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Chair

Mr. Pat Martin

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•(1530)

[English]

The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)): Ladies and gentlemen, let's convene our meeting, please.

Welcome, everyone, to the 42nd meeting of the Standing Committee on Government Operations and Estimates. We'll be continuing our review of the process for considering the estimates and supply for the Parliament of Canada.

We're very pleased, in fact honoured, to welcome two special guests today. I won't call them witnesses, because they're here by invitation to share with us some of their experience in this regard.

First is Mr. Peter Dobell, the founding director of the Parliamentary Centre, which he founded in 1968, ladies and gentlemen. He has a vast knowledge on these issues, and he is the author of two books on Canadian foreign policy. With him is Mr. Martin Ulrich, as an independent consultant and formerly the senior associate with the Parliamentary Centre, also with a long-standing career in the public service first.

We welcome and we'll benefit from and value very much what you have to share with us, Mr. Dobell and Mr. Ulrich. You have five or 10 minutes each and then we'll open up to questions.

You have the floor, sir.

Mr. Peter Dobell (Founding Director, The Parliamentary Centre, As an Individual): Good afternoon, to all of you.

You've invited the two of us to comment on two papers we have jointly written, a large part of them by Martin. I should let you know in advance that I got him started. The two of us have very different backgrounds as your chairman has just pointed out, but we worked together very cooperatively a number of years ago. Because we have different experiences we're going to speak in sequence, if that's satisfactory. We'll make a few remarks each.

Initially let me say that our writing, and my earlier writing before Martin joined me, was prompted by distress at Parliament's ineffective review of the estimates and its inability to detect and point to any misexpenditure of funds.

Before Martin Ulrich joined the centre I had already expressed concern that the estimates were being ignored. The fact that I was writing about this led John Williams, very soon after he was elected in 1993, to ask me to appear before a group of colleagues from the Reform Party—not a committee meeting—to talk about the situation. That's an example of how he got started and made it a kind of life work. It was only after Martin joined the centre that we

were in a position, drawing on his experience—over 30 years in Treasury Board—to suggest ways that Parliament might propose of improving the situation.

I should say that the two of us have been much impressed by the quality of the speakers you've had, and their knowledge. I know many of them and I can affirm that you've made the right choice of people to come here. I'm not so sure about today, but anyway, it's not only the fact that you have had good speakers but the time you have devoted to looking at the problem.

You have managed to work in this Parliament fairly cooperatively, which is a bit unusual. I think it's going to be a matter of how far you can draw on your experience to suggest satisfactory ways of improving the situation.

With Martin and I, a lot of the work we've done involved going to members of Parliament who were then in office to try to see how they were working. The conclusion we reached very quickly, and it's one of the things we wrote about, was the need for a substantial, what we called, financial service.

To be candid, we actually envisaged a much larger service than I'm sure you're going to be able to get. We were thinking about up to a dozen individuals with extensive experience in government financial services who could understand the complexity of government finances, which are really pretty difficult to penetrate.

The proposal we have proposed has been supported by a number of your witnesses, I'm happy to say. Indeed Kevin Page, along with his colleagues who came here, is an example of the kind of person we think should be in the financial services.

•(1535)

The only difference is that I think he should be reporting directly to Parliament, perhaps even to your committee, and I would like to see him reporting to you rather than reporting to the media.

Second, I'd like to see him taking some time to decide to take direction from you as to what subjects to work on, rather than deciding himself what's needed.

In our study, the one which we wrote for the IRPP, we advocated that committees on estimates should continue throughout the year. In effect, we share the opinion of those who say that it's a mistake to terminate the inquiries on May 31.

In our papers, we concluded that it would be more effective if, rather than looking at the annual estimates only in the spring, members were to concentrate right from the beginning on examining individual programs. This way you would get some sense of whether the performance on each program corresponded with what you perceived to be the public's needs and expectations.

We've been asked to report our conclusions in our study prepared for the Gomery Commission on the sponsorship scandal. It reminded me, when we received this request, that although we wrote that report with some hopes that someone would pay attention to it, as far as we are aware, this is the first parliamentary attention that's ever been given to that report.

I mention this because I hope that the report you will be preparing will have impact and will not be ignored the way ours was. In other words, come up with a report that has some chance of getting some parliamentary support and public support.

If your report has a positive and constructive tone, especially if it has the support of members from all parties, which is pretty hard to get but worth trying for, its chances of being seriously considered by government will be greater.

Bob Marleau was quite right in suggesting that conclusions with a positive tone that proposed ways to improve a program were more likely to be taken seriously by the ministry. It may take time. It's not something that's going to happen immediately, but it's worth considering whether that's something you could do.

Over the years that I have been observing—and they are substantial, as you mentioned—and working with parliamentary committees, I can advise you that I know of instances where a report that had the support of all parties had an extraordinary effect on the government. If opposition members on a committee, rather than looking for ways to attack the government, were to work with government members on ways to improve the effectiveness of government operations—to use words that you have already heard from Joe Jordan—you could jointly establish a base for demonstrating to the public that it was getting value for money for a program, something that the government might respond to if you agreed on ways to improve it.

● (1540)

Thank you.

Mr. Pat Martin: Thank you very much, Mr. Dobell.

Mr. Ulrich, would you like to carry on?

Mr. Martin Ulrich (Independent Consultant, As an Individual): Thank you, Mr. Chair.

Good afternoon, everyone.

I'm going to go into a bit more depth, particularly on the study for the Institute for Research on Public Policy. I think that is a bit dated now. It's almost 10 years old. It was one thing where we looked at, not the estimates in particular, but government oversight of financial management very generally. One of the reasons for that, as you all know, is that this was an issue internationally, not just in Canada. At the time, there was a lot of criticism of Parliament in the academic world, in the media, and so on.

We wanted to get into that subject in depth, so we took all the studies of all the committees during one calendar year. We identified those which had, in some way, shape, or form, an oversight of financial management. Both Peter and I met with members of all the parties at that time. I would say it wasn't a random sample by any means. We chose people who had been around a longer time and had more experience with the process to essentially get the best advice going.

Out of that process, it became very clear that financial oversight should be looked at on three different levels. One level is the broad, macroeconomic level. That's the overall budget, deficit, and debt—those kinds of things. Another level is the individual transactions—the individual contracts and all those things. Between the kind of control framework that the government had set up at the time, the Financial Administration Act, which provided all kinds of constraints as to how the government could use these funds that were either used through legislation or through votes, and the Auditor General's office doing its audit—there was this middle level, and that was the program or departmental level.

We reported in the paper the clear views of parliamentarians. We, after all those discussions, happened to share those views, but they were not essentially our views. They were the views of people like you, roughly 10 years ago. Their conclusion was that Canada, the Canadian Parliament, and the Canadian House of Commons does a pretty good job at that high, broad level—the aggregates. The budget is a big event in Parliament. There's a lot of preconsultation and so on. At the time, the finance committee was very active in pre-budget consultations. It worked pretty well.

They also had a lot of confidence, even though they didn't get into it a lot, at the individual transaction levels. But that middle level—the one where the estimates are—is the one that essentially did not work. That was not a surprising conclusion, I suppose, but it was nice to know that experienced members of Parliament felt this was the case.

A number of recommendations came out of those discussions, but one that I think is particularly interesting is—I'll use a bit of jargon here because I don't know what other words to use—the control framework. Since it is responsible for voting these funds, how does Parliament assure itself that Canadians have received what the government intended they receive, and that they were done effectively, efficiently, and all those good things?

Over the years, the vote structure and the kinds of things you technically vote on in Parliament have been evolving. As Peter referred to it, there were many cases where, over the years, the government gradually ended up making the votes larger votes. Therefore, when you had a number—when parliamentarians saw a number of x billion dollars for some great, noble purpose, they had absolutely no way of comparing that amount of money with that result.

They asked what they could do. In many ways, that's one of the reasons for the financial analysis service. One of the things we had recommended was that the financial analysis service, working under the direction of this committee, would take a look at that. How do you sort that stuff out to make it sensible? It's not that the government doesn't need flexibility. The government does need flexibility. At the same time, you represent all Canadians. Parliament needs to be able to ensure that it has taken a look at how the government, the big administration, has used that authority and money it has provided.

• (1545)

I think that control framework—largely the centre is the vote structure—is something that really needs to be looked at. Kevin Page certainly recommended that when he advocated that votes be on programs, and I think that is a huge step in the right direction.

A couple of other things came out of that study. One of them was the idea that committees should at least look at indicators. I believe—and as Bob Marleau made very clear—there's a lot of misunderstanding among parliamentarians as to what you have the power to do and what you can get done if you're willing to do so.

