siobhan Coady: So it's one and the same.

Mr. Alister Smith: That is it—it's one in the same.

Ms. Siobhan Coady: That's what you're telling us. So where we could find these reductions is in human resources.

Mr. Alister Smith: Well, not exactly. As you heard from the deputies you brought before the committee, each deputy, as the accounting officer for their department, has the flexibility to determine how the savings will be achieved. So they may want to continue to hire in some cases or refrain from hiring, or they may find savings in contracting or in other areas of operating spending. That's for them to determine.

Ms. Siobhan Coady: It's frustrating, I guess, for the members around this committee to get different answers at different times. We were told by others who appeared before that this would be in supplementary estimates, and now we're hearing, no, it's just the savings are coming out of that 1.5%. So we don't know exactly how that impacts people. We know how it impacts departments, in that it's a 1.5% reduction they have to find. We just don't know how they're finding it. That's the frustration.

I'm going to go on to my next question. It comes out of our main estimates, which were tabled today, as you well know. The minister has been saying it's a \$10-billion reduction. I just want to make sure we're all clear on this. The main estimates in 2010 were \$267.3 billion, but at the end of the cycle, with supplementary estimates (A), (B), and (C), we're actually at \$277.8 billion, which is a \$10.5 billion increase, really, at the end of this whole cycle. That's quite something. And then to hear that we're going to be saving that \$10.5 billion again, I thought it was interesting.

I read David Akin's article. He talked about “Ottawa cuts billions in 2012 spending plan”. He goes on to talk about “Overall government spending grew by more than 6% in Harper's first year in office, by nearly 5% in year two, and by about 2.6% in year three”, and that this rollback, even if it is to \$250 billion next year, “will still be \$11 billion higher than what was spent in fiscal 2009”.

My question to you is, knowing that the main estimates come out around budget time, they are changed throughout the year—(A), (B), (C) supplements—and as you've pointed out, this is a couple of years now that we've gone to supplementary (C)s. We have a fiscal responsibility to the people of Canada. How can we as a committee be assured of that spending control you talk about?

Mr. Alister Smith: First, just let me mention that the \$10-billion reduction in main estimates that was cited is a comparison of the main estimates for this year coming, 2011-2012, with the previous year, 2010-2011. Of that, \$6 billion is due to a reduction in voted spending, \$4 billion in statutory spending. Of those four statutory estimates—because we always estimate statutory spending and then the reductions from the estimates of statutory spending—\$7 billion of that total \$10 billion is probably due to the wind-down of the EAP. Some of what you're referring to in terms of the patterns of spending over time has indeed reflected a very large program spending, the economic action plan, which is now winding down at the end of this fiscal year. That's what shows up in the estimates.

Ms. Siobhan Coady: Okay, thank you.

I only have a couple of minutes?

The Vice-Chair (Mr. Chris Warkentin): Twenty seconds.

Ms. Siobhan Coady: Okay, one question.

This is to the Prime Minister's Office. You talk about leading by example and cutting the budget by approximately 5%. But I understand that the total cost of the PMO has risen by about 30% over the last two years. It's gone to \$9.9 million from \$7.6 million. My concern is you're recognizing some of the office positions are changing. You did hire tremendously for the increase, of course, with the economic action plan. How can we be assured we're not having these increases, that some of what I'm going to call innate increases are not—

The Vice-Chair (Mr. Chris Warkentin): Ms. Coady, your time is up, so if you want any kind of an answer, you had better release the witness to have comment.

Ms. Marilyn MacPherson: I believe that when the Prime Minister's Office did increase their budget, they did explain that they had done so in order to have a larger communications staff in order to help the Prime Minister and the ministers to communicate with Canadians, and to a lesser extent there was an increase in travel.

In light of the current fiscal restraint, PMO took the position that they would lead by example and actually looked internally and cut. You're right, they grew to a certain extent, and then they recognized the circumstances that we're in from a fiscal point of view, and they made some decisions to cut internally.

• (1200)

The Vice-Chair (Mr. Chris Warkentin): Thank you very much.

Madame Bourgeois, for eight minutes.

[*Translation*]

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

Good morning ladies and gentlemen, thank you for being here once again.

My first question is for Mr. Smith and it concerns the portfolio of Human Resources and Skills Development Canada.

If I correctly understood, you are seeking supplementary estimates totalling \$149,541,000. That's one of the two budget items for which you are requesting an additional amount. If I have correctly understood, that first amount would be used to write off the debt of some 62,000 students who haven't repaid their student loans. These are loans that are granted to students. First, I would like to know whether writing off the debts of postsecondary students is normal and whether it occurs every year. This means that all of Canada, including Quebec, will be using taxpayers' taxes to write off the debts of those 62,000 students who have a right to vote. I'd like to hear what you have to say on that point.

[*English*]

Mr. Alister Smith: I might turn to my colleagues for some more detail to answer your question.

Yes, it is normal that we write off unrecoverable student loan debts. Eight out of ten borrowers do repay on time and with very few difficulties. For those who have difficulties, there are a range of things we try to do to prevent default. In the event that a loan essentially becomes irrecoverable, there is a debt write-off process and due diligence is applied and it's applied to all students who are in this situation before determining that the debt has to be written off in this way.

[*Translation*]

Ms. Diane Bourgeois: Pardon me; I simply want to get a clear understanding of this.

Human Resources and Skills Development Canada is also seeking a second item in the amount of \$311.2 million for student loans. That means that we're writing off debts with one hand and providing money with the other. The \$149 million represents nearly half the second amount of \$311 million. You're saying that 8 out of 10 students repay their loans, but I calculate that only 5 out of 10 do that. I'd like to have an explanation on that point.

[*English*]

Mr. Alister Smith: Perhaps I can turn to one of my colleagues, Sally Thornton.

Ms. Sally Thornton (Executive Director, Expenditure Operations and Estimates Division, Treasury Board Secretariat): Thank you.

