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Chair

Mr. Joe Preston

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•(1105)

[English]

The Chair (Mr. Joe Preston (Elgin—Middlesex—London, CPC)): I call the meeting to order.

We have two topics today. In our first hour are my always favourite witnesses. We have Speaker Scheer and Madam O'Brien.

It's great to have you both here today.

Mr. Speaker, I believe you have an opening statement for us, and then we'll ask you all sorts of digging and thorough questions about supplementary estimates.

Please start.

Hon. Andrew Scheer (Speaker of the House of Commons): It's everything you ever wanted to know about supplementary estimates.

Good morning. Thank you very much for having me here today. I very much look forward to our discussions.

Today I am accompanied, as you mentioned, by the Clerk, Audrey O'Brien, and her executive management team: Stéphane Aubé, chief information officer; Marc Bosc, Deputy Clerk; Kathryn Butler Malette, chief human resources officer; Richard Denis, deputy law clerk and parliamentary counsel; Kevin Vickers, Sergeant-at-Arms; and Mark Watters, our chief financial officer.

[Translation]

Today, I will be presenting the House of Commons supplementary estimates (B) for fiscal year 2012-2013.

[English]

These proposed supplementary estimates for the House of Commons total \$1,586,000. I'd like to stress at the outset of this discussion that all items included in the House of Commons supplementary estimates (B) were presented to and approved by the Board of Internal Economy.

[Translation]

For reference purposes, you have received a document showing the voted appropriations that are included in the supplementary estimates (B). To facilitate today's discussion, I will provide a brief overview of each item in the order that they have been presented.

[English]

Our first item is a budgetary reduction of \$7,427,000, which is a result of the multi-year plan to reduce costs as part of the House of Commons' strategic and operating review. On March 12, 2012, the

board approved these savings and a reduction strategy that will see spending for the House of Commons decrease by over \$30 million, or nearly 7% of the overall budget. These reductions will be phased in and fully implemented by 2014-15.

[Translation]

The reductions for fiscal year 2012-2013 will be achieved through reductions to House Officers' Budgets and operational efficiencies; reductions for committees, parliamentary associations and parliamentary exchanges; and reductions for the House Administration.

I will now take a moment to address each area of reduction in turn.

[English]

First, the board approved an overall reduction of \$1.8 million to House officers' budgets, which represents \$600,000 for fiscal year 2012-13.

Additionally, a number of initiatives will be undertaken to achieve efficiencies through service delivery transformation. An example of this is the reduction of printing of parliamentary publications, which has been facilitated by a steady decrease in requests for paper copies and improved access to online parliamentary information. For fiscal year 2012-13, these savings will amount to \$623,000.

Second, the reductions for committees, parliamentary associations, and parliamentary exchanges will total \$2.575 million. These reductions are in line with measures taken by members of committees, parliamentary associations, and participants in parliamentary exchanges, and they will continue their ongoing efforts to limit spending and find efficiencies.

[Translation]

Finally, cost savings and reductions of \$3,629,000 for the House Administration budget will be achieved through a combination of budget reductions, operational efficiencies achieved via service delivery transformation, attrition, and the elimination of some vacant positions.

It is important to note that care is being taken to minimize the impact on employees of the House Administration. Additionally, the House Administration has in place a Work Force Adjustment Policy to ensure that all employees are treated fairly should they be impacted by changes to its work force.

[English]

I will now move on to discuss the \$8,632,000 that is required for the carry-forward policy. The carry-forward policy, which was approved by the board in 1995, allows members, House officers, and the House administration to carry forward lapsed funds into the new fiscal year, up to a maximum of 5% of the respective operating budgets from the previous fiscal year. This policy is beneficial, as it provides increased budgetary flexibility, reduces potential pressure to spend at year end, and provides an incentive to underspend.

The funding included in the carry forward is divided as follows: for members and House officers, \$5.4 million; for committees, parliamentary associations, and parliamentary exchanges, \$466,000; and for the House administration, \$2,766,000.

It is important to note that this is not new money being spent, but rather an accounting of some resources not used in last year's budget and being made available for use this year. Therefore, while this item does constitute an expense in the presentation of the estimates, it could also reasonably be looked at as savings from budgets of the previous year. It is also reasonable to predict that some funds budgeted for this year will lapse, in addition to the reductions and cost savings that I previously mentioned.

[Translation]

The final item mentioned in the estimates is \$381,000, an amount required to accommodate for special requirements of members.

I am sure we all can agree that it is essential that all members of the House of Commons be afforded the resources required so that they may fulfill their parliamentary functions. We must also ensure that any special requirements of members be adequately considered such that they are not inhibited in their duties.

That said, please be assured that all requests for additional funding to accommodate members are subject to review by the Board of Internal Economy. Ongoing analysis is conducted to ensure that accommodation requests are being managed in the most fiscally responsible way possible.

[English]

This concludes my overview of the House of Commons supplementary estimates (B) for the fiscal year 2012-13.

I and those accompanying me will be happy to answer any questions you may have.

● (1110)

The Chair: Thank you for that opening statement.

We'll go to Mr. Lukiwski first, for seven minutes.

Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC): Thank you.

Thank you, Speaker Scheer and Madam O'Brien.

Simply for clarification, in case there needs to be any, could you briefly inform us of the role of the Board of Internal Economy in the budget process? In other words, you say that all of the suggested additional operating cost appropriations you're requesting have already been reviewed and approved by the Board of Internal

Economy. When you say "approved", what oversight did they have as compared with this committee?

Hon. Andrew Scheer: The board, of course, determines the levels of funding for each of the budgets that are made available for members of Parliament, meaning things like the members' operating budget and travel status budget, in addition to setting policies regarding travel and so on.

In addition, it oversees the House administration, so when resources are required, the request comes to the board. The board is given a presentation by Mr. Watters and Madam O'Brien, and it then makes a decision thereon.

That's the function the board serves: it determines the needs of members, determines the levels of funding, and then seeks the appropriate funding through the estimates.

Mr. Tom Lukiwski: More than anything else, though, I'm wondering...if you're going to the board first and the board had problems with any budget you're requesting, can they put a veto on it? Again, what is the role of the board compared to this committee? Who has the ultimate hammer in terms of oversight?

Hon. Andrew Scheer: The board makes the decision as to what goes into the estimates. A member of the board can have an idea or the administration can come with a suggestion; we talk about it and make a decision as to what will be presented to the House for the estimates, then ultimately it gets voted on by this committee and by the House.

In terms of what goes in the estimates, the board's the authority. In terms of what happens to the estimates, the House is the authority.

Mr. Tom Lukiwski: Clear as mud, thank you very much, but we won't get into that. It could be a discussion for another day.

I want to ask you a couple of quick questions now.

With the passage of Bill C-46, the act to amend the retiring allowances of members of Parliament that was passed into law in November of this year, do you anticipate any savings in contributions to the members in the retiring allowances and the compensation arrangement accounts to be realized this fiscal year?

I know that there'll obviously be an impact on members and their retirement pensions, but what savings will the House realize this fiscal year and ongoing?

● (1115)

Hon. Andrew Scheer: The board does not manage the members of Parliament retirement allowances, but I will ask Mark to give a bit of an overview in answer to your question.

Mr. Mark G. Watters (Chief Financial Officer, House of Commons): Thank you very much.

Treasury Board, as the administrator and plan sponsor for the account, looks after establishing contribution rates and funding requirements for the particular plan. We anticipate that as those changes come into effect and as the demographic changes and the plan experience changes, we will be advised by Treasury Board of what the new contribution rates will be. For the time being, they are unchanged.

There was a slight amendment this year to the retirement account. A contribution from the employer that had been made in the past of about \$600,000 a year is no longer required to be made, but that has nothing to do with the new changes to the plan.

As those are implemented, the experience in the plan will change, and then the contribution rates will change for both the members and for the House as a de facto employer. We will be advised of what the new rates will be, and only then will we start to see savings in those particular budgets. Those are in the statutory part of our appropriation and the statutory part of our vote, and we'll be advised of those, as I said, when the change takes place.

Mr. Tom Lukiwski: Generally speaking, it's the same question we ask every time anyone comes here for supplementary estimates. You requested an additional \$1.5 million, roughly. What changed between your initial budget and the request for \$1.5 million now?

Hon. Andrew Scheer: Very simply, other than the additional requirements for certain members with unique requirements, what you're seeing is a little over \$7 million dollars' worth of savings, and then the carry-forward.

We've had a policy since 1995 of allowing members to carry over in-House administration. Although we know that's going to happen, we don't know exactly how much. The accounting method used is that it gets lapsed back in the year it's not spent and then brought forward in the supplementary estimates for the next year.

For example, if you leave \$10,000 in your MOB and you're going to use that for a carry-forward for accounting purposes, that goes back and then gets reallocated. That's why you're seeing the \$1.5 million. That's actually much less than the \$8 million dollars' worth of carry-forward because of the \$7 million saved through the SOR, both on the House administration and on the members' fund.