You have an enormous amount of power. There's an enormous number of things you can do if you get agreement in committee. We looked at committees, and the estimates were supposedly one of the reasons you should have committees. Well, in this study, we actually documented how much time committees spent on the estimates, and it was a minute amount compared to the other things they did.

Now, if the estimates are as important as certainly we believe and the people we talked to believe, then it might be a thing to think about how you would judge whether committees have performed well in their financial oversight duties. It might be something that this committee, with its overall responsibility for the estimates, might wish to consider.

So that was that study. The only thing I would mention about the sponsorship study we did was that we didn't actually investigate the sponsorship. The question we were asked to address was would it be possible, if Parliament did a better job of its financial oversight, to reduce the odds of something like the sponsorship scandal?

Needless to say, we concluded that certainly parliamentarians could not be said to be responsible for what happened, but certainly they could be said to have not done the kind of oversight that would discourage officials from doing what was evidently done in that case.

So I think the question that was posed in that study was quite a legitimate one. Could parliamentarians be seen as somehow, by not having done their jobs, encouraging bad financial administration? You might want to think about that.

I'll close with four observations that I think are supported by the two studies I'm talking about.

One, it is I think exceedingly important to think about the estimates as not just about money. It is money for a specific public purpose. You have to be able to relate that money to that purpose. If the kind of information you get does not link those two in a way that makes sense to you, then I think you can't really do the process.

In the times when I was in government, which is now more than ten years ago, I worked for the Treasury Board and we had a lot of dealings with Parliament at the time. It worked quite well. It was clear that the officials who worked in government, working with parliamentarians' staff, consulted quite a lot, or at least they were able, in that era, to do it. They were encouraging the parliamentary staff to figure out what parliamentarians actually need for information, and how it should be structured.

Two things came out of that. One was that there really was openness to doing that. The other was that you had to make sure it wasn't just a financial document—it was a financial document related to results that Canadians could understand. Mr. McGee from New Zealand, I believe, emphasized that point, and I would say everything we have done reinforces that.

I was also struck by the comments from Mr. Marleau and Mr. Williams about the authority in parliamentary procedures that you have available. As I read them, it was not that you shouldn't change them; it was that if you think that the solution is through another change in the Standing Orders, odds are it won't work. You have to look beyond that. You have to look at the way things are done, beyond the authorities and the powers and so on.

• (1550)

The vote structure I've already mentioned. What I call the control framework for programs, but whatever you call it, is certainly an area that deserves some attention.

Peter mentioned near the closing of his comments about getting consensus in committees and elsewhere. One of the things I've always been skeptical of is that Mr. Williams mentioned that report of more than a decade ago where there were some suggestions as to changing a certain amount of money that you can vote on. I think that's a delusion. I don't think that's going to help.

I think it's more important to see that it is the government that should control. It has a plan. It's worked it out. It's asked for it. If you don't have confidence in it, then you do what parliamentarians do, but I think to mess around in the detail is not a good thing to do. But all of these studies from 2001—there were 19 studies that had recommendations regarding either change in resources or change in results—were tabled in Parliament. They were sent to committee.

It doesn't change the votes for the specific year, but it does allow for downstream change, and usually, in the past, that has been acceptable to governments to consider.

If you try to change the votes in the year, you're just asking for difficulty. If you try to evolve the process, you might have some sort of success.

I think one of the reasons that estimates have not gotten much attention is that there's too much desire to change the numbers, and if you don't change the numbers, you feel you've failed. Well, if that's the way you feel, it won't work.

The Chair: Thank you very much, Mr. Ulrich. Thank you, Mr. Dobell.

That gives us a great deal to think about and to question.

Beginning for the official opposition, the NDP, Linda Duncan.

• (1555)

Ms. Linda Duncan (Edmonton—Strathcona, NDP): Thank you. I really enjoyed our chat before we began. I want to follow up a bit on that. I want to thank you very much for all of your writing in this area. It's very thoughtful.

One of the things that really struck me was your comment to me, which has been brought up by quite a few of the other experts, that, in fact, everybody at this table is simply an elected member of Parliament. So we all have accountability when we're voting on the estimates and the budget implementation bill. We have accountability to our electorate, and we have accountability for every portfolio we're in. We're really all in this together.

I like your idea. It was raised previously by somebody else whose article I read. They were saying that this committee is supposed to be neutral, so maybe we ought to start shuffling the chairs and not make it so adversarial, right off the bat. I have been on committees where, in fact, we did that. It might actually change the mindset, certainly for the purposes of developing this report. It's a refreshing idea.

I want to ask you three questions. I'm going to give them to you, and you might want to merge your response.

First, what do you see as the key barriers to actually instituting changes to the estimates and budget processes? There have been previous reports, with excellent recommendations. We've heard some really interesting recommendations from some of the experts. A lot of them seem to be in sync. There seem to be a lot of areas where we probably could reach consensus, if we're all free to agree on that. I'm interested to know your advice on that, apart from the fact that we should shuffle the deck chairs.

The second is something that has come up certainly in the Auditor General's reports and was, I think, mentioned by you indirectly, and that is the choice of instruments. The Auditor General very roundly chastised Aboriginal Affairs and recommended that they be more accountable for spending. The way to do that was actually to get away from the year-to-year negotiated contribution agreements and do it through a legislative mandate, in the same way service is delivered at a provincial level.

When I look at that from our perspective, and as members of Parliament looking at the estimates, there's no way you can delve into individual contribution agreements. If there's not a clear legislative mandate saying that this is what the government commits to do, and here are the criteria by which it will be judged, it makes it all the harder for us. We don't generally get into the details of all these individual contribution agreements. That might get even more complex when government starts contracting out more of its activities. You have to delve into those contracts and what the terms are for delivery.

Third, we have now had our second DM-led committee to have oversight of spending. We have the F-35 deputy-led committee, called the point seven or something, presumably as a mechanism of accountability for the terms of reference and how they're going to spend and assess and determine what's appropriate to buy.

The government senior officials now seem to be suggesting that it was very successful for shipbuilding, and therefore it's going to be a good model for the F-35s. I guess an obvious question arises for me. If this mechanism is one the government is starting to use, should it, in fact, become the mechanism we use, instead of wasting three years fighting over what the truth is on the criteria and spending and what things cost? Is it the kind of mechanism we should be thinking about recommending, or others like it, from the outset? It actually has problems, because it could muddy accountability if you had too many people accountable.

Sorry. I don't know if you could track those three questions, but I would appreciate your comments.

The Chair: There's less than one minute left, I'm afraid, to address those points as best you can, as briefly as you can, sir.

Mr. Martin Ulrich: I'll address question one—

• (1600)

Mr. Peter Dobell: —and two and three.

Mr. Martin Ulrich: I'll leave number three for you.

Question number one concerns the key barriers. I might be dreaming in technicolour here, but it seems to me that there is a huge job to be done, and I think it rests with this committee to really look into the process of oversight at the program level. How can parliamentarians do it? It's not only your committee, it's all the others. You have the mandate on this committee, I believe, to deal with other committees and their work on the estimates, to kind of figure out what needs to be done.

I think the second thing that is closely related to this is that in an awful lot of committees the government members are protecting the government. The opposition members are protecting the opposition, and the question is, how can each party get something of value by overseeing, on behalf of all Canadian citizens, how the government is spending their money? There are answers to this. I have some of my own, but I don't live in your world, I've never lived in your world.

It is a very difficult question, but I think if you address it openly and say the people on the government side have a certain belief that they have the right kinds of programs.... They vote for it. We know they do. But what's wrong with the opposition members saying, "Well, you're going to have that, but let's at least understand what is happening. Why do you need that amount of money to achieve those specific results?" If opposition members see that as a waste of money, they can't change it but they certainly have a better idea how to communicate with the Canadian people as to why a change would be a good idea.

The government members, it seems to me, since they are in favour of the programs, would be in a better position to defend why it is exactly what their policy requires. It seems to me there is a zone here. I don't know exactly how to do it, but I sort of raise this as an issue of what parliamentarians should do. They should try to develop a way of testing it down to the party level at some stage.

On question number two, if I understood it correctly, talking about the sort of contribution process and deputy ministers, committees, and all that sort of thing, one of the things that's very big on the contribution agreement is.... Some of them are huge, but as Mr. Williams mentioned to you, the committee can certainly ask for an evaluation of that. In the past this was a perfectly normal thing for a parliamentary committee to do—ask the government for an evaluation of it, and in that evaluation they might even suggest that they consult with the members of the committee in doing it. This is a way, at least it was in the past, where you could get information over a period of time and come to some kind of understanding of what this huge thing is and why it needs to be the way it is, and what might be wrong with it.