There are two different items here. The first is the write-off of student loans. Those are loans that have been made historically; 99% of them were made more than six years ago and there's been no action since. They are not collectible by statute; they go through a process to determine that they will not be able to be collected and they are written off as an accounting exercise, usually annually. The number is large here, because it's three years.

[*Translation*]

Ms. Diane Bourgeois: So these are students who received loans more than five years ago, and every year we write off part of those loans that cannot be recovered.

[*English*]

Ms. Sally Thornton: Yes.

[*Translation*]

Ms. Diane Bourgeois: Is the amount allocated to writing off debts still the same, \$150 million? Is this the first year an amount this big has been sought?

[*English*]

Ms. Sally Thornton: It's the right magnitude over each year. This one shows three years, hence \$150 million, but it's actually the same. On an annual basis, it's been stable for a decade; it's less than 1% of the overall portfolio.

[*Translation*]

Ms. Diane Bourgeois: All right.

[English]

Ms. Sally Thornton: The second question you raised has to do with the statutory forecast for the demand for student loans, and that was the increase by \$311 million. In that instance they've simply updated their forecast of projected loans based on more recent information. Since they last provided a forecast there's been evidence of more students taking advantage of student loans, so they've changed their forecast.

• (1205)

[Translation]

Ms. Diane Bourgeois: I asked you the question because I realize—and it was the Parliamentary Budget Officer who provided us with this information—that transfers were made in order to write off these debts associated with student loans—unless I've misinterpreted the document. So this money comes from, among other things, labour market agreements that we had with Human Resources and Skills Development Canada. I'm thinking, for example, of the targeted initiatives for older workers, the Homelessness Partnering Strategy and the Skills and Partnership Fund. So if I've correctly understood, the students' debts have been written off using surplus money that we had, or money that we didn't need for those budget items.

[English]

Ms. Marcia Santiago (Senior Director, Expenditure Management Sector, Expenditure Operations and Estimates Division, Treasury Board Secretariat): If I may, no, we are not having certain programs reduced in order to write off debts. The reason you see funds available and they're assigned to these particular programs is that we try, in the course of preparing the estimates, not to ask for more appropriation than the cash that the department requires. What happens is, the department identifies a requirement to write off these debts; that's one item on the plus side of the ledger. On the other side of the ledger, we also know that the department has money they won't be spending. They won't be spending because they are re-profiling money into next year; they're not spending because there are conditions on some funds that haven't been met. So it's really more coincidental that there are these amounts of money in the departmental reference level that are not needed this year. No, it's not a case of the department cutting these programs in order to finance the write-off of the debt.

[Translation]

Ms. Diane Bourgeois: So I correctly understood. Some \$9.534 million was intended for the Targeted Initiative for Older Workers. If that amount isn't spent during the year, it can be used at the end of the fiscal year to transfer it elsewhere, which I find deplorable. We'll have to invite you back so you can explain that to us. The Targeted Initiative for Older Workers is an assistance program for older workers. It's the POWA that we're being asked to bring back. There is \$9.534 million that can't be used for that.

An amount of \$4.558 million is budgeted for the Homelessness Partnering Strategy. That means that it hasn't been used, but that money is needed. It's as important as the money that was invested in the YMCAs last week, during the break week. Do you understand? I find it quite odd that the \$4.5 million hasn't been invested.

[English]

The Vice-Chair (Mr. Chris Warkentin): Your time is up, Madame Bourgeois, so if you'd like an answer, you'd maybe better stop now and allow for a quick answer.

Mr. Alister Smith: I'll give a quick response to Madame Bourgeois.

What my colleague Ms. Santiago was explaining is that when we don't need the funds for a particular program, which may reflect just a drop-off in demand, that helps us reduce the overall requirements for appropriations. When we come to Parliament we ask for funds on a net basis, and we use any funds that are available in programs that are not being used to reduce the amount we were asking for from you.

So it doesn't mean that this program in any way does not have importance. Of course it has importance. But like other demographically driven programs, demand varies. If we don't need the funds, we will offset our requirements with them, with the funds that are in the programs.

The Vice-Chair (Mr. Chris Warkentin): Thank you.

Mr. Holder, for eight minutes.

Mr. Ed Holder: Thank you, Chair.

I'd like to thank our guests for attending this morning. This is a very important discussion, and I'm pleased that there are so many of you here to respond to our questions.

I've been listening with interest to your comments, statements, and some of the questions from members opposite. I was particularly interested in Madame Bourgeois's discussion about student write-offs. My colleague opposite and I come from London, Ontario, where we have the great University of Western Ontario, which I attended. If I'd only realized that I had the opportunity to be a laggard and not pay my student debt, I might be in a financially better position than I am today.

I'd ask a question on that as I look at the student write-offs, because I think the concern would only be from this standpoint. And if I might, Mr. Smith, I'll address this question to Madam Thornton, as I look at it being one of the items where you've written off student debt.

Madam Thornton, you indicated that bad debt in student debt tends to be at 1% of the overall portfolio. Did I hear that correctly?

• (1210)

Ms. Sally Thornton: Yes.

Mr. Ed Holder: And would you say that is normal practice? Is that better or worse than for any prior years?

Ms. Sally Thornton: It's stable for this program. It's low compared to many others.

Mr. Ed Holder: If I might, to me the real question as it relates to students is are you concerned that we are being punitive with students in terms of their ability to repay their debts?

Ms. Sally Thornton: I have no concerns of that nature at all. In fact, when students look like they're going to be in default, there have been a number of programs put in place to help them better manage that debt to ultimately repay—both to prolong it, but also recent programs have helped lower the interest rate for those who are in need. The debt write-off comes when there is actual default. So first there's potential default, programs that assist the students, then there may be an actual default. There are a number of mechanisms to try to recover through other sources prior to it being written off. So no.

Mr. Ed Holder: I would imagine that as tuition fees go up across the country there is a concern about the students' ability to repay their debt, and I find it interesting that you say that statistically your debt average is in some cases lower than other jurisdictions'. That has to become a real concern, so I applaud you for that. I think that's important.