Mr. Tom Lukiwski: Am I correct, then, that it is more of an accounting figure rather than real money you require for the operation?

Hon. Andrew Scheer: It's not that we didn't know that we were going to need this. It has to be brought forward in the supplementary estimates because it gets lapsed in the fiscal year if it wasn't spent.

The Chair: Thank you, Mr. Lukiwski.

You're up, Madame Latendresse, for seven minutes, please.

[*Translation*]

Ms. Alexandrine Latendresse (Louis-Saint-Laurent, NDP): Thank you.

Thank you very much for being here today, Ms. O'Brien and Mr. Scheer. It is always a pleasure.

I have some more general questions.

When you came to present your main estimates in May, we discussed the possibility of combining security services to achieve savings. Could you give us the last updates on that subject and tell us whether that would be possible?

Hon. Andrew Scheer: Two committees, one in the Senate and the other in the House of Commons, began addressing this issue. There are some ideas from the Senate and some others from the House. We have managed to find solutions to meet the demands of both Houses.

The work is ongoing, and I hope we have a highly detailed proposal to submit to the Board of Internal Economy in the not too distant future.

• (1120)

Ms. Alexandrine Latendresse: Do you have an idea of the amount that could be saved if the two security groups were combined?

Hon. Andrew Scheer: Not at the moment because we do not know exactly what the final result of that combination will be. Consequently, I cannot give you an exact amount at this time.

Ms. Alexandrine Latendresse: That is not a problem.

I have another, similar question. We also discussed the possibility of having flight passes for travel by MPs. Is there any news on that topic? Has something been done since then?

Hon. Andrew Scheer: I believe we are already seeing savings, but I am going to ask Mr. Watters to give you a more detailed answer.

Mr. Mark G. Watters: We have already started seeing savings in the budget on members' travel expenses. This item appears in a statutory appropriation because it is something allocated to members by legislation.

Last year, while the House of Commons was sitting, there were savings of approximately \$3.6 million for travel expenses under the statutory appropriation. This was a combination of two things: first, the flight passes; and, second, the fact that members travelled a little less. An election was held last year, and that had an impact on budgets.

We note that the same trend has continued this year. When we examine the statutory appropriation for travel expenses, we also see savings this year. This is mainly due to the fact that members are using their flight passes approximately 20% of the time. As you know, they will be mandatory for everyone starting in April 1, 2013. However, some have already begun to use them, and the savings are considerable.

The objective, if you recall the strategic review, was to save approximately \$5 million by using the passes, and we believe we can achieve that.

Ms. Alexandrine Latendresse: That is excellent.

Let us stay on the topic of travel expenses. We had a discussion about the fact that, as a result of the increase in travel expenses, particularly for air travel, funding provided for in the budgets might not be sufficient. However, the situation appears to be going well at the present time. Is that as a result of the savings that have been achieved using the passes?

Mr. Mark G. Watters: Absolutely, yes.

Ms. Alexandrine Latendresse: All right. So much the better. That is good news.

That is all for the questions I had.

Philip, did you want to ask any?

I am going to give Philip my remaining speaking time.

Mr. Philip Toone (Gaspésie—Îles-de-la-Madeleine, NDP): How much time do I have?

[English]

The Chair: There are still a few more minutes left for your round, Mr. Toone, so please take them.

Mr. Philip Toone: Thank you for coming. It's always a pleasure to speak with you.

We're going to be looking at reduced members' operating budgets, which will be \$2,000 a year for the next three years, I believe it is. Is that right?

Hon. Andrew Scheer: That was part of the initial proposal. It is under review by the board, but that certainly is what the initial idea was.

Mr. Philip Toone: It still hasn't been decided, then.

You praised the carry-over in your opening statement, and I think that's quite right. It has an impact. I think it does actually help reduce the pressure to overspend at the end, just for the sake of spending. That's a criticism we hear frequently of governments—that they just try to spend it or lose it.

We're going to be reducing the \$2,000. Do you think the carry-over, then, is going to be affected? Do you think members are generally not going to be able to carry over as much as they used to?

Hon. Andrew Scheer: If the overall office budget is being reduced, I think it would be fair to say that carry-overs would be affected.

If carry-overs were what was left over at the end of the year and the overall amount is being reduced, then I think it's fair to say that depending on the member.... Some members lapse far more than the 5% carry-over and some members less, and some members don't let anything lapse. I don't think we could say at this point what the overall effect would be on the global amount, but I think it would be fair to assume that for some members it would have an effect on the amount that they are carrying over.

• (1125)

Mr. Philip Toone: Do we have stats on that? I know there is a total amount. Do we have by province what kind of carry-over we're looking at?

Hon. Andrew Scheer: We do have stats. They are reviewed by the board, and then when the members' individual expenses are tabled, they are publicly disclosed and you can go through and see them. However, the board is apprised of how many members spent this amount and how many members lapsed that amount, so we are made aware of that kind of information.

Mr. Philip Toone: We're also looking at another cut, this one to the fund to acquire technology. If I'm not mistaken, it's about \$5,000 a year to acquire new equipment for a member's office. That is going to be eliminated. Do we know to what extent that fund has been used in the past? On average, would we say that for MPs' offices that budget had generally been spent completely, or was it often the case that they didn't spend it at all? Do we have any information?

Hon. Andrew Scheer: Yes, about 50% of the available funds were spent in any given year. That's going into effect in the third

year, so it's still available this year and next, and then it's in the third year of the phase-in that it will be eliminated.

The Chair: Thank you, Mr. Toone.

Mr. Philip Toone: Am I out of time already?

The Chair: You are. It's amazing how it flies when we have great guests.

Monsieur Lamoureux, you have seven minutes.

Mr. Kevin Lamoureux (Winnipeg North, Lib.): Thank you, Mr. Chair.

I want to pick up on the flight passes that are given out. This measure is going to take effect this coming fiscal year. Will all MPs be obligated to go through it?

Hon. Andrew Scheer: That is starting April 1, yes.

Mr. Kevin Lamoureux: When I was first elected, one of the things I found amazing was that even though I could get a cheaper flight if went online and booked, the problem was that we would book a week or two in advance, and it had to be paid up front, and then we had to wait until the flight was over and get the receipt as proof of being on the plane. They didn't accept the boarding pass, so it made a whole lot more sense just to go through Amex. Even though their prices are relatively good, it seemed to me that it started to cost more through Amex.

Now I hear about this pass that's now going to be obligatory. It's interesting. I was talking to one of my Atlantic colleagues, and he was telling me how wonderful a deal it was and how we'd save money. I checked out the costs of going to Winnipeg, and I didn't find the passes to be cheaper.

To what degree do you look at the options to make sure you're getting the biggest bang for the buck? Is it just a decision that we're all going to flight passes, even if some other option might save us more money?

Hon. Andrew Scheer: With regard to the flight passes, this was brought as a suggestion to the board. I almost wish we had Mr. Merrifield here with us, because he could give you a very thorough rundown. We did an analysis of the savings that could be realized and determined that it would be cheaper to have members of Parliament go with the flight pass. There are significant reductions in cost. I haven't looked specifically at Winnipeg to Ottawa, but for Regina to Ottawa, going to a flight pass is a significant savings.

As to being reimbursed, the financial department has a system worked out for flight passes. The money is advanced to the member at the time of purchase and then, as flights are taken, they keep track of them to make sure that all the flights are being used so that there isn't a required upfront payment and then a long wait time. As you can imagine, the flight pass would cover a couple of months. They have been very responsive to members to provide that service. It reduces cost without forcing the traveller to lay out all that money up front and have to wait a significant amount of time for repayment.

●(1130)

Mr. Kevin Lamoureux: The only concern I had is that we were aware of the many ways in which you can acquire a ticket. I'm all for saving money where we can. At least between Ottawa and Winnipeg, I found I could get a much better deal than with the passes.

Hon. Andrew Scheer: It's important for members who book through Amex to be aware of which class they're booking. What we've been told is that Amex has the same types of fares that you see online. You can book a very inflexible ticket. You can book a Tango Plus ticket where you can't even choose your seat, and there are fees for changing. You can book Latitude, which you can cancel at the last minute and get a 100% refund. Then, too, you can book executive class, which has its own benefits.

Sometimes members go online to find a cheaper flight, and they don't realize that Amex is booking them on Latitude when they could find a Tango Plus. There are those types of differences. There is a lack of clarity sometimes when you compare the two, because you might be comparing a higher class from Amex with a lower class online.

Mr. Kevin Lamoureux: For lack of better words, they have "really cheap" and then they have "next cheap", and the "next cheap" was the one that Amex was using. Then they have the Latitude and so forth.

Mr. Speaker, who is responsible for the green buses? Does that come under this budget?

Hon. Andrew Scheer: It comes under the House of Commons budget.