Mr. Peter Dobell: The only thing I'd add is that Martin has pointed to the fact that opposition members take one position, government members take another position, but the important thing is that, privately, a number of the government members may think that isn't exactly the way they would like it to be for the future, so they will be able to raise in their caucus that change should be made. It's not going to come quickly, but it can come over time.

The Chair: Next for the Conservatives, Mike Wallace.

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

Thank you, gentlemen, for coming today. It's a very informative presentation, and I appreciate that you've been spending many years thinking about this.

We are hearing a lot about moving from the aggregate sort of voting system that we have to more of a program system. My view of the Auditor General is that those are performance audits, not financial accounting audits, because it's not just whether this invoice matches this dollar amount, and it's put in the proper ledger and all that sort of thing. It's about how those programs are actually performing. It will be an interesting discussion about what we do with the actual votes on the financial piece on these if we do move to looking at the program side.

Right now, when we do estimates, we deal with basically the minister and the bureaucrats who report to the minister from that particular department. You're looking at whether parliamentarians should look at programs. Does that open the door that it's not just a financial audit on the program that we're spending x dollars on, that all the invoices match up and that money's going out the door, but you can tell, say, if it's wasted? It's the actual results, the performance of it. I'm assuming you're assuming that we would be looking at that.

What is the role of the individuals who are the recipients of the program? I don't think there's a program in the world, and I've tried it at the municipal level, where there isn't somebody who benefits from it, regardless of what it costs. What is your vision? If we're looking at programs, what kind of an audit or performance evaluation is that? What roles do all the players play?

• (1605)

Mr. Martin Ulrich: In many ways, the performance audit methodology the Auditor General of Canada uses and which is used in many other countries in the world is a little bit hard to understand, in the sense that they say they're not looking at performance, but they do come awfully close to doing so. Certainly, committees of Parliament are not so constrained, and many such studies in the past

—I haven't looked at the agenda of committees in the current Parliament—were under way. They would invite officials, and they would come through the minister's office. There are certain procedures for it, but in the past that seemed to work. Certainly, the clients of the program would be invited to be witnesses on these studies, and in addition, academics or others who have just studied the program would be invited.

To jump into a different thought—it's related, but it's a little bit different—in some cases in the past when the government wanted to make a policy change, it deliberately asked the committee to do a study of that. One of the reasons they did that was because the whole idea of parliamentary government is that the people consent. It's about building consensus, about people feeling that what the government is doing, they don't have to rebel against it. They have confidence that the process is fair. That doesn't mean they're going to agree with everything, but there is consent. By having a parliamentary committee, especially with all-party agreement, come up with a recommendation, in many cases it's the easiest way for a government to implement a change that everybody realizes is needed, but there will be powerful forces against it. So I think doing it in consultation with people is just an essential thing to do for programs, but it doesn't mean it's this committee; it means all of the committees with departmental responsibilities.

As I said, I don't know how many of those studies are under way, but that was in the 2001 period when we did the study, and there were 19 studies over the period of one year of those kinds of matters. All of them looked at resources and results. Many of them looked at the outside—at public need as related to the results the government was achieving. So there's a long history of doing that and having committees doing it. In some cases, the government might not be happy with it, but in many cases the government is happy with it because it helps them get the job done that they want done.

Mr. Mike Wallace: I have a quick question. We now have reports on priorities and planning, which come in the late spring, and then we have performance reports on what departments did the year before. Do you have any comments on those reports that are required by departments and what their usefulness is?

Mr. Martin Ulrich: I have to declare a possible conflict of interest. I was one of the officials innately involved in the defining of those some 15 or 20 years ago. They've never lived up to my expectations, but nonetheless, I think they are potentially useful.

But they are inevitably useless if parliamentary committees do not look at them. During the time when we were doing many studies, following this one, it was clear that very few parliamentarians looked at them. Yet they are an estimates document. You get them. It's referred to you. You have the authority. You can look at them. You can pursue them.

Mr. Mike Wallace: Thank you.

The Chair: Thank you, Mike.

Denis Blanchette, for the NDP.

[*Translation*]

Mr. Denis Blanchette (Louis-Hébert, NDP): Thank you, Mr. Chair.

Thank you to our witnesses, as well.

Mr. Ulrich, you talked about performance indicators and program assessment, and the way to do that.

In your view, which indicators could be used to better assess the relationship between expenditures and results?

• (1610)

[English]

Mr. Martin Ulrich: This is probably going to be longer than you intended.

Just by way of context, I'll note a couple of things. I think I mentioned—maybe I didn't—that you had Mr. Williams here, who talked a little bit about the Global Organization of Parliamentarians Against Corruption. I served as the executive secretary to that organization for seven years.

One of the things we did was to have a whole bunch of international groups of parliamentarians working with experts from the World Bank and from all kinds of different organizations to develop indicators largely related to parliamentary performance as related to preventing corruption, or in general to provide better government. There's documentation on that. One of the things that I always encouraged Mr. Williams to do when he was around was to use one of the committees he was on and to have them, in their sense, do a test on this.

That brings me to a key point I'd like to make. On performance, initially at least, I think it works best if parliamentarians themselves do the assessment of how well they've done their job. But to do that, they will have to come up with a set of indicators as to how they feel about whether or not they've done a good job for the people of Canada.

There are all kinds of starting places for developing this, but I think if you develop them yourselves, do it in an all-party kind of a group, and try to assess it, then even if you don't agree, I think you're going to develop an inordinate amount of understanding of the process and an understanding of the difficulties each different perspective has to bear. I think it can be a powerful influence.

Also, when I was in the Government of Canada and responsible for essentially building results management into the management of individual departments and agencies, where the departments and agencies actually started doing this themselves—rather than being told what they should measure—they started working their way through. Now, some of them, obviously, didn't play the game—not everybody does—but for some of them, it really was a transformative kind of development.

[Translation]

Mr. Denis Blanchette: Thank you, Mr. Ulrich.

Mr. Dobell, you made suggestions so that reports would not be ignored. Of course, everyone would hope for a positive attitude and support from all parties. But beyond that, given how complex the federal administrative apparatus is, what other winning conditions are necessary to ensure a report is not ignored?

[English]

Mr. Peter Dobell: It's not an easy question, but one has to recognize that the government is basically satisfied with what it's doing. It thinks it's doing the right things.

If all the members of a committee that's looking at a specific program, let's say, come to the conclusion that maybe some modifications in the future would be desirable, then, if the public were following what is happening in the committee—and you're not getting much media attention, but if it were getting more—there would be some pressure through the members' own constituencies looking for change.

One has to recognize that the government does not think that everything it's doing is perfect; they're always looking for ways to improve it. The best and most dramatic example of when there would have been a change if the government had been aware of what was happening is the cost of the long-gun registry, but no one had drawn any attention to it. They were concerned with other matters. I'm pretty sure that if a committee had had the means to find out what was happening, and they had drawn attention to it, I think you would have found that the change would have taken place. Maybe the committee's report would not have said that's first class, but you would have had change.

• (1615)

The Chair: I'm afraid your time is concluded, Denis, thank you.

Next is Kelly Block for the Conservatives. You have five minutes, Kelly.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Mr. Chair.

I too would like to join my colleagues in welcoming you.

It would seem to me that it's probably only once you've served on this committee that you really begin to understand the importance of the estimates and budgeting process, so I feel very fortunate to have been appointed to this committee and to be going through this study.

That brings me to one of my first questions, which would be how we transfer that sense of importance to our colleagues in other committees, because we definitely have a clear understanding and need to transfer that. That might have something to do with tackling the culture of committees and our understanding about the importance of the whole estimates process.

I definitely concur with your assessment of the witnesses that we've brought in and the value of their testimony. We've heard many recommendations, some that are in complete opposition to one another, and some that have actually garnered consensus.

There are a couple of things I'd like you to comment on, the first would be the timing of the estimates and the budget, because that seems to be a quick fix. The other would be on the deemed reported rule. Again, when we say maybe we should be removing the deemed reported rule, it might be so that committees would understand it's important to go through that process, but I'm not sure that we'd actually be accomplishing what we want to by doing that. So if you could comment on that, I'd appreciate it.

Mr. Peter Dobell: You've already had Bob Marleau's pretty effective rebuttal of that view so I'm not going to try to improve on what he said.

One of the things that one observes, though, about the Canadian Parliament is that there's an enormous turnover, and that's also been said by other people coming. I think, again, Marleau was absolutely right in suggesting that perhaps there was some way of people staying on the committee for a reasonable amount of time.