If I might then redirect now to Mr. Smith, please, I want to make note that you said in your testimony—and I'll just look at it from here under statutory spending—that the \$886 million net increase in statutory spending will not form part of the appropriation bill that Parliament is asked to approve in support of the supplementary estimates.

I just want to be clear. Maybe you could answer it this way. The supplementary estimates then, it appears to me, don't represent an increase in spending plans. It seems to me that the amount you've advised us about is within the spending limits specified in budget 2010. Can you confirm that?

Mr. Alister Smith: Yes, it is well within the limits from budget 2010. The point of saying that the estimates of the statutory spending are not part of the appropriation bill is just to explain that it is not part of the demand from Parliament for resources in these supplementary estimates. It's really there for information purposes. We want to reflect any changes in forecast spending for statutory purposes in the supplementary estimates for the information of parliamentarians.

Mr. Ed Holder: Then I'd like to offer compliments to your department and staff. You've indicated that this is the smallest supplementary estimates (C) that you've had in the last three fiscal years. Did I hear that correctly?

Mr. Alister Smith: That's correct.

Mr. Ed Holder: I think from time to time we're allowed to celebrate some good news. From that standpoint, I offer my compliments. It's tough out there, and there's no question there are challenges. You're being asked, like other departments, to be thoughtful, just as Canadians are being asked—no, they're not being asked, they realize the challenges they face in their day-to-day lives. We've said consistently that this recovery is fragile, but it's coming along.

We were the last country of the G-7 to get into this global recession, and by every account the first to come out of it with jobs created. I think there's some very positive news. There is certainly a demand, and taxpayers are telling us that we've got to be thoughtful with their money. I want to make it clear that it's not our money; it's taxpayers' money.

I need to celebrate that, and congratulate you and the department.

One of my colleagues opposite, Madam Coady, asked how we can be assured of spending controls. I don't know if you had a chance to properly respond to that. You seem to be very confident in what you're presenting today, but how can we be assured that the spending controls are in place?

Mr. Alister Smith: We can be quite confident that the operating budget freeze will control operating spending. We are setting the bar, essentially, in this current fiscal year, 2010-11, and then freezing for the next two years. Since departments have to respect their program or operating votes and cannot exceed those votes, we are quite confident that spending will remain controlled at least for program and operating votes, vote 1 for most departments.

• (1215)

Mr. Ed Holder: I think that needs to be said. I appreciate that.

Madam MacPherson, a question was asked of you as it relates to the PMO's commitment to lead by example and reduce their budget by some half a million dollars, approximately. Once again, I think that's an opportunity where they need to be applauded. It's a demand that all departments are being asked to do, and the PMO is no less impacted by that.

Do you think from the standpoint of the operations of PMO, it will impact their ability to provide service through all departments?

Ms. Marilyn MacPherson: In my opinion, I think they will be the same as every other organization, where they will have to find strategies in order to continue to provide service. Whether you're in the PMO, PCO, or Veterans Affairs, people will have to figure out how best to be able to serve their clientele.

Mr. Ed Holder: It's interesting, when there is a limited amount of time, you only do a smattering of each.

Mr. Lakroni, and perhaps through you to Mr. McBain, I was interested to read and understand better about the decision to consolidate the Department of National Defence in the Nortel Carling campus. I have a broad sense of the rationale based on the information you've given us. I understand that 48 locations are going to be reduced to 10. What happens to ongoing leases and the like? How do you mitigate the loss associated with that?

Mr. John McBain (Assistant Deputy Minister, Real Property Branch, Department of Public Works and Government Services): What we look at is the portfolio view of all the requirements for the Department of National Defence. Of the 48 locations, 47 of them are held by Public Works and Government Services Canada. We are working now with National Defence to create a migration plan, which will be moving occupants out of those leases, out of some of the crown-owned space and into the Nortel campus.

To mitigate that impact, one of the things I would share with you is that the vacancy rate in the downtown Ottawa core is about 3.6%. It's a very tight market, with limited room and flexibility. By vacating some of these locations, it allows the market to refresh, to renovate those buildings. We will also renovate some of our crown-owned buildings for reuse, in that way giving us a more positive environment for taxpayer benefit.

Mr. Ed Holder: Unfortunately, I think I'm out of time, but the question I would have asked, being given the opportunity—

The Vice-Chair (Mr. Chris Warkentin): You may get a chance to do that in the next round.

Mr. Martin, if you wish to, take your eight minutes.

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

Maybe I'll ask the question that Ed probably was going to ask next about Nortel. We're like-minded.

I'd like to touch briefly on four different areas in Public Works: Nortel first; then Atomic Energy; then CMHC; and then, if there's time, Natural Resources.

It seems to me that the government is always first in line when the assets of a bankruptcy are distributed. I remember that when John Manley was the minister around here, they delivered dump trucks full of money to Nortel. They got more federal government largesse than probably any corporation in history.

Why do we have to buy that property from them, now that they don't need it any more? Surely there are unpaid debts. The technology partnerships loans alone that they got far exceed the land value, the purchase price here. Did they pay back all of their technology partnerships loans, and Canadian job strategy loans, and all of those loans that weren't loans that went on in corporate welfare over all those years? Didn't they owe us a bunch of money? Why should we have to buy that land from them?

Mr. John McBain: Thank you for the question and the interest in the portfolio.

I can't speak to those previous loans or what was outstanding in that regard. We were invited—

Mr. Pat Martin: I can almost guarantee they weren't paid back, because in direct opposition to the fact that 98% of all student loans are paid back, 98% of all technology partnerships loans were not. I doubt very much that Nortel was among the 2% who actually paid their technology partnerships loans back.

• (1220)

Mr. John McBain: We conducted an RFI in the Ottawa-Gatineau market in 2008-09 to look for an opportunity to consolidate National Defence to reduce these 48 locations. They identified as one of eight successful bidders in responding to our RFI. Subsequent to that, and before we were able to pursue it, we were invited to bid on the purchase process by the trustees in bankruptcy for the Nortel Corporation.

