

**FOLLOW-UP TO THE HOUSE OF COMMONS STANDING COMMITTEE ON
GOVERNMENT OPERATIONS AND ESTIMATES
Treasury Board Secretariat of Canada
February 27, 2020**

1. Public Transportation Investments (EMS/ISED)

(LPC) Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country): Thank you, Mr. Chair. I'll be quick here. I just want to say thank you, as well, the Honourable President of the Treasury Board for coming to join our committee today. The question I have is something of major interest in my riding of West Vancouver—Sunshine Coast—Sea to Sky Country, as well as throughout western Canada. It's related to the Department of Western Economic Diversification requesting \$0.4 million to promote access to public transportation following Greyhound Canada's 2018 service reductions. This has created a big gap in western Canada for inter-regional transportation. I'm wondering what type of promotional activities the department is going to do with this funding, and what type of transportation options are going to be available in areas that were once served by Greyhound Canada?

Hon. Jean-Yves Duclos (President of the Treasury Board): Very good. How much time do we have?

The Chair: You have 30 seconds.

Hon. Jean-Yves Duclos (President of the Treasury Board): That's long enough to say how proud and pleased we are to have you with us, and welcome to the committee. Second, thank you so much for insisting on public transportation. It's true in my city we are investing in Quebec City the largest investments ever made for the benefit of Quebec City in the history of Canada, and **I understand from you that you want to have more details on how the Treasury Board and our investments will benefit your riding and your constituents, and I'll make sure you get those details.**

Response

Provided by and approved by ISED:

On behalf of the Government of Canada as announced in Budget 2019, Western Economic Diversification (WD) is delivering funding to cover 50 per cent of costs to establish a northern inter-city transportation service, in partnership with the Province of British Columbia. The Province is receiving up to \$1.9 million in federal funding towards total project costs of up to \$3.8 million. This will support transportation service in northern BC, specifically in areas where the private sector has been unable to effectively fill the gap left by the withdrawal of Greyhound Bus Services.

This funding, delivered by WD on behalf of the Government of Canada, is an example of federal leadership to ensure that Canadians in rural and remote communities have the same freedom to travel that other Canadians enjoy.

The initiative addresses the lack of readily accessible inter-city transportation in northern BC, particularly for vulnerable populations, by supporting the operation of four bus routes between northern BC communities hundreds of kilometres apart. These inter-city routes serve 70 communities, including 25 First Nations, and will help residents safely access medical appointments, legal counsel and other essential services that are not available in smaller centers.

Bus service along the following routes has been made possible by federal-provincial collaboration and joint funding:

- Prince George - Prince Rupert (720 kms)
- Valemount - Prince George (300 kms)
- Prince George - Fort St. John (440 kms)
- Dawson Creek - Fort Nelson (455 kms)

This project will also generate ridership and operating data that will be vital as the Province of British Columbia seeks to identify conditions by which inter-city bus services could continue without government support.

Although this project exclusively targets northern communities that were disproportionately affected by the withdrawal of Greyhound services, WD's economic development programs and services provide supports that are inclusive to all communities and constituents across Western Canada.

WD welcomes project proposals from not-for-profit and First Nations organizations that promote economic growth, and from for-profit organizations looking to bring their new and innovative technologies to the marketplace. WD primarily provides this funding through two program streams: the Regional Innovation Ecosystems program and the Business Scale-up and Productivity program.

WD also provides multi-year operational funding to organizations within its "Western Canada Business Service Network" to deliver services and resources to entrepreneurs wanting to start or grow their business. In BC, this network includes the Women's Enterprise Centre, Small Business BC, Société de développement économique de la Colombie-Britannique, and the Community Futures offices.

Community Futures support community economic development through the delivery of business planning and advisory services, and provide loans to small and medium-sized businesses. Two Community Futures offices are within the riding of West Vancouver—Sunshine Coast—Sea to Sky: Community Futures Sunshine Coast, located in Sechelt; and Community Futures Development Corporation of Howe Sound, located in Squamish.

2. Further Information on Funding to CRA for Tax Software Development (EMS)

(CPC) Mr. Ziad Aboultaif (Edmonton Manning): Thank you. I want to go back to a question that was asked by my colleague, Mr. McCauley here on the Vote 10. Vote 10, by definition basically provides grants and contributions to fund prospective recipients. The Minister

mentioned that also the financial demands that account for unforeseen circumstances like emergencies and crisis situations and so on. CRA received three and a half million dollars, and the three and a half million dollars went to application modernization initiative where CRA is basically designing in house the software provided to low-income Canadians to file their taxes.