I did a lot of work some years ago on how chairmen were changed. I specifically remember when Mulroney was Prime Minister, in 1984, the appointments that he made were excellent. They were the best people in the House for the chairing of the 19 committees. But come 1988, all but two were changed because you were all competing for the jobs, so only two remained. One was Don Blenkarn, because he was so damned good that everyone recognized how good he was; and the other was Pat Nowlan, and that's because his family had such a connection with the Conservative Party that he had a certain standing.

I remember there was one guy coming from Montreal who had been elected for the first time in 1988. I took a group of members of Parliament to Washington to try to expose them to some of the benefits of the American committee system. I'm not talking about the American political system but the committee system. The man who was made to chair the energy committee had previously been chaired by—I forget her name, because I forget all sorts of things now—but she was from Alberta. She had run an energy company; she knew her business. The man who was appointed had some business experience. He'd come from Montreal. But I remember his saying to me during the course of our visit down there, "My only experience in the field of energy is when I pump my own gas at a self-service station."

So the answer is, you really have to spend more time. I think if you can have it established that the right people are left in a committee, not only the chair but all the way down, it makes a huge difference and you begin to have influence with your colleagues on both sides.

• (1620)

Mr. Martin Ulrich: You asked two other questions. One is on how you would go about informing, educating, in a sense, members of other committees about the importance of the estimates process. I thought Peter is by far in the best position to answer that. He's been in the business for a long time.

The other question you asked had to do with what's called the budget in Canada, and the estimates, which in every other country in the world is also part of the budget. I'm exaggerating. In many countries of the world it's brought together and they seem to be able to do it. My guess is—but I don't know—for the countries that do have it together, I don't get the impression that they do a whole lot better job. I'm not sure why that is.

But I do think in the parliamentary system we have, where the government is going to fall if you don't approve their budget, that most of the time it's not going to fall. Most of the time they won't accept these things. You have to be looking at the estimates in a lot longer term than the process of "it's this week to do it". It's those MPs, and there were a number of them in past Parliaments—I could

name them—who took two or three years to get a very important change made. I think in the estimates process, all the parliamentary dynamics say, "Work, work, work. We have to get it done today", and that's exactly the wrong thing. You have to see it as a longer term job and develop expertise among the different members of your party.

One of the MPs at the time was a member of the Liberal Party. And the Liberal Party was taking an awful lot of public heat and was called all kinds of nasty things for always voting with the government. I got to know him quite well. There were some votes that made no sense whatever to me, so I asked him, "How come you vote for these stupid things?" He said, "Well, do you know how many votes I make in a year in the House?" I don't know the number. He said 3,000. I have no idea. He said, "I can only personally study about 30 issues in depth. What do you do when you don't have enough time to do something? You go to the people you trust and they happen to be your party colleagues. So if I'm voting with them, it's not all that surprising, is it?" I had to agree that, no, it's not.

Mr. Pat Martin: Kelly, that's it. We're well over time. Thank you very much.

Next for the Liberals, John McCallum, speaking of Liberals.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, and welcome to you this afternoon.

You touched on the deemed approved issue a few minutes ago, and how for reasons we heard it might not be a good idea to get rid of that. You mentioned the importance of having people with some experience on the committee. But I think we heard that in some jurisdictions they have a minimum number of hours that the estimates have to be studied for. Would that be a good innovation to our system?

Mr. Peter Dobell: I would say a few hours isn't going to make much difference. What I really think is important is to get yourselves the kind of support that the Parliamentary Budget Officer can give and to give that person some direction to prepare material so then in a short period of time, you can make—

Hon. John McCallum: So you would not impose minimum numbers of hours for estimates of different kinds.

Mr. Peter Dobell: I don't think so.

Hon. John McCallum: Okay.

Next question. In terms of this idea of doing estimates by programs that you've been talking about, I'm interested in how large or small these programs should be, because we have heard that in some jurisdictions nothing much might change. You might have estimates done for the Department of National Defence and then you just change the title to defence program, for example, and nothing really changes. Or you might have programs that overlap departments, which might produce other issues. Within Defence, you could have anywhere from one to 100 programs I suppose. What's the degree of specificity or the approximate number of such programs that you would have in mind to be effective?

•(1625)

Mr. Martin Ulrich: I don't know if it would work to specify that kind of thing. But, for instance, the agriculture department has an enormously huge program and it's clear there are quite diverse things that they're trying to do. I think it's the diversity rather than size that is the greater issue. Many of the really big programs, other than Defence, are the ones that are statutory anyway and therefore not formally part of the estimates voting process.

Peter mentioned the situation with the gun control. That was a clear case of where a program that had been distinct, it had been in three or four departments, ultimately got put into the justice department and the justice department is a bunch of lawyers advising the government. You would think this is kind of a clear case where you wouldn't want to mix gun control, which is a whole bunch of techies setting up a database, with legal people who are providing advice to the government. They're hugely distinct.

Yet the way the government of the day did it is they just threw it all together in a single pot and nobody on any committee paid any attention to it. I knew the chair of the committee at the time. It was the justice committee that looked at those estimates and passed them without any... They sent a nice sweet report saying, we're happy with everything. I asked him why he didn't make this distinction, and he said that they didn't pay any attention.

Hon. John McCallum: I don't understand how we would get to the bottom of a thing like that unless the gun control was isolated. But if you don't know it's a problem to begin with until you investigate it, how would you know which things in which departments to isolate because you can be sure that those in the departments would be trying to hide transgressions from people like us? I don't really understand how this working by programs will enable us to discover problems quicker than would otherwise be the case.

Mr. Martin Ulrich: I don't recall if it's in any of these, but what I certainly recommended over the years was that this would be the kind of staff work whereby a financial group would work with each of the committees, as we advise elsewhere, to look at what would be the best way to sort this out, get the committee's view as to what are the kinds of chunks—without getting into 400 different programs—that make sense of them, and get the advice of the politicians who have to go back to their communities and talk to their constituents. I think it's part of the political process. It's not a techie thing, but I think you need techies to help you do it.

Hon. John McCallum: Thank you.

Mr. Pat Martin: That concludes your time, John.

The final questioner on this round will be Scott Armstrong. You have five minutes, Scott.

Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC): Thank you Mr. Chair.

I'll beg off for a couple of seconds and acknowledge that I'm sitting in a wheelchair today because today's the day on Parliament where MPs walk a mile in somebody else's shoes by rolling along in a wheelchair and try to see what it's like to be a disabled person. For people watching at home, that is why I'm in a wheelchair. I haven't fallen down the stairs or anything.

I'm going to start with the Parliamentary Budget Officer. Mr. Dobell, you had mentioned in previous reports and some ideas you had in the past that we need to add more resources to this committee for us to effectively do our jobs and drill down and provide proper oversight.

Then, in testimony today, you talked about the Parliamentary Budget Officer and commented that maybe it's been too politicized because of the way it's structured and the way it's set up. Is it your opinion that adding resources to this committee through the current Parliamentary Budget Officer, having them answer to this committee, that would be an effective way to increase the resources that we have here to provide proper oversight? Could you expand on that a bit?

Mr. Peter Dobell: I certainly think so. One of the things I'm terribly conscious of as an outsider is the enormous pressure that each of you as members of Parliament are exposed to. I can remember in 1980 when, for the first time, constituency offices were funded. Up till then members weren't spending as much time on their constituency. That suddenly took another block of time.

One of the reasons I'm personally in favour of a large office of the Parliamentary Budget Officer is that those people have the training. If you say these are things I'm concerned about, they can get the information, bring it to your attention privately, as the committee even, and then you can go into it. But you don't have the time yourselves. You're all so busy. Even if you have some good people working for you, these are hugely complicated areas, and as Martin was pointing out, it takes a long time to cut your way through.

•(1630)

Mr. Scott Armstrong: Thanks.

The process, as it is now, if we don't make changes, it's formed like an umbrella where we see huge amounts of dollars from departments and it's very hard for us to drill down. The Parliamentary Budget Officer does have resources they can use to actually drill down. If you combine that with your push towards looking at this from a program perspective, we can actually drill down inside specific programs that the federal government implements and take a look at what's actually happening there. If we had those resources, do you think we'd be very capable, as a central committee of operations and estimates, of providing more proper oversight?

Mr. Peter Dobell: It would be particularly so if you remain on the committee and don't get sent off to other committees because the other thing, of course, is that frankly we don't have enough members of Parliament to staff or to be participating in all of the committees. There are a number of your colleagues who are serving on two or sometimes even three committees. That means they don't have much time to work on any of it.

Mr. Scott Armstrong: So, what you would like to see is, especially on this particular committee, operations and estimates, more of a consistent membership on the committee for both sides—both the opposition and the government. Maybe it would be the only committee they would sit on with the resources from the Parliamentary Budget Officer, where they're really focusing just on this oversight and they wouldn't be as distracted from other parliamentary duties.