Mr. Kevin Lamoureux: The other night I was leaving the Hill, and we had the express bus that goes to La Promenade Building. Technically, it is not even allowed to stop at the base of the Hill to let someone out who's going to the Confederation Building.

Who is responsible for giving the buses their instructions? Common sense doesn't necessarily apply. Quite often—and I hear this from colleagues of all political parties—we see clusters. We'll be waiting for a bus, and five minutes later three or four buses will come. It's pretty commonplace. What is done to review what's happening with the buses? If MPs want to talk about it, to whom do we talk?

Hon. Andrew Scheer: They should talk to staff at the transportation department on the Hill. I know that they try to be very responsive. They have these types of analyses of where members are going and at what time of day, so we know that when there are several votes, they'll be ready for that.

I think the clerk might want to address part of your concern.

Ms. Audrey O'Brien (Clerk of the House of Commons, House of Commons): The Sergeant-at-Arms, for sins in a previous life, is responsible for buses. To him falls the happy task of trying to keep everyone more or less happy with the schedule of buses.

They have regular reviews of the traffic patterns of the buses and of the usage and how much time it takes to get from one place to another. With respect, Mr. Chairman, to Mr. Lamoureux, one of the managerial challenges that they face is they have to give instructions

to bus drivers that are very much framed within health and safety concerns.

Sometimes members are frustrated because they want to be let off somewhere, or it's just easier to take this bus because it's right here and deviate from the route, but in fairness to the bus drivers, they have a very specific route and they're not allowed to improvise on it.

I realize that late at night when there's nobody else on the bus, it leads to the kind of frustration that you might have encountered. Sometimes you get situations in which members want to be let off because it's handier and they have other things to do. We think that in fairness to the bus drivers, it's easier to give them a set route that is going to, we hope, respond to the largest number of people most of the time, but if there are particular irritants.... Members have not been shy about visiting the Sergeant-at-Arms. He's right down beside you every day, right behind you. I might see you down there chatting with him.

Members very often point out that there's some anomaly because of...I don't know, the trends of which committees are meeting a lot in different buildings. The transportation people will adjust. They are very responsive to a trend or an issue that has arisen. Individual incidents are sometimes more difficult to redress.

●(1135)

The Chair: Thank you very much.

Until we invent the transporter for members of Parliament, we will always find two buses that we don't want sitting out front.

Mr. Albrecht is next.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Thank you, Mr. Chair, and thank you to the witnesses for being here today. I really found your comments very helpful in helping me understand the carry-forward and the strategic and operating review reductions.

On page 3 of your opening comments, the first point you made was about a reduction in the House officers' budgets. One line caught my attention; you talked about the reduction of printing parliamentary publications.

I think all of us receive bundles of publications in our offices, and we frequently see large piles of them in our lobbies. The one that comes to mind most recently—and I'm not picking on this one—is the Cohen report. There are boxes and boxes of the Cohen report there. I take some solace in the fact that when I get these reports in my office, I put them in the recycle bin, but there are still a lot of printing costs that go into those publications.

I'm wondering who decides how many—well I don't need to know who, but can we somehow reduce the number of things that are printed? Most of us are now using online versions of these publications. It seems to me there is still a huge waste there.

I'm not being critical, but I'm wondering how we can possibly reduce this even further, because there are all kinds of these in the recycle bins. Yes, they get recycled, but the printing costs are huge.

Hon. Andrew Scheer: Absolutely. This did come to the board, and it's part of our strategic and operating review. What you see in the lobbies is often from government departments, and the House of Commons doesn't have control over how many are produced or how often. Often as a member I get the stacks in my office too. You see stacks and stacks in lobbies, and the next day you know where they are.

We've had discussions with Treasury Board about reducing the requirement for the number of things that need to be physically printed or reducing the number of copies that need to be printed. We're responsible for parliamentary publications, order paper, notice paper....

Mr. Harold Albrecht: I noticed Treasury Board has used a number of memory sticks for their publications, so that's encouraging.

Are there ways that we as parliamentarians could add our voice to the call for reduced numbers of those huge publications that are sitting in our offices and will eventually be in the recycle bin?

Hon. Andrew Scheer: Absolutely, there are ways. I think it's fair for me to say this is something Minister Clement has started, with e-tabling and memory sticks and things like that. I think anything you do to encourage ministers to exercise similar restraint on their departments when it comes to printing.... With the advent of technology, with iPads and the ease with which members can access things like the notice paper and order paper, we're constantly looking at phasing out a lot of the things that require physical hard copy. If a member actually wants to have a hard copy for making notes on, then he or she can print it off.

Mr. Harold Albrecht: Don't forget the BlackBerry PlayBook, Mr. Speaker. It's an extremely excellent tool.

Hon. Andrew Scheer: Oh, I'm sorry. I should have said with the advent of "tablets".

The Chair: You have almost one minute left.

Mr. Harold Albrecht: I'd like to follow up, then, quickly on the \$381,000 special requirements for members.

I'm assuming this is for members who have physical challenges they need to meet. Certainly I'm totally supportive of that. Is that primarily the bulk of that figure there?

Hon. Andrew Scheer: It's the complete amount.

Mr. Harold Albrecht: It's the complete amount. Thank you very much.

That's it, Mr. Speaker.

The Chair: Thank you very much.

Would someone from the official opposition like four minutes?

[Translation]

Mrs. Sadia Groguhé (Saint-Lambert, NDP): Thank you, Mr. Chair.

On page 2 of the notes you gave us, Mr. Speaker, you mentioned "operational efficiencies". I would like to have more details on those measures. Is that possible?

Hon. Andrew Scheer: Yes, absolutely. I am going to ask Mr. Watters to tell you about that as I do not have the French version.

Mr. Mark G. Watters: We targeted four factors in the strategic review exercise: attrition, vacant positions or positions that we were going to eliminate through ongoing initiative reduction, operational efficiencies and budget cuts. The budget cuts were made mainly in areas where we had noted that the budgets allocated to us were not completely used. We therefore proposed cuts to those items.

Then we determined that, based on those options for the House Administration, we would save approximately \$13 million over the next three years. For the attrition and vacant positions initiative, we will save approximately \$1.7 million this year. By cutting positions already filled as a result of the fact that we are changing the scope of the initiatives, we will save approximately \$300,000. As for operational efficiencies, the savings are approximately \$600,000. The budget cuts amount to approximately \$1 million for this year. That totals approximately \$3.7 million for the House Administration.

Attrition and vacant positions are the most significant factor for this year among the initiatives that are part of the strategic review. The department heads really examined their organizations and determined which positions could remain empty and which could be permanently dropped, if you will, in order to achieve the established objectives. That is the most significant item in this element.

The second most significant item is budget cuts. Based on an in-depth budgetary analysis, we really looked at where there was a systematic underutilization of budgets over the years and where we could suggest budget cuts. That is what we did for those budget items.

• (1140)

Mrs. Sadia Groguhé: All right.

With regard to the idea of combining security staffs, I suppose the idea will be to cut personnel at the same time, will it not? That will have the effect of reducing staff.

Ms. Audrey O'Brien: We cannot clearly say yet whether that will call for staff cuts. There will obviously be an impact on human resources and collective agreements here and in the Senate, but also at the Royal Canadian Mounted Police. We know that it is the agency responsible for the parliamentary precinct, outside the buildings themselves. I believe we should not have any spectacular expectations regarding budget and resource cuts. We have all experienced municipal amalgamations, for example, that were supposed to result in stupendous savings, but they never really saw the light of day.

This is a very complex situation. The financial situation regarding budget cuts also comes into play. What I asked the Sergeant-at-Arms and the security employees to do was to work with their colleagues to target security deficiencies and to see, first, whether there were measures to correct those deficiencies that did not require a major investment of resources. I asked them to see whether we could proceed toward a unified security arrangement on a kind of step-by-step basis, if I may use that expression, because it is important not to proceed too fast, precisely in order to avoid causing long-term problems as a result of acting too quickly.

[English]

The Chair: Go ahead, Mr. Lukiwski, please, for four minutes.

Mr. Tom Lukiwski: Thanks very much.

I apologize. My interpretation channel was not working, so I'm not sure if I'll be repeating a question that was previously asked.

I want to talk a little bit about reduction in costs on the House administration side.

I know you've detailed that the House of Commons will attempt to reduce its spending by about \$30 million over the next several years, which is a good thing. We've talked about some of the service delivery transformation in the House, specifically the one Harold was talking about in going away from hard copy of publications to more online publication. That's a great thing, but in the House administration itself you've identified significant savings, some through attrition and some through elimination of vacant positions. Those are obviously how savings can be realized there.

You talked about service delivery transformation in the administration side. Could you detail a little bit of what that means and what kinds of savings you are referring to?

• (1145)

Mr. Mark G. Watters: Thank you.

As I was saying a little bit earlier, Mr. Chair, in this year's \$3.629 million that we're reducing, the bulk of that is coming through attrition, as the member pointed out, about \$1.8 million—\$1.752 million—is from attrition and vacant positions.