Mr. Pat Martin: But we have a lien against it; surely whoever wrote these technology partnership loans put a lien against the assets of that company in case it never paid the loan back. Who would give multi-billions of dollars worth of loans without any security? You'd have to be irresponsible or reckless.

Mr. John McBain: I can't speak to the details of those loans.

Mr. Pat Martin: If you don't have the answer to the question, I understand.

Next, I guess, is CMHC. My understanding is that CMHC has tons of money, billions and billions of dollars, because they charge insurance on every mortgage—and generous insurance—and hardly anybody defaults; in fact, they've been building a surplus of many

billions of dollars. So why do we need to give them \$793 million for them to do their job, which is to elevate the housing stock in Canada? That's why they were created and that's why we let them build up this massive reserve of billions of dollars. But they haven't built one new unit since 1993, since the Liberals ended the last social housing programs in the country. So from 1993 to today....

I just got a new mortgage. I paid \$12,000 CMHC insurance on top of the purchase price; the mortgage was this amount plus \$12,000. Nobody defaults on their mortgages, hardly, in Canada and they just make money hand over fist. Why do we give them three-quarters of a billion dollars to fulfill their mandate?

Mr. Alister Smith: I'll direct your question to one of my colleagues who has the answer.

Ms. Sally Thornton: Thank you; that's a good question.

As you may recall, in Canada's economic action plan up to \$2 billion was provided for direct, low-cost loans to municipalities over two years through CMHC. So there are no costs to taxpayers. These are repayable loans, and all costs are recovered through loan interest rates. They've actually been used to cover what were shovel-ready projects, a lot of infrastructure, site preparation, roads, sidewalks.

Mr. Pat Martin: Excuse me. Then do I understand that the \$793 million is loaned out to municipalities?

Ms. Sally Thornton: Yes.

Mr. Pat Martin: But why does it come from general revenue? Why doesn't it come from the huge pot of money that CMHC owns, directs, and controls?

Ms. Sally Thornton: It is a statutory appropriation....

Ms. Marcia Santiago: But it's a non-budgetary item; therefore, it's just a statement of the loan authority that is being granted to CMHC. It's not a new hit on the fiscal framework.

Mr. Pat Martin: Good. Thank you; that's a satisfactory answer.

In the case of Natural Resources Canada, is any of this money going to the asbestos industry?

I know the Government of Canada subsidizes and promotes asbestos more than any other commodity that we produce or create in Canada, and it has always bothered me that Natural Resources Canada gives money hand over fist to the asbestos industry, even though forty or fifty countries have banned asbestos in all its forms.

Is any of this \$388 million going to the asbestos industry? If so, I'll vote against this.

No?

Mr. David Enns (Deputy Assistant Secretary, Expenditure Management, Treasury Board Secretariat): No. Those are payments made to the Province of Newfoundland and Labrador under the authority of the accord. It's compensating the province for lower equalization payments due to fluctuation from all the revenues. It has nothing to do with asbestos.

Mr. Pat Martin: I don't know whether I have any time left, but I'm concerned about Atomic Energy Canada. It's for sale, isn't it? Some of us are concerned about whether this should be one of those strategic industries that we don't just sell off, for a number of reasons. But our notes tell us that 54% of all of the electricity in Ontario comes from CANDU reactors. The question to you is, why are we shoveling that kind of money into an agency, whether you agree or not that it should be sold? And why is this still costing us such a staggering amount of money per year to maintain?

Mr. David Enns: I'll tell you what the \$175 million is for. There are five broad categories of funding that are being provided through the supplementary estimates. One is for isotope production. That's to ensure the requirements for the re-licensing of the NRU. The second item is the shutdown of dedicated isotope facilities. These are the MAPLE reactors. They were terminated in May 2008 because of technical difficulties, and funds are required to make sure that they are put in a safe state and that the enriched uranium is shipped back to the United States. The third broad area relates to operational infrastructure upgrades to Chalk River.

• (1225)

Mr. Pat Martin: I hate to interrupt you, but I'm out of time. I understand I only have 30 seconds left.

I thank you for those answers, but can you tell me briefly whether any of the countries in which we sold nuclear reactors owe us any money still? I understand we had to lend them the money to buy the reactors from us. Did they end up paying for them, or is there money we could recoup there?

Mr. David Enns: That's a question I don't have the answer to. I think you'd need to talk to AECL about that.

The Vice-Chair (Mr. Chris Warkentin): Thank you, Mr. Martin.

Mr. Regan, you have five minutes.

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

First, I wanted to pick up on something my friend Mr. Holder said. I'm a little concerned with his speaking as if a person who doesn't pay their student loan off is automatically a laggard. He's saying this about himself, but I think it's an unfortunate choice of words, because it gave the suggestion that this is what you are if you don't pay your student loan. I'm sure my friend would agree that there are many former students who have a difficult time for other obvious reasons.

The other thing is that he talked about how great it is that supplementary estimates (C) only have a few hundred million or billion dollars in them. But it's important to remember that we don't always have supplementary (C)s. The government doesn't always, every year, decide to spend more money even to the point of having a third set of estimates. Let's keep that in mind.

Also, Mr. Holder said that the government tries to be thoughtful with the spending of its money. In view of that, the government has been thoughtful enough to do these economic action plan ads, which are continuing. Even though we keep hearing from the government how great things are in the economy and how much things have improved, we still seem to need to have economic action plan ads that are apparently in high definition and that we've seen on such

programs as the Oscars. It has to be outrageously expensive to buy ads on a show like that, or like the Superbowl, for example.

They also, for some reason, seem to run during the same.... Whenever you see a set of ads, when there's one, for instance, from the Conservative Party, you'll also see one on the economic action plan. I'm concerned about how "thoughtful" the government is in managing this process, when they have those ads running together adjacently.