Mr. Peter Dobell: And the additional advantage is that you would become friends. In other words, even though you have different political perceptions, you can still respect each other and learn from each other. That's what I think is important, to be here for a long period of time.

Mr. Scott Armstrong: How much time do I have?

Mr. Pat Martin: You have just about 30 seconds actually, Scott.

Mr. Scott Armstrong: Just really quickly, do you have any other ideas of how we can depoliticize the estimates and supply system that we currently have?

Mr. Peter Dobell: Not anymore than I've already suggested....

Mr. Scott Armstrong: Okay. Thank you very much.

Thank you Mr. Chair.

Mr. Pat Martin: Thank you Scott.

That concludes one full round and that pretty much wraps up our hour. I want to thank both of our guests, Mr. Peter Dobell and Mr. Martin Ulrich, for sharing their views with us. The papers that you have published will be of use to this committee and form part of the body of research that we're doing.

Let me also say you made reference a couple of times to what John Williams had done in his years here in terms of scrutiny and oversight. Later today will be the founding of the Canadian chapter of the global organization of parliamentarians against corruption, CANPAC. Even though it started here, it's a lot more robust elsewhere in the world currently, and we're trying to reconstitute it here in this country. So it's at 6 p.m. today in room 340-S of Centre Block. All current and former MPs and Senators are welcome. I think it would be a very worthwhile thing for all of us on this committee to belong to. It has such an overlapping interest of making robust oversight and scrutiny part of parliamentary democracy.

Thank you so much for your time, gentlemen. It's a great pleasure to have you here. We will certainly benefit from what you've shared with us today. Thank you.

Mr. Peter Dobell: What we're looking for is your report, having a good report.

The Chair: That sounds like a challenge and we will try to rise to it.

We will suspend the meeting briefly while we change our witnesses.

The meeting is hereby suspended.

•(1630)

_____ (Pause) _____

•(1635)

The Chair: Ladies and gentlemen, we will reconvene the meeting and welcome as our next guest and witness Mr. Peter DeVries, an expert in public management issues with a long and storied history with the Department of Finance. He has a great deal of experience in these matters. We welcome you here, Mr. DeVries. You have five or ten minutes or as long as you see fit to give us a presentation and then we'll look forward to questions.

The floor is yours.

Mr. Peter DeVries (Consultant, Budgetary Affairs, 3D Policy, As an Individual): Thank you Mr. Chairman.

I don't propose to go through my opening remarks, per se, but instead will summarize them and hopefully within the next five minutes.

At one time, when I was working at the Department of Finance back in the early 1980s, the estimates were a fundamental input in setting the expenditure framework contained in the budget. Officials from the Department of Finance and from the Treasury Board Secretariat would spend weeks compiling the individual expenditure forecasts for the departments and agencies, and then roll them up into an envelope-type of system, which then would form the basis of the direct program spending that was contained in the budget.

However, the budget and the audited financial statements, which sort of relay how well the budget did, evolved over time. All activities controlled by the government are included, cash accounting was replaced by accrual accounting, and the expense figures and revenues are presented now on a gross basis, rather than a net basis.

The estimates, however, have remained relatively static. Today, the estimates are largely irrelevant for budget planning. I believe that the budget should be the anchor for the estimates. The estimates should be put on the same basis as the budget and the audited financial statements, and they should be tabled after the budget.

Under the current supply processes, and with the fiscal year beginning on April 1, this would require that the budget be tabled no later than the middle of February.

Until recently, this was the practice, primarily based on a discussion paper that was released by the department in 1984. At that time we had the budget, we had a borrowing authority bill, we had projections of expenditures to the provinces, and we had the estimates. The budget sort of formed the basis for those three types of information, the estimates, the borrowing authority bill, and the transfers to the provinces.

Of course today, we don't have a borrowing authority bill anymore, so that reduces some of the importance of that linkage.

Tabling the budget before the estimates would mean that the estimates would be more in line with the budget. Reports on plans and priorities should be tabled with the estimates, incorporating the impact of the initiatives proposed in the budget. If that's impossible to do, there should at least be a full reconciliation of those things that were included in the budget but not included in the estimates.

Parliamentarians would then have a much more comprehensive picture on proposed spending by department for the upcoming year. Based on current reports, detailed information on the impact of the spending cuts proposed in budget 2012 will not be fully available until some time in 2013, and the reports on plans and priorities, which normally should have been tabled shortly after the estimates are now not expected until some time in May, and will not incorporate these changes.

One has to ask themselves, what is the use of the reports on plans and priorities, especially in this round?

There should also, as I mentioned, be a detailed reconciliation between the budget and the estimates. They will never be on the same basis. There will always be some differences, but there should be a full reconciliation of that difference. The last time there was a reconciliation between the budget and the estimates was in budget 2007, whereby the expenditure numbers, the expense numbers in the budget, were fully reconciled to the expenditure numbers in the main estimates.

We haven't seen that since.

If the estimates are to remain as is, then I believe they should be tabled much earlier in the process, say, for example, November. There is no reason why not, if they're not going to be tabled, or they're not going to be based on the budget estimates, and they're not going to be consistent with the budget accounting on a conceptual basis.

In that time, that would give parliamentarians much more time to assess the estimates and get them passed before April 1.

The estimates, in my view, then should only contain voted expenditures. Statutory expenditures should not be included. They're not being voted on. They're good for information purposes, but at the end of the day parliamentarians do not spend a lot of time on statutory programs unless there are proposed changes to those statutory programs, as we saw in budget 2012.

Statutory programs need a basis to be included anywhere. They need an economic context and unless you're tabling with the budget, I see no reason why these estimates should contain statutory spending.

With respect to the Parliamentary Budget Office, I believe it should be made an agent of Parliament, as it was originally promised, with increased resources and much more access to information.

Now, last week the PBO published a report entitled "Budget and Expenditure Reporting to Parliament: Strengthening Transparency and Oversight in an Era of Fiscal Consolidation". I would recommend that this committee seriously consider the recommendations in that report.

• (1640)

I think it does go a long way to help focus what type of information should be obtained and how that information could be used.

That concludes my opening remarks. I would be pleased to answer questions the committee may have.

Thank you, Mr. Chairman.

The Chair: You've packed a great deal of information into a very short presentation, Mr. DeVries. Thank you very much.

Mr. Peter DeVries: I wasn't going to read through all that.

The Chair: That's very helpful, thank you.

We're going to begin with the official opposition, the New Democratic Party, Linda Duncan. You have five minutes, Linda.

Ms. Linda Duncan: Thank you very much, Mr. Chair.

Welcome to the committee. I was trying to speed-read your presentation. You did a very good job of speed presenting. It was a fabulous presentation, and a good number of your recommendations seem to be in keeping with those of all the other experts who have come before us, including the PBO.

What mechanism would you recommend be in place to require the government to be fully disclosing the information to the PBO and in a timely fashion?

Mr. Peter DeVries: I think that if the PBO were made an agent of Parliament, then the rules with respect to the passing on of information should be the same as the other agents of Parliament, such as the OAG. If the rules and regulations with regard to the Office of the Auditor General are sufficient, and I believe they do go a long way, then those should be the same types of rules that the PBO should have.

• (1645)

Ms. Linda Duncan: These are good points.

I'm trying to remember the PBO's report. As I recall, one of the things he pointed out was that Treasury Board already gets access, has all the detailed information online, I think it's from the estimates. He recommended there doesn't seem to be any reason why that information can't be made available to members of Parliament. I wonder if you could comment on that.

Mr. Peter DeVries: It is true, all the information is online. Departments submit their detailed information as to what they are proposing to spend to Treasury Board for review and approval as the first stage of the estimates process. That usually starts in the spring of each year for the next fiscal year. All that is now passed through using computers, so it is there. As I said, even back in 1984, we used to go through detailed printouts. All that information was online. So there's no reason why, subject to some confidentiality requirements that may be considered too sensitive at a particular point, that the PBO or this committee shouldn't be allowed access.

Ms. Linda Duncan: Thank you very much.

Finally, every expert in this field who has come in has recommended exactly the same thing, that we should be having the budget tabled at least by mid-February—some said January—and the estimates should be tabled simultaneously, and I know you're also adding the report on plans and priorities.

This is all common sense. Where did we go astray? Why are we not doing this? This seems like a sensible thing so that all parliamentarians could make wise decisions. We have the scenario now where we get the main estimates, then we get the budget implementation bill. We're finding out about some of the cuts. We're finding out entire agencies or commissions are ended, even though the main estimates had a budget for them. The whole process is completely nonsensical.