Another million dollars is from budget reductions. After analyzing our budgets and looking at constant or significant underutilization of those budgets over the years, we've determined that we can move forward with reduced budgets. That was another million dollars. That's \$2.8 million of the \$3.6 million for this year.

Outside of the world of attrition or retirements, there are employees who would be affected based on service initiatives that we are deciding to cease. Those are called workforce adjustments. There are very few of those for this year, but nonetheless they amount to about \$255,000.

Therefore, in the world of operating efficiencies and service delivery transformation, we're looking at about \$580,000 for this year. It's a small portion of the \$3.8 million.

Some of the things we are doing in that particular space pertain to some of the printing initiatives that we were talking about earlier. We anticipate that over the course of the exercise, we'll reduce the cost of printing by well over a million dollars, and we're starting to move in that direction; this is reflected in this particular item. Moving to a digital environment in which fewer paper copies are produced and more electronic versions are made available is among the initiatives we find in that space.

Mr. Tom Lukiwski: As an overall question, I'm assuming you're comfortable that with your projected savings of \$30 million over the next several years, the delivery of services that you have been providing for many years won't be affected and you'll be able to find cost efficiencies without affecting services to members or service to the House as an entity. Is that right?

Ms. Audrey O'Brien: Yes.

Mr. Tom Lukiwski: Do you have any concerns?

Ms. Audrey O'Brien: Through you, Mr. Chairman, to Mr. Lukiwski, as Mark was saying, the bulk of the administration budget is in salaries. In looking at the question of attrition and vacancies and what vacancies we can afford to not fill and offer up as part of the savings, we have been very mindful of not reducing the services to members.

When we talk about service transformation, some of that means that the services will be rendered in a different way. For example, the members' financial portal is one of those ways in which we're reducing the burden on everyone.

Something I have asked people to do and to continue to do is to look at services we might be providing or work we might be doing because we have always done it. Does it still need to be done? We're not in the position of departments or agencies that have programs and regular program reviews. There are different ways of doing things. One of the things, for example, is looking at moving towards a more paperless situation. That, as Mark has been saying, is quite important.

One of the things we have to be aware of—and I don't want members to have expectations that will be dashed in the end—is that when we transform work, through, for instance, things like the members' financial portal, there is an initial investment required in terms of IT, but then there is required maintenance.

Something I am doing a little bit of anticipatory fretting about is that once we come through the renovations projects on these wonderful buildings—which we are very excited about—and we come online and the Department of Public Works and Government Services hands over the keys to the Speaker, we become responsible for maintaining all of those things. For instance, we will have the swipe card security systems in offices like La Promenade Building, and all of a sudden there is an extra cost for maintenance, because it moves from their budget to ours.

Those are the kinds of things we are very mindful of, and of course we're mindful of 30 new members due to the Fair Representation Act.

The Chair: Thank you, Mr. Lukiwski.

Mr. Williamson, you have four minutes.

Mr. John Williamson (New Brunswick Southwest, CPC): Thank you.

Was the carry-forward roughly just under 2% of the budget from last year?

• (1150)

Mr. Mark G. Watters: Yes.

Mr. John Williamson: Okay. Theoretically, you could carry over up to—

Mr. Mark G. Watters: It's 5%.

Mr. John Williamson: That 5% is \$23 million per year.

Could you give details on this \$381,000 for special requirements for members, without getting into details about individuals? Broadly, what would that be?

Hon. Andrew Scheer: These are things geared toward the ongoing support members require to be able to carry out their functions here in Ottawa and when they go back and forth to their riding. I want to be careful how much I get into that, because we are talking about things specific to individual members. It's about the level of support, and in some cases, the physical accessibility of their office.

I should mention that this is all brought to the board. The board is provided with an analysis in great detail and makes sure the costs of what is being asked for are in line with other types of costs in other departments.

Mr. John Williamson: Thank you.

I'm looking at some numbers. For 2012-13 I see the budget is going to be \$447 million. What was your budget in fiscal 2011, for last year? Do you have those numbers?

Mr. Mark G. Watters: I don't have them with me. From memory, the budget for that first year was somewhere around \$440 million to \$445 million. You were talking about 2010-11, were you?

Mr. John Williamson: I was actually asking about last year, 2011-12. If you have 2010-11—

Mr. Mark G. Watters: For 2011-12, in the main estimates our operating budget was \$441.7 million. Then there were supplementary estimates of \$12.9 million, for an operating budget at the end of the year of \$454 million. Of that \$454 million, the actual public accounts lapse was about \$19.2 million. The statutory lapse, which is adjusted on closing the books, was about another \$8.1 million.

Mr. John Williamson: I'm sorry, but I'm not quite sure what those last two figures mean. I'll have to educate myself, but of the end-of-the-year budget, you spent \$454 million?

Mr. Mark G. Watters: The end-of-the-year budget was \$454 million, and we spent \$427 million.

Mr. John Williamson: Okay, thank you. That's what you mean by "lapse", and that's where the carry-over comes from.

Mr. Mark G. Watters: Yes.

Mr. John Williamson: Okay, fair enough.

In 2013-14, what is in the current estimates, or what are you anticipating spending?

Mr. Mark G. Watters: The main estimates for 2013-14 are quite a bit lower, because we have the reductions for the strategic review. We're giving effect, actually, in the budget to the reductions for two years: the reduction of about \$7.4 million for 2012-13, because they're being done now through supplementary estimates (B), and the reductions for next year, which are another \$9.4 million, so the budget is coming down quite a bit in 2013-14.

Mr. John Williamson: What's the bottom line, the estimate on that?

Mr. Mark G. Watters: I believe it's \$428 million.

Mr. John Williamson: Okay, thank you.

I have just two other—

The Chair: You have time for only one very short one.

Mr. John Williamson: I'm finding tremendous savings with the flight passes. I think they're excellent. They're very easy to use, particularly with the change in the finances. I would encourage you, though, to extend it to spouses, which you don't, and let members manage them as they manage the current ones as another savings for members with families.

The Chair: Thank you, Mr. Williamson.

Mr. Toone, you have four minutes to finish us off today, please.

Mr. Philip Toone: I do have a question, but just briefly, I'd be interested to hear what Mr. Scheer had to say about flight passes.

Hon. Andrew Scheer: To the most recent point of Mr. Williamson's about extending it to spouses, the board is looking at that type of thing.

It's very new. We brought it in as an option for members this year. We've spent this year tracking how it's used. Many things are bound to look good on paper, but then you hear from individual members about difficulties that they may be running into. We're looking at it, I think it's fair to say, with a phased-in approach. If things go smoothly on the members' side and we can figure out a way to include spouses and maybe even staff who regularly go through it, I think those are things the board is open to. It's just a matter of making sure that it fits.

If you consider it as a phased-in approach, I think that will help in the understanding of it.

• (1155)

Mr. Philip Toone: I would certainly add that when it comes to the flight passes, I think overall it probably will lead to economies, from what I've heard from other members. In my case, the savings are negligible; in fact, I think it actually ends up costing more. I think it depends on where you're travelling to.

Anyway, if the board keeps an open mind, I'm sure we'll find an appropriate resolution.

Can we go back to the positions that have been left vacant and eliminated?

[*Translation*]

An effort was made to ensure that services to members were not cut, but what kind of positions were involved?

Ms. Audrey O'Brien: For example, one of the positions eliminated was that of a person who provided administrative support to the parliamentary internship program. That person retired and the position was abolished. The parliamentary internship program still receives administrative support, but that is now part of the duties of other individuals. The director of the program at the university was consulted. I spoke to him the other day and he told me he was pleased with the changes we had made.

We try to be creative when we consider the possibilities. I will tell you quite frankly that, in some cases, employees who had been here for a long time and did not want to retire subsequently decided to do so after considering the possibilities and work reorganizations suggested. I do not mean to suggest in the least that we should put this on the backs of the poor people who have stayed. It is more that we are trying to achieve a better, more efficient allocation in all areas.

Mr. Philip Toone: Would it be possible to get a list of the positions that have been eliminated? I especially want to see the distinction between executive and other positions.

Ms. Audrey O'Brien: I do not have it to hand, but we could definitely submit it to the chair.

[English]

The Chair: Thank you very much.

That concludes our review of supplementary estimates (B).

I thank you, Mr. Speaker, Madam Clerk, Mr. Watters, and all of your staff for the fine job that is done in running this place. I recognize that it's a huge undertaking, and it's really good that you've given all the hard problems to the Sergeant-at-Arms.

Ms. Audrey O'Brien: He has long had a sword, so he's good to go.

The Chair: He can handle it.

Thank you again for coming today. We will suspend for a couple of minutes while we switch out. Thank you.

• (1155) _____ (Pause) _____

• (1200)

The Chair: Folks, I will get us to start back in, please.

It's always good when my own colleagues don't even recognize when I gavel.

Thank you very much. We have a full second hour today, and I'd like to get started.