How much are those ads costing us, and is it Public Works that is responsible for them? Are they in HD? And why do they need to be in HD?

Mr. Bill Pentney (Deputy Secretary to the Cabinet, Plans and Consultations, Privy Council Office): Mr. Chairman, I will start an answer.

I must confess, I don't know whether they're in HD. I can get the information and we'll get back to you in terms of why they would have to be in HD, as opposed to—

Hon. Geoff Regan: So if you're answering, it means it's PCO and not Public Works?

Mr. Bill Pentney: Public Works is responsible for contracting. Privy Council Office has a broad responsibility for coordinating, including coordination of economic advertising.

I will try to respond to several of your questions.

In terms of costs, last year \$49 million was spent on advertising related to the economic action plan. This year about \$24 million is appropriated for the last portion of the economic action plan ads. Those include advertisements for economic action plan programs from the Department of Finance and from the Department of Human Resources, and for Canada Revenue Agency ads on tax filing that encourage Canadians to take advantage of the tax benefits and tax deductions that are available to them.

The government's position has been that in the face of historic economic crisis, Canadians needed to know what was being done and what programs and services were available to them, and those programs continue to be available to them.

Hon. Geoff Regan: Are we still at a point when it's "historic", when it's so bad today that things are historically bad and we need to have these ads? Is that what you're telling us?

Mr. Bill Pentney: I'm saying that in the face of the historic downturn a few years ago, the government began—

Hon. Geoff Regan: That was a few years ago.

Mr. Bill Pentney: Yes.

Hon. Geoff Regan: But we still have them running?

Mr. Bill Pentney: There are still a number of benefits and services available to Canadians in terms of the economic action plan suite of programs.

Hon. Geoff Regan: I only have so much time.

•(1230)

Mr. Bill Pentney: Mr. Chair, maybe I could just try to clarify one other item, which is that, in respect of the Conservative Party of Canada advertisements, we, as public servants, have no connection, no influence, no relationship with the timing or placement of those ads. We work with ad companies to buy ad space in bulk and to try to maximize the value we can deliver.

Hon. Geoff Regan: Fair enough. I'm sure you can imagine that the Conservative Party of Canada might be saying when it's making its advertising buys that it wants them in the same set of commercials as the government's ads. I'm sure you'd admit that's a possibility.

Mr. Bill Pentney: I can't speak for the Conservative Party of Canada.

Hon. Geoff Regan: Well, I don't ask you to.

I have many other questions and very little time.

Public Works is requesting an additional \$251 million for vote 5 capital projects. That's a 48% increase. First of all, why has that planned level of spending increased so much since the fall of 2010? And second, how can you spend that much money in the last seven weeks of the fiscal year?

The Vice-Chair (Mr. Chris Warkentin): There's very little time left to answer the question.

Mr. Alex Lakroni: Thank you for the question.

There are two reasons for the increase in the capital vote. Reason number one is the purchase of the Nortel building, which we talked about. The second reason is that Public Works is managing the economic action plan, \$200 million in this fiscal year. That explains the increase in capital votes.

Hon. Geoff Regan: What's surprising about the economic action plan? What's the surprise that meant it needed more spending? You didn't explain that.

Mr. Alex Lakroni: It is a program over two years. It means an influx into the PWGSC budget of \$200 million for 2009-10 and 2010-11.

The Vice-Chair (Mr. Chris Warkentin): Thank you very much.

Mr. Vincent, go ahead for five minutes.

[Translation]

Mr. Robert Vincent (Shefford, BQ): I see in the Human Resources and Skills Development Canada portfolio summary that there are reductions of \$211 million in guaranteed income supplement payments and \$356 million in old age security payments.

Unless I'm mistaken, there are fewer seniors and the government is therefore saving \$550 million. Is that correct? Who can answer? My question is for all of you. Could someone answer it?

[English]

Ms. Marcia Santiago: Just to clarify, you're referring to the figures that are shown under the explanations of funds available.

[Translation]

Mr. Robert Vincent: With regard to the reductions—

[English]

Ms. Marcia Santiago: Yes.

[Translation]

Mr. Robert Vincent: —at Human Resources and Skills Development Canada.

[English]

Ms. Marcia Santiago: That's correct. Our explanation states that these reductions are for something called re-profiling. As I started to explain earlier, sometimes departments—just because of the uptake in the program or the level of interest in the program, or for example the timing of negotiating and signing agreements with provinces or with non-government organizations—cannot always use the funds in the same fiscal year they are given. We have an exercise called re-profiling, *le report de fonds*. It's like a transfer of funding authority from one year to another, and that's what's being shown here. For certain programs, there are moneys that won't be spent in 2010-11, but because they have been re-profiled, they will be made available to the department again in the following year. We are not actually reducing the programs as a permanent cut. Instead we're changing the way the timing of the flow of funding will work.

[Translation]

Mr. Robert Vincent: The documents state: "Reduced guaranteed income supplement benefit payments based on updated population and average monthly rate forecasts." We're talking about the number of claimants. There will be a reduction of \$211 million here. Unless I'm mistaken, there will be fewer claimants. There are fewer seniors; isn't that correct?

Look, we won't go any further on this subject. It seems complicated, and I only have five minutes.

[English]

Ms. Marcia Santiago: I'm sorry, I misunderstood the question.

[Translation]

Mr. Robert Vincent: In any case, you at Resources and Skills Development Canada will be saving about \$567 million.

Are you going to take that money and increase the guaranteed income supplement by \$110 a month for seniors? We know they're living under the poverty line. Do you believe there's another \$560 million increase in the guaranteed income supplement?

A voice: No.

Mr. Robert Vincent: I'm going to let my colleague have the rest of my time.