All I can say is that your recommendations seem to make common sense, and frankly, I can't think of any reason why we wouldn't move in that direction.

Mr. Peter DeVries: I strongly agree that the estimates need an anchor, and that anchor should be the budget. The budget sets out the overall economic and fiscal policy of the government, and the estimates support that fiscal policy that the government has set out. Some new spending proposals have their own legislation, either through the budget implementation bill or through separate legislation on their own, but the majority of the initiatives that are included in the budget go through the estimates process. Without knowing what the budget contains, it's very difficult then to vote on a set of estimates, which have no relevance to the budget.

I've always been a strong believer that the budget should be tabled first. That's the way it had been for most of the period up to 2006. Some study had been done on the reasons I cited for continued interim reports, where there was a logical order as to how things should flow. Right now when you take a look at the estimates, their anchor is last fall's economic and fiscal update, so all the statutory program spending numbers are out of date, and a lot of things that have happened in the budget are not included in the estimates per se.

If you're going to study the estimates, the estimates are a very highly aggregated type of number, you need another document to provide you with the details. That document should be the reports on plans and priorities. I'm not saying that document should be the same as today; I think it needs a major overhaul. I felt the document that Martin talked about before, called part IIIs, had a lot more relevant information in it than what the reports on plans and priorities have today.

Ms. Linda Duncan: Thank you.

Is that my time?

Mr. Pat Martin: I'm afraid your time is up, Linda. Thank you.

Next, for the Conservatives, we have Ron Cannan.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair, and thank you, Mr. DeVries.

I share sentiments similar to those of my colleague, Ms. Duncan. Common sense isn't as common as it used to be, I guess. With a mere 30 years of experience, this probably isn't the first time you have felt this way. Were you not in a position to make recommendations at that time? Is that why these weren't implemented? From your past experience, maybe you could elaborate on some of the hesitation of previous governments—why they didn't accept your wisdom.

Mr. Peter DeVries: First of all, I'm from the Department of Finance. The estimates are controlled by the Treasury Board.

Mr. Ron Cannan: But you guys talk.

Mr. Peter DeVries: We talked continuously on this whole process. When the estimates and the budget were on the same accounting basis, you could put them together very quickly. You had a linkage between the two. Today that's not the case. Ever since we moved to a full accounting for the budget and the audited financial statements, without having the same thing happen to the estimates, there has been a big delink between the two, to the point where the estimates are basically irrelevant for budget planning purposes.

The comments I made today are comments that I also made in my 30 years in government. Up till now, they have had no effect. I did make a presentation at one time on why the estimates should be on an accrual basis of accounting. I did that to an outside group. Treasury Board was there. They had a copy of my paper. Treasury Board has been looking at this issue for I don't know how long. The Auditor General has raised this issue in numerous reports for a number of years without any satisfaction, without any resolution.

Why hasn't it happened? It's not because we haven't pushed. I think it's a little bit because the estimates are not as prominent as other types of government information. They are not seen as being headline news and haven't gotten the attention that they should in approving spending.

● (1650)

Mr. Ron Cannan: That's very succinct. I appreciate that because it's something we all want to change. We'd like to bring some of the collective wisdom of previous witnesses to bear on this question.

So you're saying that if the middle of February was the deadline for budget, and the RPPs would come with the estimates, and that would eliminate supps?

Mr. Peter DeVries: I think you would still have to have supps.

Mr. Ron Cannan: How many? We're trying to get rid of one of the supps.

Mr. Peter DeVries: Well, I think you need a minimum of two. Three is maximum, which is normally the case now.

One of the issues with the budget is that it could include various measures, or set-aside money, for certain types of proposals that the Treasury Board committee is still looking at but hasn't approved. Those types of things cannot go into the estimates for parliamentary approval until they have had Treasury Board approval.

So you are going to have supplementary estimates to reflect those types of changes in programs. In addition, things happen during the course of the year. You could have an emergency disaster. You may have to respond to certain types of events, and those events may have been provided for in a budget with money set aside. But because you don't really know what the event is, you can't approve it beforehand. This would have to be done during the course of the year through supplementary estimates.

But I think if you were to table estimates in advance of the March 1st supply period, or deadline, then you would get a lot more of the spending into the estimates than is currently the case.

Mr. Ron Cannan: Moving on to cash versus accrual, you're saying to stick with accrual?

Mr. Peter DeVries: I'm saying that the budget is on full accrual. The financial statements are on full accrual. Those are the bookends for each fiscal year. The budget starts it off, and the public accounts ends it and says how well the government has done. The estimates are a piece in between. So because they're in between, and linked to the other two, I think they should be on the same accounting base.

Mr. Ron Cannan: The issue of "deemed". We heard from the previous witnesses the history of the negotiations that took place. Should we leave "deemed" in place? What about the deemed rule?

Mr. Peter DeVries: The deemed rule? I think you could do away with it, if you tabled the estimates a lot earlier.

Mr. Ron Cannan: Going to program-based, it has been suggested by several witnesses that we should have program activity-based budgeting, rather than what we have now. There are some problems with reallocating funding internally within departments. Do you see any other challenges if we go that way?

Mr. Peter DeVries: No, I don't. I think Part III, when it was tabled prior to the reports on plans and priorities, contained a lot more detail on programs than is the case today.

When you take a look at the public accounts, they are separated out. There is program information available there: the transfers are all listed, the expenditures, and the operating expenses are done by major groupings within each department. I think if you start—maybe not being overly ambitious, but start moving down that path—over time you can build it up to know what is important for review and what may be subject to review at another point in time or be done in a different way.

• (1655)

The Chair: Thank you, Ron. Your time is concluded.

For the NDP, we have Denis Blanchette.

You have five minutes, Denis.

[*Translation*]

Mr. Denis Blanchette: Thank you, Mr. Chair.

Mr. DeVries, welcome to the committee.

We are seeing an increasing time gap between the tabling of the various budget documents: the estimates, the budget itself, and the plans and priorities. All these documents seem to lose their value because of the time delays between each one.

Do you think inertia resulting from the sheer size of these documents is to blame? I get the sense that, regardless of the conditions, we get to this stage and there is nothing we can do. However, could we try to recast the whole process in a shorter time frame to make the documents meaningful again? Could we not just get rid of certain components that could really never be completed in a short amount of time?

[*English*]

Mr. Peter DeVries: As I indicated earlier, up until about 2006 there was a logic, an order, whereby the budget was first, then the estimates, part IIIs used to be tabled with the estimates, and there used to actually be a lock-up for the estimates at that point in time, so that officials were available to the media in order to go through the numbers. That created quite a flurry of activity in the media during that day and the next day.

Since 2006, we seem to have gone away from that process more and more. I'm not saying it didn't happen in the past, but since 2006 we've gone away from it more and more. Part of the reason, of course, is elections. If you hold an election late in a fiscal year, it becomes very difficult or impossible to table a budget. You go on Governor General warrants. As soon as the House comes back, then you are required to table those Governor General warrants. The budget may not be ready yet for tabling, but you have to table the other ones.

So there are reasons why there are delays at certain points in time. But normally what would happen is that the major policy decisions with a budget are made at the end of the last calendar year, so that by December a budget is largely put in place. What you're waiting for after that is to know whether there is going to be any new economic information that could impact upon the budget's economic projections and then upon the fiscal projections and the projections of the deficit or surplus.

You may want to wait a little longer to get a better feel as to what is happening on the economic front, because it could have a major impact on your budget projections. Having said that, however, what information do you get after, say, December of the preceding calendar year? You get the fourth-quarter national accounts results at the end of February; however, you also get information on the inter-months within the last quarter, to give you a fairly good idea what is going to happen for that final quarter of the year and for the year as a whole. So I would argue that by the end of January, there's not much more information that you're going to get to help you finalize your budget to table in February.

So—to me, anyway—there's no reason that a budget can't be tabled in February based on the information you have at that point in time. Something might happen in February that would throw you way off, but that could be acknowledged in a supplementary statement shortly after the tabling of the budget.

There's no reason why, in my view, the estimates cannot be tabled after the budget, if the budget is tabled in mid-February. That was the practice before. It was the practice when we didn't have all the computerization that we have today. I don't see any reason why it can't be done. The same thing goes for the reports on plans and priorities.

[*Translation*]

Mr. Denis Blanchette: Very well. In that case, my next question will be brief.

Today, we have three supplementary estimates. Isn't that too many?

• (1700)

[*English*]

Mr. Peter DeVries: It all depends on what happens during the course of the year, on how much of the spending that was included in the budget was actually included in the main estimates when they were tabled. If there's a sizable amount that was not included, then you're going to have at least one estimate shortly after the tabling, sometime in the spring of the new fiscal year.