It's a great pleasure to have Mr. Kingsley back before committee. It's probably five times now that I've been at committee when you have been here. It has always been a great day when it happens.

You know that we've been studying Bill C-21. As you shared with me, you watched some of it and you have some suggestions for us, perhaps, or at least some points of view on it.

I'll leave you to open with comments, and then we'll go to questions.

Mr. Jean-Pierre Kingsley (Former Chief Electoral Officer, As an Individual): Thank you very much, Mr. Chairman.

• (1205)

[Translation]

Mr. Chair, members of the committee, appearing before this committee is always a great pleasure for me. I see there is continuity, both in the chair and among certain members.

I have had the opportunity to examine Bill C-21, mainly its objectives, and the testimony of the Chief Electoral Officer and

representatives of the Canadian Bankers Association. My opening remarks will only take about eight or nine minutes. I would like to recall that the Canadian system, the Quebec system for controlling funds, has made Canada, Quebec, a world leader in the control of money.

Canada understood a long ago that if the system did not control the money, the money could easily control the system. It is important to bear in mind that you are examining what I would call the most refined points in the control of money. We are not dealing with absolutely atrocious scandals, but it is very important to solve the problems that may arise as a result of the present definitions.

I really liked the analogy that one of the committee members made, that money is like water, in that it can seep into all the cracks. It seeks equilibrium, but moves downward. I have previously said that the smallest crack could eventually allow a Garda or Brink's truck to drive through it. So it is very important to make sure there are no cracks.

I share the concerns expressed by the Chief Electoral Officer regarding the complex nature of the proposed system and those concerning certain aspects on which you might focus your attention. I agree that there is a need for complete transparency and periodic reports that would be made public. I also agree that only financial institutions should be allowed to make loans. That moreover is the recommendation I made before I left my position in 2007.

[English]

Two options are possible here.

If the loan is unpaid by the agent at the end of the three years, the EDA would pay. If the EDA cannot pay, then the party would pay. This would obviously mean that the party may wish to get involved, but that is something for internal workings of parties. It would certainly start getting people to be more responsible about the loans that are taken out.

The second thrust would be to allow loans to leadership contestants, again from financial institutions only, up to an amount approved by the party for the leadership for three years, keeping in mind that parties don't have ceilings. There's no ceiling in the law. Parties are free to set the ceilings on expenditures. They may well be entitled to set ceilings for their candidates. Obviously the logic is if it's unpaid at the end of three years, then the party pays. Again, this would instill a sense of reasonableness in the process.

I also note that in their testimony, the banking association representatives stated that grounds for loans would be economic. They would make money available based on the ability of the person to repay and their ability to make money in the process. I took a lot of comfort from that, realizing that no political grounds would be invoked for turning down a loan. That came back to Mr. Reid's concern about independent candidates and candidates from smaller or marginal parties with ideas that are not yet mainstream.

The result would be that the debt would be finalized. It would be off the books. One would have achieved separation of the member of Parliament from the debt. There would be no more undue influence, no potential for it, no perception of it in the minds of the public. The CEO—the Chief Electoral Officer—and the courts would no longer be involved in extending this very complex system. It would be simple to administer, and parties and EDAs would effectively have control over the system to instill responsibility.

In a nutshell, that is the suggestion, sir—not the recommendation, not the proposal, but the suggestion I would like to make to the committee for further discussion.

The objective of Bill C-21, in my view, is it seems to remove the reality, the perception, or the potential of undue influence on a member of Parliament or on a party leader through loans.

The capacity to exceed the contribution limit by the back door is essentially what you're trying to shut down. I thought I would make a suggestion to you for a very simple system, based on the view that the more complex the system, the more tangled the web that is woven, to quote somebody who is well known to most of us.

As I mentioned earlier, in my view—and this I think is the purport of the bill—only financial institutions should provide financing to parties, to candidates, or to any emanation in the political sphere. The terms and the conditions should be made public, and as soon as possible. I struck out “immediately” in my notes, realizing that “as soon as possible” may be better.

There are essentially two broad strokes to what I'm going to suggest to you, allowing for the fact that they may well be shot down and hoping that people will keep in mind that I've been absent from this particular statute for five years now.

I would suggest that loans to nomination contestants and candidates—from financial institutions only—would be only up to an amount approved by the electoral district association, and only for the maximum of three years that we're talking about. The maximum amount could be up to some percentage of the ceiling that may be spent on the campaign, and it could be based on what the EDA itself wishes to establish, so that the EDA would have something there.

• (1210)

The Chair: Thank you very much for your suggestions.

I have Mr. Scott.

Mr. Craig Scott (Toronto—Danforth, NDP): Yes. Thank you, Mr. Chair.

[*Translation*]

Thank you for coming to meet with us, Mr. Kingsley.

[*English*]

The Chair: We're trying something new, just for today. We'll leave it.

Go ahead, Mr. Scott.

Mr. Craig Scott: Do you really want me to start?

The Chair: It's just strange, because the sheet says it's you but it's really the Conservatives. If you don't mind—

Mr. Scott Reid (Lanark—Frontenac—Lennox and Addington, CPC): It reads Scott Reid. You're off to a good start, and I want to hear the rest of it.

The Chair: I'm going to go with it. Mr. Reid, you'll be next, I promise you.

An hon. member: It could be another Scott.

The Chair: With your permission, Mr. Reid, I'll carry on with Mr. Scott.

Mr. Scott Reid: Please continue, Mr. Scott.

The Chair: Go ahead. You'll all get time.

Mr. Craig Scott: In the interest of the graciousness you're seeing take place before your eyes, I think I'll leave some of the questions with respect to your system until the second round or until my colleagues may open.

I'd like to go back to some of the concrete proposals in the current bill that have been causing us some problems. I think your system may not necessarily solve these particular problems because they're at the level of guarantees, loans, and contributions, and the limits on those and how they interact.

One of the primary features of the bill is that we begin with the roughly \$1,200 contribution limit that's already established in the law. We basically say that through a combination of guarantees, loans, and contributions, no given individual can guarantee or contribute in any given year more than that \$1,200.

Monsieur Mayrand told us he thought that would be unworkable. There would be too much of a sliding scale in constantly having to figure out if a bank loan has been paid back, and then the guarantees are released whether or not loans have been paid back, etc. He suggested some kind of divorcing, so that there might be two streams. Possibly, if I understood him correctly, we might put loans and contributions in one stream, meaning you can either lend or contribute up to \$1,200 for a fiscal year, or you can guarantee up to \$1,200 for a year against a bank loan.

I'm wondering if you've given any thought to his testimony on that point. It was in fact the only point that he said was absolutely essential from a workability perspective. He also had other concerns, but he emphasized that one. Do you have any views on that?

Mr. Jean-Pierre Kingsley: I indicated that I shared the concerns that Mr. Mayrand brought forth to the committee. I wasn't specific about this one, but I am certainly in agreement with him. The workability of a scheme involving guarantees of up to \$1,200 from individuals is very hard, especially when one considers the amount that they've repaid, and then they can increase the amount that they would give. This is going to be very difficult.

I also should have indicated that I agree that it should be no longer a per event \$1,200, but a per year \$1,200 in order to facilitate the gathering of moneys, but what I'm proposing to you does away with guarantees entirely. The guarantee is provided by the EDA. The guarantee is provided by the party, or both, if they want to provide a guarantee. There's no longer an individual providing the guarantee.

If I may just say so, I know how difficult it is to collect on a pledge that you receive. I've heard about this. I think you would be one step removed on a loan guarantee, one step removed further away than a pledge for candidates and contestants to go and pick up moneys to repay an institution. That's why, under what I'm proposing, they're out of the game.

• (1215)

Mr. Craig Scott: I will actually now engage in that part of the proposal, because I would worry that new forms of unworkability or even inequality might enter into the picture because some EDAs will be in a position to credibly put up a rebate as part of a collateral. Banks will still look for collateral. Some EDAs will be in a good position, some won't. Incumbent-MP EDAs will be in much better positions than the EDAs of non-incumbents. Marginal parties will be in a very different position. If the bank is only able to look at those two entities and the likelihood of them being able to pay back, and if banks on an economic approach are asking for collateral, it's not immediately clear what the collateral will be, at least for EDAs.

Mr. Jean-Pierre Kingsley: If I were a financial institution, a credit union, or whatever, I would look at what the results were in the previous election, whether the person was elected or not. This is a fact of life now for independent candidates and it is a fact of life for people who represent parties that are considered marginal at this time. Under any scheme that I can think of and under any system, I don't know how one can equalize the chances. One can only level the playing field so much.

I share your concern, but I don't know how to address it beyond what is there already as a system.

Mr. Craig Scott: Great—well, not so great, but great for answering. Thank you.

I understand that what you've said is indeed a cleaner-lined system. That I will concede, but I think it takes us quite some distance from what the sponsor of the bill was trying, so we'll have to go back and see where we might want to compromise, if some of what you say is persuasive.