•(1235)

Ms. Diane Bourgeois: I want to go back to Human Resources and Skills Development. I'd like you to provide the Standing Committee on Government Operations and Estimates with written answers to the following questions. What criteria do you use to grant student loans? What criteria do you use to determine whether student loan-related debt is not recoverable? Do you assess the risks when you lend to students? If so, how do you do that? In view of the fact that the value of student loans is \$2,419, on what basis do you say that those \$2,500 loans are unrecoverable? Since students pay low interest rates, have you considered any other solutions?

And since I don't have much time left, I would like to go back to Mr. Lakroni.

A few years ago, Public Works and Government Services Canada sold some beautiful federal government buildings to Larco Investments. The sale was criticized because some of those buildings could have been used by National Defence.

Now that you've bought the Carling Campus from Nortel, another private business, I would like to know whether you've developed a strategic plan at Public Works and Government Services Canada for the federal departments to occupy and use those premises. If you have one, can we see in that strategic plan why you are selling, why you are buying and what premises you intend to occupy?

Could you submit those answers here, to the committee? That would spare us having to ask too many questions about the reasons for the sale of good premises when we could have occupied them. Now they're charging a few million dollars to use other premises.

For my final question, you sell—
[English]

The Vice-Chair (Mr. Chris Warkentin): You have 20 seconds. If you want an answer, you might want to—

[Translation]

Ms. Diane Bourgeois: No, I don't want oral answers; I want them to submit that information to the committee. They're looking for the answers. They can't give them to us and we're wasting time.

So I'm asking questions and I want them to submit the answers to the committee.

[English]

The Vice-Chair (Mr. Chris Warkentin): Your time is up, so you'd want to either complete the request.... I just wanted to make sure that you didn't want an answer.

[Translation]

Ms. Diane Bourgeois: Thank you. I'll go back to my final question.

[English]

The Vice-Chair (Mr. Chris Warkentin): Merci.

Our next questioner is Mr. Calandra.

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

Thank you all for coming.

I know the opposition is a bit stressed because of the success of the economic action plan.

I know my good friend Mr. Holder was trying to source a question with respect to standing up for the 98% of people who actually pay off their student loans on time and to make sure that of the 2% who do not, that there isn't a concerted effort by some not to pay their loans because they think they can get away with it.

Something that we've seen constantly at this committee is the official opposition standing up for the rights of people who don't play by the rules, as opposed to those who do play by the rules. I

guess it's something that will continue to permeate this Parliament until the next election.

With respect to the economic action plan, I like everything that's been happening. I noted in my riding that when we had an event with respect to the economic action plan items and investments that were made, I was pleased to be joined by the member for Markham—Unionville, Mr. McCallum, a Liberal member, who participated and was very happy with some of the investments we made in his riding. He was very happy to see some of the signs that were put out there, some of the advertisements.

I know when I'm in my riding people are quite excited by some of the tax changes that are made and some of the benefits they now have access to and they look forward to some of those tax savings. Last week I was at an arena built in my riding.... There were two good events last week: an arena built in my riding where hundreds of craftsmen were at work, men and women, finishing off an arena; a million rivets in the roof, 10 kilometres of piping underneath the ground, replacing a 70-year-old arena. So people were very excited.

I was at the completion of a social housing project, a cooperation among CMHC, the province, and the municipality. There were 257 families celebrating affordable housing in the riding of Markham—Unionville, which is the Liberal-held riding of John McCallum.

So there are a lot of things happening. We're all very excited. Again, I take every opportunity to say I believe the public service has done spectacular work over the last couple of years. I know the opposition might not necessarily feel that way because it's been so successful, but I think you've done tremendous work, be it the G-8, G-20, or the economic action plan. I hear it from my mayors and I hear it from people about the speed at which things were done, how quickly it was done. The fact that you can announce a project, see it completed and open the project all in the span of two years is something that is completely remarkable.

I'd like to talk about AECL and how it's possible that a previous government could have signed an agreement that will allow a project to be so over budget, but I'm not going to. I'll leave that with the natural resources committee to investigate.

I want to go into the Nortel campus a little bit. I think, Mr. Lakroni, you mentioned a third-party independent analysis. What is that and what does it entail?

• (1240)

Mr. Alex Lakroni: I will defer to my colleague, John McBain, who's aware of the infinite details. But we've done the analysis, both the engineering analysis and the financial analysis, and the findings are that this deal is an outstanding deal. I will let John McBain comment on the details.

Mr. John McBain: Thanks for the question.

After the RFI, which I referenced earlier, showed that the Nortel site was capable of meeting our consolidation requirements for DND, we then engaged a third-party engineering firm to assess the condition of the buildings, including their mechanical, electrical, and conveying systems—all of the elevators, etc.—in the complex. It's 186,000 square metres, 12 buildings. It's a very large undertaking. We had an engineering firm assess the condition of the buildings, which found them to be, and I quote, “in above average condition for buildings of their age” and what they considered to be maintained in standards above the norm.

We then also hired a real estate appraisal firm to do a market value assessment of the property and its value. We engaged another engineering firm to do an environmental assessment of the lands and the surrounding property. Finally, we hired a real estate expert to assess our proposal for the purchase.

Mr. Paul Calandra: I'm sorry. You said it's 186,000 square metres. What's the actual land?

Mr. John McBain: It's 360 acres of property. It's very large.

Mr. Paul Calandra: I don't think I have any more time, so I'll leave it at that.

The Vice-Chair (Mr. Chris Warkentin): Thank you, Mr. Calandra.

Mr. Martin, for five minutes.

Pardon me. Back to the Liberal Party, Siobhan Coady, for five minutes.

Ms. Siobhan Coady: Wonderful, thank you. I didn't realize we were going to come back to me.

Mr. Smith, earlier today you talked about the \$117 million. I'm wondering if you could provide this committee with a list of where that \$117 million will come from. We're trying to compile this. We know that in supplementary estimates there are little cuts, like the one to the Office of the Information and Privacy Commissioner, \$44,000. If you could provide a list of the departments and the cuts and where those cuts came from, that would be great.