Then a lot depends upon what happens during the course of the year. Are there things that were unanticipated that have to be addressed, for which funds have to be reallocated from one department to another in order to manage a crisis or emergency of some sort? That would mean you would have to have at least another supplementary estimate on top of that, if not two.

I really don't have a problem with the three supplementary estimates, but I do have a problem when a lot of the spending that could have been included in the main estimates is not.

The Chair: Thank you, Denis.

Thank you, Mr. DeVries.

For the Conservatives, we have Bernard Trottier, for five minutes.

Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC): Thank you, Mr. Chair.

Thank you, Mr. DeVries, for coming in today.

There have been differing points of view about the budget and the linkage to the estimates. Some people have said it's really just a guiding policy framework, not necessarily an accounting document. But I think the majority of the witnesses, yourself included, have indicated that it will strengthen the estimates process to have them anchored to the budget.

I just want to clarify one thing about budget implementation. Is that a necessary step in the sausage-making of the estimates? Can you go directly from a budget document to estimates, or do you need the budget implementation to make it a reality?

Mr. Peter DeVries: That is an issue, an important one, in the sense that the estimates should only include those types of things that

the government wants Parliament to approve, and to which appropriate—how should I say it?—oversight has been given, by the government and the Treasury Board.

As I mentioned before, there are things included in the budget.... The budget might say: we propose to do something for sector X, but the Minister of Industry is currently working on our proposal, and so what we've done is set aside a pot of money with which he has to work. But he hasn't come up with the exact parameters yet, and until he does, it can't be included in the estimates or a budget implementation bill.

Mr. Bernard Trottier: Given that, realistically, to be able to anchor estimates to a budget it would have to be tabled in the fall, if we were to continue with an April 1 fiscal year.

Mr. Peter DeVries: No. I would say that the budget should be tabled in February and the estimates should be tabled shortly after and before March 1, if they are on a consistent accounting basis and if you can actually link the two. If you can't link the two, then the estimates can go at any point in time.

Mr. Bernard Trottier: I think on this committee we look at the problem of main estimates that are essentially meaningless and we recognize that this is a challenge. Why are we doing it if this doesn't become the guidepost for budgetary kinds of activities? Maybe as we get into the analysis of a process that can actually work, we'll look at the fall or February. I think there's some sense that this is the direction we'd like to go in.

I think you indicated that we probably could eliminate one of the supplemental estimates if we went to more accuracy in the main estimates.

Mr. Peter DeVries: If you included more things in the main estimates to start off...

Mr. Bernard Trottier: That would be aligned with our desire to wipe out and eliminate duplication and redundancy. I would be very in favour of that.

I want to talk about the RPPs. In your presentation you mentioned that these reports should be overhauled, that there are some real problems with the RPPs.

Could you describe what some of those challenges are? I see the RPPs playing a valuable role when it comes to committee oversight, such that in combination, with the estimates and the RPPs and the DPRs you could do a more comprehensive evaluation of the estimates.

What is wrong with the RPPs?

Mr. Peter DeVries: When we were looking for expenditure cuts for budgets, a lot of the information that I would look at in the Department of Finance would be part IIIs, because they would actually give me details on programs by department. Going through that you would get a good sense of the types of programs the department was responsible for and potentially where you could recommend changes to that program. You can't do that now with the reports on plans and priorities. At least, I was not able to do it again

Mr. Bernard Trottier: The RPPs are really not granular enough today to allow that evaluation.

Mr. Peter DeVries: Yes.

Mr. Bernard Trottier: So just on the oversight loop with committees, do you think that committees should be mandated to spend a certain number of hours looking at programs?

Mr. Peter DeVries: Well, I think programs should go through a review type of process. I think the government's initiative on strategic reviews—other governments have done these strategic overviews—is an important thing. I think every program should be reviewed on a cyclical basis. You don't review everything at once, but you do take a certain department, look at the programs they're administrating, and pick a number of those for very in-depth information.

I'm not saying this committee should do that, because there are the other committees that are supposed to be looking at that. But I think they should do that on a regular basis.

• (1705)

Mr. Bernard Trottier: I guess not every program can be reviewed every year, obviously, so for certain programs that weren't reviewed, is that where a deeming type of rule can...? We'll say that we haven't had a chance to actually review it, and therefore we'll deem the estimates approved for that program...?

Mr. Peter DeVries: That is a thought. Yes. That could be something.... In order to ensure that you do review everything or that everything does get reviewed within a certain time period, then you leave that one open until such time....

Mr. Bernard Trottier: Thank you very much.

The Chair: You're out of time, Bernard. Thank you very much.

Thank you, Mr. DeVries.

For the Liberals, John McCallum.

Hon. John McCallum: Thanks very much for being here.

In common with many other witnesses, you have said that the budget should be released in such a way that the measures can be in the estimates to follow. But unlike other witnesses, you've put a great deal of emphasis on the need for them to be the same accounting. You seemed to go so far as to say that if they can't have the same accounting, don't bother.

Why are you so strong on that? Isn't it better to have estimates—even if it's different accounting—that include the budget measures than to not have them? Or does it not make any difference if you don't have the same accounting process?

Mr. Peter DeVries: Let me go through a table, Mr. Chairman, that highlights my frustration with the estimates.

If you take a look at the estimates for 2012-13 and the estimates comparison, you'll see they indicate that the estimates are going to go up by \$1.1 billion, or 0.5%. This is usually the headline number that the President of the Treasury Board comes out with to say, "Look how we've controlled spending".

But that's not a proper comparison, because of course the estimates for 2012-13 include a lot of the supplementary estimates that were tabled in the previous year. You're comparing apples and oranges.

If you then compare the full estimates for the previous year to the estimates of the current year, suddenly you have a \$7.1 billion decline in estimates now, or a 2.5% to 2.6% change. That's not a legitimate comparison either, because you know there are going to be supplementary estimates during the course of the upcoming fiscal year, which is going to raise that number. When—

Hon. John McCallum: It would take quite a lot of work to make them consistent with each other—

Mr. Peter DeVries: Well...

Hon. John McCallum: —in terms of accrual accounting and other things you've mentioned, right?

Mr. Peter DeVries: The information on accrual accounting should be in the department now. Departments are supposed to present or provide information on an accrual basis for all of their expenditures. They are supposed to be on an expense-based system at this point in time.

I hate to use the words "two sets of books", but that's what we have. We have a set on cash and we have a set on accrual. There's no reason why the information can't be made available or can't be incorporated.

Hon. John McCallum: I just—

Mr. Peter DeVries: But I have just one other point if I may, Mr. Chair. I don't want to take away from the member's time.

But when you then compare those estimates to the budget for 2012-13, the budget is different from the estimates by \$24.2 billion. The budget shows an increase in spending, whereas the estimates would show a decline in spending.

Hon. John McCallum: I just have one more question. This goes back to the question I asked the previous witnesses about how you scale the programs. If you're going to present the estimates on a program basis, do you have the program being the whole defence department or do you break it into 50 units? What do you do?

I was interested in your comment on the part IIIs, when you said that's where you went to get the program information. Would that also be a good place for this committee to go if they brought back that earlier methodology?

Mr. Peter DeVries: I would say so. Yes. There is information available on various programs and other documents, such as the public accounts, at a fairly highly aggregated basis for some parts of spending—like the operating expenses or expenditures—but the transfers are all listed there. Also, more detail is available in volume II and upon request.

• (1710)

Hon. John McCallum: Okay, thank you. But to do that, we would have to bring back the part IIIs, which would be another significant change to the status quo.

Mr. Peter DeVries: I would say don't bring back the part IIIs, just change the reports on plans and priorities.

Hon. John McCallum: Okay. Thank you very much.

The Chair: Thank you, John.

Next, for the Conservatives, we have Peter Braid.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you, Mr. Chair.

Thank you, Mr. DeVries, for being here this afternoon.

I would just like to continue with the same theme as Mr. McCallum, on this notion of looking at and reviewing items by program and delineating by program. We seem to be hearing, to some degree, some conflicting information as to whether, if we moved to a process of reviewing and approving by program, as parliamentarians we would currently have the available information to do that or we would need new or different information presented to us. Could you start with that question, please?

Mr. Peter DeVries: First of all, I believe the information is all there, so it can be done. It depends on how far down you want to go in this process. I would start slowly, rather than taking it all on in one lump sum, so that you get some familiarity with the new information that you receive and you know how you can then use it.

Mr. Peter Braid: Okay.

Assuming that we move to this new process of review by program, then, in addition to more clearly delineating specific programs, as Mr. McCallum has pointed out, I presume, as well, we would need to perhaps have better measurement criteria by program as well. We would need to clearly understand the objectives of each program, and then know how those programs will be measured, in terms of achieving the objectives.