However, am I right in understanding that by having the EDAs set the limits for nomination candidates or election candidates, the sky could be the limit, as in whatever the...? It could be up to, say, \$85,000.

Mr. Jean-Pierre Kingsley: If I were an EDA, certainly I would not, for a nomination contestant, go beyond the 10% that they're authorized to. That is the limit in the law that one can spend for a nomination contest. Certainly, that cannot be exceeded.

Mr. Craig Scott: No, I mean for an election candidate.

Mr. Jean-Pierre Kingsley: For election candidates, I don't see an EDA guaranteeing more than half of the limit, because that is going to be the extent of their exposure. This is how I view this scheme working that I'm proposing.

The Chair: Thank you, Mr. Scott.

Go ahead, Mr. Reid.

Mr. Scott Reid: Thank you.

I think as a practical matter—I could be wrong here—EDAs tend to fall into one of two categories. I don't think there's a normal bell

curve in terms of their financial state. They tend to either have enough money that they can simply make a direct loan or donation to the campaign at the beginning of the election—which is what my riding association did for my campaign in each of the last three elections—because they've just got that much money sitting in their bank account, or else they've got almost nothing. I suspect it's one of the two.

That's not anything other than setting the grounds.

The question I actually had for you on your proposal, which I think is a very interesting and thoughtful proposal, is.... First is just a technical question. I'm assuming you are saying that in riding X you could have the Liberal, Conservative, and New Democratic parties all decide independently in their EDAs to loan three different amounts to their own candidates. Would that be...?

Mr. Jean-Pierre Kingsley: That's entirely true. It would vary based on the party, based on the EDA, and some EDAs may not be able to afford anything.

Mr. Scott Reid: I just wanted to ask that question to make sure I understood correctly.

I do have a concern of a sort that might not have crossed your mind, but I've actually seen this happen. In some cases there's a preferred candidate who the people who run the riding association board of directors want to win.

Let me take my own riding—not at the federal level, but provincially—as an example. In 2007 the son of the riding association president ran for the nomination but did not win the nomination. It was won by a man named Randy Hillier, who is now the provincial member for that riding. The association then refused to make available its funds to their candidate, presumably in the hopes that he would lose, so that the son, Jay Brennan, would get a second shot at it.

Eventually that was overcome, but in the interim, when it looked as if he was going to go into an election without the ability to have any of the funds, even though they could have largely funded the election, I began to work on trying to line up loans to tide him over.

That would actually be impossible, am I right? Am I right that you'd have to have the consent of the EDA, giving them a complete stranglehold over his ability to finance anything?

• (1220)

Mr. Jean-Pierre Kingsley: No, not at all. The EDA could set a limit or the guarantee. If it provides a guarantee, in my view it would be entitled to say they'll guarantee up to a certain amount only, but if the candidate's campaign can go on its own without reference to the EDA—

Mr. Scott Reid: He just has to get donations.

Mr. Jean-Pierre Kingsley: In terms of loans, then one would have to think.... If one wants the EDA to wind up responsible, because this is essential to the scheme, then the EDA, at a moment in time, may well be involved in setting the limit. When there's a conflict between the two, as you described.... I haven't thought about that particular issue.

Mr. Scott Reid: Okay. I appreciate that. It's a wrinkle that might not occur naturally to one. I don't think it happens that often, but it does occur.

Do I have a moment longer, or are we out of time?

The Chair: Yes, you do. You actually have three minutes left.

Mr. Jean-Pierre Kingsley: By the way, the party could still provide that guarantee. The EDA may not wish to do it, but the party could still provide that guarantee, and that would work under what I've said.

Mr. Scott Reid: Yes, that would be very helpful. I think that would overcome this kind of local problem that can arise.

Just to state the obvious, the rational purpose of both EDAs and parties is to get the person who won the nomination process elected. That should be what they do.

I raised a problem at the last meeting. You've mentioned some of this, but I would like your thoughts on this problem. In any given riding, you have some parties that are virtually guaranteed to get more than 10% of the vote and others that might or might not. Of course, politics is an unpredictable business, and there are members present in this very committee who did not expect to get more than 10% and wound up becoming the sitting member. That happened without the intervention of funds, but it could be that funds play a role in launching a winnable campaign.

Whenever one makes a commercial loan, one has to take into account the risks involved. It would be hard for an institution, especially one that is actually required to use commercial rates and to demonstrate that commercial rates were applied, not to wind up applying criteria that would cause them to loan to different candidates at different rates. I think that after the fact this would be perceived by many people, despite all the goodwill the institutions are presumably having, as representing some kind of preference one way or the other, so much so that if I were in a situation of running a financial institution, I would give instructions not to loan to anybody because I would not want to face the consequences after the fact of the appearance, invalid though it may be, of preference in the political system.

Do you have any thoughts on that?

Mr. Jean-Pierre Kingsley: Well, if I were a financial institution, I would still want to loan money, but I would say that we try to loan at the same rate to everybody so that we don't get into this political discussion about favouritism.

That's what I would do, but I don't run a financial institution.

Mr. Scott Reid: Nor do I, so we're both out of our area of expertise.

Thank you very much. You're thoughtful, as always.

The Chair: Thank you.

Monsieur Lamoureux is next.

Mr. Kevin Lamoureux: Thank you.

I would like to pursue your idea, Mr. Kingsley. You talk about how the current system may have some problems, and what you're

suggesting, I think, does have a great deal of merit. I'm just not perfectly clear on it.

Candidates, in essence, in any given election would turn to a riding association, and the riding association could be the major source of money, because you get that loan guarantee. Under your scheme, in the long term how would that affect raising the money and the obligations that the candidate might have himself, or herself?

● (1225)

Mr. Jean-Pierre Kingsley: Obviously, if the EDA is providing a guarantee, there will be a form of pressure applied on the candidate to pick up the money and get the contributions in accordance with the maximum amount that can be contributed. This is the essence of the game, and how I would view it. There would be that aspect.

If that failed—if the candidate could not raise the money within three years—then the EDA is on the hook. If the EDA cannot pay, then the party is on the hook, so that we escape the perception of undue influence that can be exercised.

I should have indicated that when I ran the conflict of interest regime for the cabinet for Mr. Mulroney, loans were the bugbear. They were one of the toughest issues to come to grips with. People don't consider loans to create a conflict of interest. It's something detestable, something you don't like, and you'll say that you want to get rid of this, yet in the public's mind, it does create a problem.

As a result, we are trying to get away from that, and therefore there will be pressure of some kind. The EDA will want to go out and help raise the money as well, after the event, because it won't want to pay. That's why I said it would introduce an element of greater reasonableness about the loans and beyond the bank's or financial institution's view on the capacity to be repaid. By putting in another judgment, somebody else is going to have to pick it up, making sure that the guarantor is not someone with whom we can be in a conflict of interest or create a conflict of interest or have the appearance of favouritism. Then we've instituted a system of countervailing forces, which would eliminate the problem you're trying to eliminate.

Mr. Kevin Lamoureux: Collectively, among the ridings out there and the ETAs, at the end of the day it's the party that would ultimately be responsible, correct? That could potentially run into hundreds of thousands of dollars, quite easily. Have you shared the idea with parties, or has it been discussed among parties?

I was quite involved in Elections Manitoba. They had an advisory committee and representatives from different political parties. Is Elections Canada aware of the idea you're talking about? To what degree has there been dialogue so that it might potentially come in the form of a more tangible recommendation from Elections Canada?

Mr. Jean-Pierre Kingsley: There has been no exchange between me and Elections Canada on this. I was invited as an individual who used to hold the office, but I would be willing to sit down with Elections Canada and share this further and see what can be developed.

Obviously, since I did not share it with them, I did not discuss this with political parties either, and it may well be worthwhile pursuing that approach. I thought I would come here and tell you what I thought, after having thought on the problem.

When I used to run the system, there was an obligation of a certain reserve. There still is, but the reserve is less, and so I'm telling you what I think.

Mr. Kevin Lamoureux: Would you apply the same principle, then, to leadership campaigns?

Mr. Jean-Pierre Kingsley: Yes, and this is what I've indicated as the second thrust of what I was proposing to you as a suggestion. On leadership campaigns, the parties already, if they wish, set a limit on how much can be spent by the contestants.

Mr. Kevin Lamoureux: Which they do.

Mr. Jean-Pierre Kingsley: It can easily set the limit on what it will allow candidates to borrow, knowing that if the candidate doesn't own up to that debt, they will be on the hook. It will force the parties to be quite rational about what amounts should be spent and what amounts could be borrowed by different candidates. It will force them to reconsider the entry points, the criteria, by which we allow candidates to become contestants for leadership.

Right now money seems to be an important factor. Maybe there should be other considerations. Maybe it should be your ability to go out and get 1,000 or 10,000 people to sign a petition, depending upon which party it is.