These are some of the statutory declines we're seeing. There's a decrease in OAS under HRSDC. It equals about \$356 million. Is this predominantly a reduction in benefits, or a reduction in individuals receiving benefits? It seems like an awfully large amount of money, \$356 million for the OAS, old age security. By the way, there has been a suggestion from one of my constituents that we should rethink the name of that to maybe “senior security” rather than “old age security”. I'm sure everybody recognizes that it might be changed.

Is this kind of an in-and-out? Is it an “out this year, in next year” kind of flow? Is this just a budgetary flow?

Mr. Alister Smith: Let me address the OAS question. There is absolutely no reduction in benefits. The numbers that we provide to Parliament are based on forecasts done by the Department of Finance, HRSDC, and others. So when we adjust the forecast because of changes in the demographics, they're reflected here. It's really for information, but there's no change in the benefits of OAS. It's really more in the demographics. You're also right that over time you will see variations, depending on the demographics.

Ms. Siobhan Coady: We see the increase in people coming to that senior age, and we know the baby boomers will be reaching 65 for the senior security benefit. We'll start using that, “senior security benefit”. I think we'll start to see that rise again.

We have the same effect in the decrease in guaranteed income supplement payments, \$211 million. I guess what you're saying is that you allotted for more than you actually required this year.

I'm going to go the votable and talk about the pay direct card. It concerned me that it was \$63.3 million. Is this an additional requirement, \$63 million? What were the entire amounts spent on the pay direct card and the benefits? It seems like a tremendous amount of money spent on a card.

• (1245)

Mr. Alister Smith: Let me turn to Christine Walker, our chief financial officer.

Ms. Christine Walker (Assistant Secretary and Chief Financial Officer, Corporate Services, Treasury Board Secretariat): The pay direct card was supposed to be introduced on April 1, 2011, and it was moved up and introduced on November 1, 2010. In our original estimates, we did not anticipate that the pay direct card would be in place as early as November. So that's one thing.

The second thing is, when you have a pay direct card, what used to happen is you'd go to the pharmacy, get your drugs, fill out your claim, and send it. Now that claim is made almost at the point of sale. So the money you have to spend on the claim is coming out as soon as the purchase is made. So in fact, as a spending pattern, we're spending the money right away rather than one, two, three months later.

Ms. Siobhan Coady: That's why you're appropriating more money, to spend up front?

Ms. Christine Walker: That's one of the reasons, yes.

Ms. Siobhan Coady: Is there anything else that we need to be concerned about, with that \$63 million?

Ms. Christine Walker: No.

Ms. Siobhan Coady: Okay.

I'm going to turn it over to my colleague. He has a question.

Hon. Geoff Regan: We heard today that the funding for AECL is under five headings. There are five different categories this funding falls under. Could you provide the committee with a breakdown of how much is being spent under each of those headings?

Mr. David Enns: I can do that.

Hon. Geoff Regan: If not now, then provide it to the committee later.

Mr. David Enns: I have that information now, if you'd like.

There are five broad categories, the first being isotope production, and that's \$16 million. That includes funding for the isotope supply reliability program as well as some upgrades required to relicense the reactor, the NRU reactor that produces the isotopes.

The second category is the shutdown of the MAPLEs, the dedicated isotope facilities for the MAPLEs. They had to be terminated owing to significant technical issues.

The third is the operational....

Hon. Geoff Regan: How much was that? I'm sorry. How much were the MAPLES?

Mr. David Enns: That was \$7 million, and there was another \$16 million for operational infrastructure upgrades to the laboratories at Chalk River. These are primarily related to health and safety security issues for people working there—sewage, upgrades to fire safety, those kinds of things.

Then the fourth category is.... I'm sorry, actually there are six. Excuse me.

The fourth is new reactor technology development, \$18 million. This is for supporting potential future sales of CANDU technology.

The fifth is commercial life extension refurbishment projects. This is the largest: this is \$97 million. These are for the four commercial life extension projects that are under way at Point Lepreau, Bruce, Wolseong in South Korea, and JANTI. At JANTI, we know now that it is being postponed. Also, the projects in Ontario and South Korea are a bit further advanced, and we expect them to be completed soon, in 2011. The most challenging of those projects is Point Lepreau.

The final is operational pressures, at \$21.4 million. This is workforce adjustment, ongoing operational costs, and things of that nature.

So that's the breakdown.

Hon. Geoff Regan: Thank you.

The Vice-Chair (Mr. Chris Warkentin): Thank you very much.

I appreciate the attendance of each one of you today. We do appreciate the fact that you waited for us. We get caught up in things like votes from time to time, and of course you have to wait here, so we appreciate your patience with us.

Colleagues, I think we're going to proceed to the votes on supplementary estimates (C). There seems to be consensus to move in that direction.

Witnesses, you're free to go, and again, thank you so much for being here.

• (1250)

Ms. Siobhan Coady: Just a reminder that we are waiting for a couple of documents—

A voice: Yes, we can do that.

The Vice-Chair (Mr. Chris Warkentin): Yes, I think the witnesses do recall the requests that were made, and we appreciate your timely assistance in getting those documents to us. Thank you.

Colleagues, I'd like to move in and proceed with supplementary estimates (C) and the votes on them as quickly as possible so we can deal with some future business issues that need to be dealt with in an expedited fashion before we cut out of here.

Moving into the votes on supplementary estimates (C), pursuant to Standing Order 108(3)(c), supplementary estimates (C) 2010-11, vote 1c under Privy Council; votes 5c, 8c, and 9c under Public Works and Government Services; and votes 1c, 15c, and 20c under

Treasury Board, referred to the committee on Tuesday, February 8, 2011.

These are the questions I now have to ask you as a committee.

Mr. Pat Martin: Is this usually done in camera, or done in the open? I can't remember.

The Vice-Chair (Mr. Chris Warkentin): It's usually done in public, I'm being assured, and if you're comfortable to proceed in that fashion, we will.

Mr. Pat Martin: Sure.

The Vice-Chair (Mr. Chris Warkentin): Okay.