How close are we to that today? How might we measure the achievement of objectives by program?

Mr. Peter DeVries: Well, we're not very close to it today, even though departments are supposed to do ongoing evaluations of their programs. At one point in time the Office of the Comptroller General did that. That was changed and that responsibility was transferred back to the departments and agencies to do it. Apart from some lofty words in the RPPs and the departmental performance reports, you don't see a lot of detail on those reviews. Of course, the Office of the Auditor General every once in a while does do in-depth reviews on certain aspects of programs. They, of course, are public and generate a fair bit of controversy, especially if there are some issues associated with it.

I strongly believe, as I said before, that there should be an ongoing review, a cyclical review, of government programs. I think they've made a start with the strategic reviews, although one cannot glean a lot of information out of the documents as to what was actually done in order to achieve those savings, so more information will have to be provided.

I agree with you that certain criteria would have to be established in order to see whether or not they met the objectives.

Mr. Peter Braid: Do you have any thoughts on how we would help government as a whole or individual departments move to that end goal of measuring programs and measuring results?

Mr. Peter DeVries: What we're seeing here today, just by having this committee review the estimates, is a sign that there is something that's not right and that most members agree that change has to be made. You've had many meetings on this. You've called forward many witnesses who have given you their opinions. It now depends upon the type of report that you're going to write. How hard-hitting is that going to be? What recommendations are going to be in that? It's a matter of trying to convince other committees now to accept your recommendations, or to at least embrace your recommendations, when they review departmental spending.

Mr. Peter Braid: Some of this change, I suspect, though—and this is where I was going—will need to be systemic and cultural. That takes some work and effort. Do you have any advice on how we move through that?

Mr. Peter DeVries: I'm a little pessimistic on that one. When I was asked before about the number of times I had presented my views on what should be included in the estimates and hadn't gotten anywhere on it.... As you said, there is some inertia in the system. There is a tendency to not change and rather to keep the status quo. Sometimes it takes a high-level event in order to bring about change. But even if you go back and look at things in the past, certain events that have generated a lot of controversy and a lot of debate about government spending, have they really changed how the process works and what the guidelines are for those?

So I'm not overly optimistic on that. A lot will depend upon how you present your report and how you sell it, then, to others.

• (1715)

Mr. Peter Braid: Thank you.

The Chair: That concludes your time, Peter. Thank you very much.

The last name we have on the schedule here is Denis Blanchette. You have five minutes, Denis.

[*Translation*]

Mr. Denis Blanchette: Thank you, Mr. Chair.

So what you are basically saying is that you think the Reports on Plans and Priorities and the estimates should be tabled around the same time if they are to have any value. Did I understand you correctly?

Mr. Peter DeVries: Yes.

Mr. Denis Blanchette: As I understand it, then, the budget could be tabled shortly before or shortly after the Reports on Plans and Priorities and the estimates, but not outside that time frame. Is that right?

[English]

Mr. Peter DeVries: I believe so, yes.

[Translation]

Mr. Denis Blanchette: So what I take from your comments is that the public administration has the ability to provide that information in that way with the resources it has. Okay. In that case, it is quite clear.

Now I want to talk about the review being done by the various committees. One of the reasons we started this study was the difficulty we had trying to make sense of the estimates given the quantity of information involved. Every committee has to do an assessment, but since we can't figure out what we should be comparing, confusion sets in and the whole exercise becomes almost futile.

By the way, there have been other attempts to bring everything together in a more coherent way, both in 1998 and in 2003.

As far as the information provided to MPs goes, what changes do you think are needed to make everything easier to understand, so we can then identify the relevant information and do our job more effectively and efficiently?

[English]

Mr. Peter DeVries: I believe in your everyday work you may deal more with programs that are available to individuals and your constituents than a vote structure that is very difficult to explain to anybody. On that basis, as I've argued, I think that more information should be provided on programs. How far down you go is up to debate, but I think more information should be given on programs. There should be an ongoing review of these programs, a cyclical review of these programs, so that you parcel your work out more over the approval process than you are doing right now in considering the mains as a whole.

In the current system, in which the government tables the mains by March 1, everything is sort of automatic after that. You don't have a lot of discretion in changing stuff. You can propose cuts but you can't propose any increases. If you had more detail or more information or more analysis of what these programs are actually doing, and whether they are meeting the criteria set out, then I think you could make more of a difference.

[Translation]

Mr. Denis Blanchette: How much time do I have left?

[English]

The Chair: You have one and a half minutes.

[Translation]

Mr. Denis Blanchette: Very well.

I am going to hand the floor over to Ms. Duncan.

[English]

Ms. Linda Duncan: Mr. DeVries, some of the experts who came in suggested that there should be more time allotted to MPs to review, for example, the estimates. If I round out your recommendations, I wonder if you're saying the PBO be made independent and be given more resources to do a more fulsome review. Would you suggest then we'd not necessarily need a lot more time because the

members in the committee and individually would have more resources at their means to review? Or do you agree with the suggestion that there should be more time allotted to do a full review of the estimates?

Mr. Peter DeVries: I think more analysis of the estimates has to be done and it has to be done by a cast supporting this committee, or other committees. Whether that's the PBO.... I said the PBO should be made an agent of Parliament and be made more independent, but there are a lot of functions that the PBO can do, apart from being assigned to this committee to look at the estimates.

The Library of Parliament is another area that could do a lot of work on providing details and information to members of this committee on the individual programs. They could be tasked to do more of that research-type of analysis that maybe you would have given to the PBO under a different set of circumstances. I have a lot of respect for the members of the Library of Parliament and I think they do a good job. From what I have seen in my appearances before the Finance Committee, they have done a fairly good job.

• (1720)

The Chair: Thank you very much, Ms. Duncan and Mr. DeVries.

We have a brief round of questioning.

Mike Wallace, you asked for a quick question. Go ahead.

Mr. Mike Wallace: Mr. DeVries, you are a chartered accountant. Is that correct?

Mr. Peter DeVries: No, I'm not.

Mr. Mike Wallace: Are you giving advice to the CICA or you are on the board of public accounting?

Mr. Peter DeVries: The Public Sector Accounting Board issues accounting standards for senior levels of government. In doing that they have a research staff of professionals who prepare policy papers for review by a task force. That task force is made up of professionals and non-professionals, and I have served on a number of those task forces.

Mr. Mike Wallace: We've had a fair discussion on accrual versus cash, and to be frank, most members of Parliament can understand cash; they may have a little more difficult time understanding carrying forward liabilities and so on before the cash is paid for them.

What do you think would need to be done in terms of training members of Parliament so they can understand accrual accounting and what they see in front of them?

We had an example where we believe Australia went to accrual accounting and is now going back to cash. Do you have a comment on that?

Mr. Peter DeVries: First off, it's not easy understanding accrual. Somehow I did and I'm not an accountant, so there is hope.

Where I come from on this is that when you approve a capital expenditure in the current year—let's say the government is going to build a new building for \$500 million—you appropriate only the funds that are required in the course of a year. Basically once you approve the funds for year one, you're stuck for year three, four, or whatever length of time it takes to build that building.

On that basis you're moving more to an accrual basis of accounting because you've accepted that the capital costs of this over a period of time are going to have to be met.

This is maybe more from a budget point of view, but when we were on a cash basis of accounting I saw too many departments meeting their restraint targets by cutting capital because it was on a cash basis. Once it goes on an accrual basis, it's treated exactly the same way as any other program.

Mr. Mike Wallace: Thank you.

The Chair: Thank you.

John McCallum has asked for a brief question as well.

Hon. John McCallum: I do have one question.

I thought I heard you say we could get rid of the deemed approved rule. Is that right?

Mr. Peter DeVries: That's right.

Hon. John McCallum: One other witness said the government could be held to ransom, as it were, if MPs filibustered, and that this would be a counter-argument to your proposal.

Mr. Peter DeVries: At least it would provide a source of power for the committees. They'd get more information on what it is they're voting on or be able to make suggestions as to how changes could be made.

I guess I'm of the view that right now you table the estimates by a certain time period and there's very little you can do after that. You have no clout really. A couple of times a committee has held back some funds or proposed to hold back some funds and a resolution was obtained before a final vote on the estimates, but that's very seldom.

The Chair: Thank you, John.

Thank very much, Mr. DeVries, for a very clear, concise, and useful presentation. I like your style. You're very matter of fact and we find that very helpful.

I'm going to suspend the meeting for a moment and reconvene in camera so we can discuss a potential change to one future witness.

We'll thank Mr. DeVries for his presentation and suspend the meeting.

Thank you, sir.

[Proceedings continue in camera]

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