Obviously there would be repercussions to this scheme. Obviously you're right in wanting to have further discussion with the various intervenors.

Mr. Kevin Lamoureux: Thank you, Mr. Chair.

The Chair: Thank you.

Mr. Lukiwski, you have four minutes, please.

Mr. Tom Lukiwski: Thank you.

Thank you, again, Mr. Kingsley, for being here.

I want to go back to Bill C-21 and get your observations on some of its elements.

One of the ongoing problems we have is that we've seen, for example, from the 2006 Liberal leadership campaign, that there are still outstanding loans from some of their leadership contestants. I think they total over \$400,000. I think elements of Bill C-21 would go a long way toward preventing that type of situation from happening again, specifically since, as you've mentioned, loans could only be granted through financial institutions.

The problem we see now with the unpaid loans is that they will probably end up being deemed contributions, since it's been six years in the case of some of those contestants. If a party were to backstop a financial institution's loan through a legal contract between the two, it would be difficult for a party or an EDA to renege on repayment because there would be consequences, but in the existing regime, since Bill C-21 hasn't been passed into law yet, there's still that loophole.

Do you see in Bill C-21 enough preventative measures to stop the type of situation we saw in 2006? You're going further. You're making the suggestion that the party be the guarantor, in effect, and that's not contained in Bill C-21. In your read of Bill C-21, does it have enough provisions in it to prevent the type of situation we saw in 2006 from occurring again?

• (1230)

Mr. Jean-Pierre Kingsley: It may well have. By limiting it to financial institutions as the only institutions that can borrow, it introduces a significant “brake” in the system, as opposed to “break”. It is significant.

I was attempting to shut down after a reasonable period of time—three years—the whole issue of loans that are not repaid, so that the next election would be fought with a clean slate, so that you're not into.... Even with financial institutions, you may well be into a six-year drag. There's nothing that says it will be handled within three years unless you put it in the statute, and that's what I was attempting to do. By forcing the parties to be responsible for the debt, you force them to say that this is the maximum amount we will allow you to borrow.

The Chair: You have a minute to go.

Mr. Tom Lukiwski: It puts another level of guarantee onto it, right?

Mr. Jean-Pierre Kingsley: Yes.

Mr. Tom Lukiwski: What do you make of the current system, though, wherein leadership contestants who have unpaid loans after the prescribed repayment period have the ability—time after time, it seems—to ask for extensions?

Mr. Jean-Pierre Kingsley: Sir, I live that regime, and it is hell.

Mr. Tom Lukiwski: Yes, I bet.

Mr. Jean-Pierre Kingsley: As Chief Electoral Officer, on what do you base your judgment about extending or not extending? Yet I had to do it. You know, you give the benefit of the doubt to people, to people in this room. You must give the benefit of the doubt on these issues, unless you find something that was done criminally and is against the statute. It is hell.

The scheme I'm proposing eliminates the Chief Electoral Officer from doing that. It eliminates even the judge from doing that. You simplify the whole process. You eliminate the crack so that no one can drive a truck through it.

The Chair: Madame Turmel is next.

[Translation]

Ms. Nicole Turmel (Hull—Aylmer, NDP): Thank you, Mr. Kingsley. We very much appreciate your comments because you have a great deal of experience.

Under the system you are proposing, from the moment an individual is appointed, that individual could be granted a loan if he or she needed it.

However, if that system were not adopted, what percentage would you suggest? What would it be if an individual was appointed, we were operating under the former system and an election had not been called? Do you have a recommendation?

Mr. Jean-Pierre Kingsley: I liked the Chief Electoral Officer's recommendation on seed costs of approximately \$4,000. However, the committee may well prefer that the amount be \$5,000 or \$3,500. The committee could propose another amount, since its members know better what is necessary for a candidate to undertake an election campaign.

I believe that amount is reasonable. I also very much liked the idea that the same person could donate \$1,200 over three years. That amount would be repaid. That would mean a contribution of \$3,600, which is not scandalous in our federal system.

• (1235)

Ms. Nycole Turmel: I was referring to the situation if an election was not called.

I have a second question. In our discussion, we have given a great deal of consideration to the power of the association and of the party over candidates. I defended women for years, and I can say that this is often done to their detriment. When you incur a debt, you want to have the biggest chance and, consequently, the best known person. How can we solve that problem? This troubles me a great deal.

Mr. Jean-Pierre Kingsley: I did not take that phenomenon into consideration in my proposal. I believe the parties have to examine their conscience regarding the way women are treated in the nomination system. I am convinced of that. With the royal commission, there was an attempt to interfere legally in the entire process, but Parliament and Canadians said they did not want that included in the act. I believe that the situation has to improve but that the matter is in the hands of the parties and riding associations.

However, that is not the biggest problem. As you know, the problem with women's involvement in local electoral associations is not only financial, but especially one of initial access. That is more serious.

[English]

The Chair: Mr. Scott, you have one minute.

Mr. Craig Scott: Mr. Mayrand also spoke to us, Mr. Kingsley, on two points. He suggested that we need to have a provision to make sure that no indirect loans could take place. I know that your system might make that less of an issue. I'm assuming that if we kept the system and tinkered with whatever in Bill C-21, you would say as well that we should add a prohibition on that.

Mr. Jean-Pierre Kingsley: Yes. You don't want indirect loans.

Mr. Craig Scott: Right, and it's not there. We have a provision on indirect contributions, but we don't have that mirrored yet in Bill C-21.

There's one I found a little bit hard to get my mind around. I've been playing with some language for a discussion with my colleagues at some point.

He talked about selling or maybe even leasing goods or services on credit as a potential backdoor way of giving loans. I think he probably meant that if the credit is a long-term credit, it functions as a loan. In the general running of elections, has that issue ever come up as a problem?

Mr. Jean-Pierre Kingsley: I don't know if the allusion was being made to a debt, really, a long-term credit. Someone has provided you with service is what he was saying....

Mr. Craig Scott: But you don't have to pay it back for six months.

Mr. Jean-Pierre Kingsley: Then it becomes a debt after six months.

In my view, the whole issue should be dealt with as a debt. He said that he was recommending looking at the debts as well, at the same time, which I don't think is covered in Bill C-21 at this time.

With respect to debts, it's money owed for services rendered and not paid for. If there is no legal contestation by either party about the debt, then it is a debt. If there is, then what I say doesn't apply. If it is a debt and both parties agree, but I as a candidate don't have the money and the EDA does not have it, it cannot be repaid. Either it is a bad debt or the person persists in maintaining the debt on the books, in which case you continue to reflect it as a debt owed by that campaign.

Mr. Craig Scott: For the moment, that's the way it would work. I think his concern is that it could actually function as a planned loan.

Mr. Jean-Pierre Kingsley: If it is planned, the statute allows that to be referred to the commissioner. If that is the thing, then that is fraud and it is against the law, against the Canada Elections Act, and you then recommend prosecution as commissioner and prosecute the person.

• (1240)

The Chair: Thank you, Mr. Scott.

We'll go to Mr. Williamson.

Mr. John Williamson: Thank you.

Is it four or five minutes?

The Chair: We went for six minutes on that one. I'm being quite flexible, because I am interested in the answers.

Mr. John Williamson: All right.

Thank you for coming forth, Mr. Kingsley.

I have a couple of questions. You talked a little bit about the last leadership race and the trouble with where you draw the line and when you declare a debt out of bounds. One of the changes in Bill C-21 is that instead of allowing one and only one contribution donation of \$1,200, the bill would allow that contribution to be made over several years. Do you agree with that change?

Mr. Jean-Pierre Kingsley: Yes, I do. I indicated that I did agree with that, sir.

Mr. John Williamson: Okay, I heard your—

Mr. Jean-Pierre Kingsley: I think it facilitates the picking up of money afterward, from people who are supportive.

Mr. John Williamson: Okay, good. I'm pleased to hear that, because to me the biggest challenge those members had was an inability to go out and raise money year over year.

Your idea of having the EDA and even the party involved when a candidate is chosen is wise, perhaps, because the legislation calls for that debt to fall back to the EDA after three years, so that check box makes sense. However, I think it is neat but unworkable for both nominations and leadership. Let me explain why.

What if you're in a nomination contest and an EDA or the party doesn't want a particular candidate in the race and disallows any kind of bridge financing? I could say the same thing for a leadership contest. With all due respect, in the current Liberal leadership race there are 10 candidates at this point. One of the criticisms we hear, and this is from Liberals themselves, is that you really should be a top-tier candidate, an elected member. What if the party simply refused to extend any kind of loan provision to those candidates and thereby put them out of bounds?

Mr. Jean-Pierre Kingsley: The party would be facing the fact of probably having no candidates, or only one or two able to come forward, only the ones able to pick up money to launch the thing. That would be a decision by the political party, and it would have to face the music from the Canadian public for having run its leadership process that way.