Shall vote 1c under Privy Council carry?

PRIVY COUNCIL

Department

Vote 1c—Program expenditures.....\$1,925,476

(Vote 1c agreed to on division)

PUBLIC WORKS AND GOVERNMENT SERVICES

Department

Vote 5c—Capital expenditures.....\$205,356,366

Vote 8c—Real Property Services Revolving Fund.....\$1

Vote 9c—Translation Bureau Revolving Fund.....\$1

(Votes 5c, 8c, and 9c agreed to on division)

TREASURY BOARD

Secretariat

Vote 1c—Program expenditures.....\$8,295,109

Vote 15c—Compensation Adjustments.....\$10,790,570

Vote 20c—Public Service Insurance.....\$63,300,000

(Votes 1c, 15c, and 20c agreed to on division)

The Chair: Shall the chair report the supplementary estimates (C) 2010-11 to the House?

Some hon. members: Agreed.

The Chair: Thank you, colleagues.

I'm going to move in camera so we can have a discussion about—

Hon. Geoff Regan: Mr. Chairman, before we do that, I wonder if I could move the motion I've been trying to move to get dealt with here.

The Vice-Chair (Mr. Chris Warkentin): Okay, we haven't moved into future business as of yet....

Hon. Geoff Regan: It's not future business, it's asking for information. I gave notice of this quite a while ago now, and I'd just like to get it dealt with as quickly as possible. As you'll recall, I raised it at the steering committee, and the feeling was that it should be dealt with at the full committee—

The Vice-Chair (Mr. Chris Warkentin): We'd be happy to do that.

We're going to suspend for just a minute to move in camera to deal with—

Hon. Geoff Regan: I'm sorry. If we're asking Public Works to provide information, which is what my motion asks for, why does that have to be in camera? It's not future business.

The Vice-Chair (Mr. Chris Warkentin): It doesn't. I just think it should be together with all the other future business that we're discussing today.

Hon. Geoff Regan: It's not future business. It's asking for information from a department.

The Vice-Chair (Mr. Chris Warkentin): It's a motion. I can't see how a motion about—

Hon. Geoff Regan: A motion is properly before the committee, Mr. Chairman. I did it at the last steering committee, for crying out loud.

The Vice-Chair (Mr. Chris Warkentin): Yes. You do have to serve 48 hours' notice to the committee.

Hon. Geoff Regan: You've had two weeks' notice.

The Vice-Chair (Mr. Chris Warkentin): I don't believe it's been circulated to committee members.

Hon. Geoff Regan: February 15, Mr. Chairman.

The Vice-Chair (Mr. Chris Warkentin): It has apparently been served notice at the subcommittee, but it hasn't been brought to this committee to be translated and distributed—

Hon. Geoff Regan: Mr. Chairman, it's translated already, okay? It was sent on February 11 and was translated. It says, "Pursuant to the committee rules—"

The Vice-Chair (Mr. Chris Warkentin): Who was it sent to?

Hon. Geoff Regan: May I finish? It was sent to members of the committee and to the clerk. It says: "Pursuant to the committee rule on notice requirement, this motion may be moved on Tuesday February 15, 2011, or at any later date."

This is a later date, Mr. Chairman

The Vice-Chair (Mr. Chris Warkentin): We're just getting some clarity on this. I'm not trying to increase tensions in the room. We're getting some clarity on when it was distributed.

Okay. It is right. I'm being advised that it is before the committee and it can be moved.

[Translation]

Ms. Diane Bourgeois: You sent it to me and I received it, clerk. It was served.

[English]

Hon. Geoff Regan: Move it as it is, or do you want me to read it?

The Vice-Chair (Mr. Chris Warkentin): Why don't you move it as it is.

Hon. Geoff Regan: I move the motion, Mr. Chairman.

The Vice-Chair (Mr. Chris Warkentin): Do we have additional copies of this motion so we can have it distributed?

Hon. Geoff Regan: If it helps, I can read it. The thing is that members were all provided with a copy. I'll read the English version, Mr. Chairman:

I move that the committee request Public Works and Government Services Canada to provide it with the following documents, in electronic form, within five business days....

[Translation]

Ms. Diane Bourgeois: Please read more slowly.

[English]

Hon. Geoff Regan: Yes, I'll slow down for the interpreters. Excuse me. I'll do this again slowly.

I move that the committee request that Public Works and Government Services Canada provide it with the following documents, in electronic form, within five business days: (a) the 2005 estimates for the \$5 billion parliamentary precinct renovations the Auditor General referenced in her testimony before the committee on Thursday, February 3, 2011; (b) the most recent update of the costs and progress of those renovations; (c) a detailed breakdown of the \$94 million increase in the budget for the West Block renovations; (d) and the latest timelines for completing those renovations.

• (1255)

The Vice-Chair (Mr. Chris Warkentin): Is there debate or are there questions with regard to the motion?

Shall we move to a vote?

Monsieur Gourde.

[Translation]

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): I simply want to make sure that the English and French versions are identical. From what I see, the \$5 billion figure is indicated in English, but not in French. I can't determine whether the translation is accurate.

What do you think, Ms. Bourgeois?

Ms. Diane Bourgeois: I don't see the \$5 billion for the Parliamentary Precinct renovations. However, we can add them right now. That could be done by means of a friendly amendment. All the rest is accurate.

[English]

The Vice-Chair (Mr. Chris Warkentin): Is there consensus that this is—

[Translation]

Hon. Geoff Regan: So we'll read this: "...les estimations de 2005 relatives aux 5 milliards de dollars de rénovations de la Cité parlementaire..."

Is that fine?

Ms. Diane Bourgeois: Yes.

Hon. Geoff Regan: Thank you very much.

[English]

The Vice-Chair (Mr. Chris Warkentin): The friendly amendment has been accepted. Very good.

(Motion as amended agreed to)

The Vice-Chair (Mr. Chris Warkentin): Let's move in camera for the next five minutes.

[Proceedings continue in camera]

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