Mr. John Williamson: But isn't that the problem with this proposal—that it's more about control and not fairness? I think people should be given the ability to present themselves for nomination for a leadership contest, and it shouldn't be up to a party official or party bureaucracy to disallow a candidate from taking out a loan, particularly in a leadership race requiring a substantial amount of money.

Mr. Jean-Pierre Kingsley: I don't see this decision being made by a party official or a party bureaucrat. I see it being made by the executive of the party, the elected people who run the party, so that a true leadership race takes place.

Mr. John Williamson: Right.

Mr. Jean-Pierre Kingsley: You don't want 25 candidates. We all agree with that.

Mr. John Williamson: No, actually I don't agree with that. I think that's a question for individuals to face. If 25 individuals think they've got something to contribute, they ought to be given that opportunity. It makes it messy, I agree, but I think oftentimes democracy is very messy.

Mr. Jean-Pierre Kingsley: If those 25 people find there's no loan available, they have to go out and pick up some money. They have to get some people to support them to indicate that there is support for the ideas they're willing to put forward.

Mr. John Williamson: I agree, but what if you have a situation in which the party does advance loans to some, but not to all?

Mr. Jean-Pierre Kingsley: This is part of what I was saying. The permissible amount of the loans would be even for all the candidates that are accepted as candidates.

Mr. John Williamson: In that case, you could have a situation of unintended consequences because if you make it that easy, I might run, not with any belief I can win but knowing that at the end of the day the bill will get sent to, in the case of the Conservative Party, Jenni Byrne to pay. Suddenly I'm given a platform and I'm not responsible for paying off those debts, knowing full well the political party will pay for it.

Mr. Jean-Pierre Kingsley: You would also have to cross the other hurdles that are put your way by the party to be a candidate. Either it's money or a form of public support, so you would have to cross that. We already have these unwritten hurdles. Some of them become written, but they're unwritten in the way we run the system now. We have these limits.

• (1245)

Mr. John Williamson: I agree, but I think the scheme puts too much control in the hands of a central organization that has a vested interest in keeping things clean. On the one hand, it will block candidates out or, on the other hand, it will allow candidates to come in because the cash is available for all. You're stuck on both ends. If you're the candidate, one reason we run for political parties is for the benefit that gives us: you give up a bit of control and they sign off on your loan, subject to the risk.

Nomination and leadership contests are altogether different beasts; they're contests among individuals. We've seen examples already in which, at the nomination level, boards and parties have favourites and have candidates they would rather not have in the contest. I worry that if we give them tools to disallow them, it's going to narrow the scope of candidates. At the other extreme, opening it up too far would bring forward candidates who are running simply because someone else is going to pay the bill.

Mr. Jean-Pierre Kingsley: By the way, from the questions you were raising with the previous witness, I think you should run for the leadership of the party.

The Chair: Thank you, Mr. Williamson. You noticed Mr. Kingsley didn't say for what party.

Thank you. I have no one else left on the list. I'll take a one-off question.

Go ahead, Mr. Scott.

Mr. Craig Scott: Be careful what you joke about, Mr. Kingsley. That might appear as an endorsement in literature down the road.

I have one last question, again dragging you back to Bill C-21, which at the moment we're sort of working within. We're open to opening it up, I suppose.

You said something very interesting about how you had to make judgments about making extensions, often on a no-information basis, and using a presumption of good faith on the part of the person asking for the extension. Mr. Mayrand also spoke about the problems in the current bill. Section 405.6 deals with the circumstances under which an unpaid amount doesn't become a deemed contribution—that's another area of confusion—at the end of three years if one of four things has occurred.

One is the loan is subject to a binding agreement that effectively means you have almost a new loan, and another one is that it's been written off by the lender as an uncollectable debt.

Basically I think he was saying that if he was going to have those functions, he was going to need access to more information than he currently had.

I assume you would agree with that and that we should be considering writing in informational requirements.

Mr. Jean-Pierre Kingsley: Obviously I agree with that, because I indicated that we obtain some information at the time but that we don't get to verify that information necessarily. You don't get access to the paper documentation that will allow you to feel secure about the judgment you're making, so yes, I would agree with that entirely.

The Chair: Thank you.

Mr. Lamoureux, you can have a one-off question.

Mr. Kevin Lamoureux: I know the legislation we have has a slant towards political entities. Every election you always get someone who says, "I want to run. I want to have my name on the ballot as an independent", and many of those individuals are shocked, I suspect, to find out the rules that apply to campaigns.

Do you have any insights as to what could be done to make our democracy even better for those individuals who are not affiliated with a political party? If you don't have that now but could provide something in writing at some point in time, that would be great. I'd be interested in your opinions.

Mr. Jean-Pierre Kingsley: From my 17 years at the helm, I don't remember a lot of concern.... I shouldn't put it that way. I did not hear a lot from independent candidates who said the rules were too severe.

I did hear from the Communist Party that the thousand dollars down was an issue. That becomes an important break against entry into the system for independent candidates. It went from a hundred dollars to a thousand dollars in one fell swoop, and the Communist Party said, "We're going to have to fork over \$50,000, and our candidates don't have that kind of money", and the party did not have that kind of money.

That was for a small party. From independents I did not hear a lot of concern, but maybe they were so discouraged that they didn't even think of calling the Chief Electoral Officer. I don't know. Certainly the thousand dollars would apply. It was of concern to at least one party and maybe others, and it would obviously be a concern to independent candidates.

• (1250)

The Chair: Mr. Lukiwski, do you have a question?

Mr. Tom Lukiwski: No.

The Chair: Madame Groguhé, please go ahead.

[*Translation*]

Mrs. Sadia Groguhé: Thank you, Mr. Chair.

Mr. Kingsley, I listened to your comments and one question springs to mind. Would this model not create a lot of disparities and differences among candidates? I am afraid that some guarantors might be considered more solvent and that loans would be more readily granted to those individuals. Conversely, I am afraid that the banks might consider other guarantors less solvent. What can you tell us on that topic?

Mr. Jean-Pierre Kingsley: I believe that what I have proposed would improve the situation. However, I do not believe it would permanently solve the problem.

As I told you earlier, the federal act is exemplary and well thought of outside Canada. I would say it levels the playing field. An act

cannot guarantee perfectly equal chances, but I believe the system I am proposing would appreciably improve the situation. That is my impression.

Mrs. Sadia Groguhé: That is fine.

[*English*]

The Chair: Mr. Lukiwski, you had a short question to finish us off.

Mr. Tom Lukiwski: Sure. It's more of an observation than a question. I'm following up with what Mr. Williamson was saying.

I find your proposals intriguing, and for the large part very well thought out. I sense that this is a situation that may never happen, but I think the potential is there, similar to what John was saying.

In a leadership contest, a frivolous candidate who is normally unable to qualify for a bank loan based on his own set of assets could go to a financial institution and say, "I want \$50,000 to enter the race here, and don't worry about it. I know I'm penniless, but the party will pick it up. They have \$10 million in the bank. They're going to backstop me." I think that potentially has some danger to it.

I don't know if you want to comment on that, but it's something I certainly want to think about.

Mr. Jean-Pierre Kingsley: That candidate could not go and get \$50,000 unless the EDA had agreed to the amount.

Mr. Tom Lukiwski: This is the leadership contest.

Mr. Jean-Pierre Kingsley: For leadership, the party would have set that limit and it would have to live with it. It has to set the rules. It's not a perfect solution. I don't live in a perfect world.

The Chair: No, but when you come to visit us, it's a lot better. Thank you.

Mr. Tom Lukiwski: You're sucking up to everybody today, Chair.

The Chair: This chair is just trying to make friends today.

Mr. Armstrong, I see your hand up at the last minute. If you have a very short question, I'll allow it.

Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC): It's just on that last point. Under that system, then, for the leadership, what would stop people who are trying to cause trouble and derail the party from having a whole bunch of people from their party try to register as leadership contenders for the other party, trying to cost money for that party?

I'm not saying that would happen and I know this is far-fetched, but stranger things have happened in politics, you know. There's nothing, I don't think, to protect the party from having these frivolous candidates, or actual candidates, coming in from other parties and trying to cause trouble by being financed by that party. Do you have any comments on that?

Mr. Jean-Pierre Kingsley: The only comment I have is what I said previously. The party establishes the criteria by which you're admitted into the contestant ranks. It's a matter of providing fairness in establishing those criteria, but not perfect access.

Mr. Scott Armstrong: They would have to react to this rule and set criteria based on knowing this could happen.

Mr. Jean-Pierre Kingsley: Yes.

The Chair: Thank you all.

Go ahead, Mr. Kingsley, to finish off.

Mr. Jean-Pierre Kingsley: This is just to say that whatever change you make, there will be unintended consequences. The simpler the system, the fewer the unintended consequences, but as Marshall McLuhan also said, it will provide you with a serendipity of opportunities.

The Chair: That's what this committee tends to do almost every day.

Some hon. members: Oh, oh!

The Chair: Thank you very much.

We will end there.

The meeting is adjourned.

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