We know that the private sector has ready, on the shelf product that is less expensive, probably more advanced and doesn't cost three and a half million dollars, so **how can we justify this from the vote 10 definition? Can we call this a crisis and emergency fund for CRA to build, what? To build software? How can you justify that to Canadian taxpayers and how can we satisfy to answer this to the public?**

The Chair: Unfortunately, even though it's an excellent question, we have absolutely no time. As I mentioned with the minister, Mr. Purves, if you can provide a written answer to that question, or if the opportunity comes up in a subsequent question.

Response

Treasury Board Vote 10, Government-wide Initiatives, is an authority granted by Parliament to Treasury Board Ministers to supplement any other appropriation to support the implementation of strategic management initiatives in the federal public administration.

Through Budget 2018, the Government approved the Application Modernization Initiative. This is a multi-year, government-wide initiative to help organizations assess their inventory of business applications and build the technical capacity to migrate these applications into more secure data centres or cloud services.

In this context, the Canada Revenue Agency was allocated \$3.5 million for the planned decommissioning of the St. Laurent Data Centre.

In the Supplementary Estimates (A), 2019–20, we reported \$14.1 million allocated to seven other organizations for the Application Modernization Initiative.

3. Overview of the use of Vote 10 (EMS)

(CPC) Mr. Ziad Aboultaif (Edmonton Manning): Thank you. I want to go back to a question that was asked by my colleague, Mr. McCauley here on the Vote 10. Vote 10, by definition basically provides grants and contributions to fund prospective recipients. The Minister mentioned that also the financial demands that account for unforeseen circumstances like emergencies and crisis situations and so on. CRA received three and a half million dollars, and the three and a half million dollars went to application modernization initiative where CRA is basically designing in house the software provided to low-income Canadians to file their taxes.

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The Chair: Unfortunately, even though it's an excellent question, we have absolutely no time. As I mentioned with the minister, Mr. Purves, if you can provide a written answer to that question, or if the opportunity comes up in a subsequent question.

Mr. Glenn Purves (Assistant Secretary, Expenditure Management Sector, TBS): I would like to write to the committee on the... **an answer on vote 10 and the utilization of vote 10, because I think there are some misrepresentations on the use of vote 10 and I would like to clarify that.**

The Chair: That would be, as I –

Mr. Glenn Purves (TBS): I think the best way to do it would be to do it through writing because there are, again, misrepresentations of vote 10, the controls, the visibility, the authorities. It has been an instrument that has been in the toolkit for many, many years.

Response

Treasury Board Vote 10, Government-wide Initiatives, is an authority granted by Parliament to Treasury Board Ministers to supplement any other appropriation for the fiscal year in support of the implementation of strategic management initiatives in the federal public administration.

The 2020-21 Main Estimates listed TB Vote 10 listed with \$31 million, distributed among the following items:

- \$12 million for the Application Modernization Initiative – This is a multi-year, government-wide initiative that was established in Budget 2018 to help organizations assess their inventory of business applications and build the

technical capacity to migrate these applications into more secure data centres or cloud services.

- \$8 million to respond to claims arising from the Phoenix system – The Government recognizes that employees have been impacted, either directly or indirectly, by the implementation of the Phoenix pay system and has reached an agreement with several bargaining agents to compensate current and former employees for damages.
- \$4 million to support the regulatory reform agenda – Budget 2019 announced the intention to publish “Regulatory Roadmaps” that address stakeholder issues and irritants in high-growth sectors. It also identified funding and legislative revisions so that regulatory departments and agencies can move forward on implementing the proposals in the Roadmaps.
- \$4 million to modernize the Program and Administrative (PA) Services occupational group – The Office of the Chief Human Resources Officer continues to work to modernize several classification groups in the core public service, in order to align these legacy group definitions with the work of the contemporary public service.
- \$3-million uncommitted opening balance in the vote.

In these cases, Treasury Board Ministers have approved the purpose and nature of the expenditure (i.e., operating costs). However, details of the distribution to departmental votes could not be determined at the time of approval as these depend upon the claims received or proposals brought forward by individual departments.

In the past, allocations from this vote have usually been limited to the \$3-million uncommitted balance. However, there has been a significant flow-through of funding in the two prior fiscal years, 2018-19 and 2019-20, to support significant, high priority horizontal initiatives such as the LGBTQ settlement and the Indigenous Early Learning and Child Care Framework.

4. Method in which student loan transfers are sent to Quebec and the proportion of funds being allocated to Quebec (EMS/ESDC)

(BQ) Ms. Julie Vignola (Beauport—Limoilou): Mr. Duclos, I have noticed in the budget that just over 33,000 students debts would be written off and that there was a \$230-million increase for loans and another \$125-million increase for grants, or vice versa. Since you are familiar with my party, my question will not surprise you.

Among those 33,000 written off debts and those millions of dollars provided for loans and grants, what proportion will go to Quebec?

Honourable Jean-Yves Duclos (President of the Treasury Board): This is very important because, as we know very well, not only students in Canada are experiencing a difficult economic situation that is often very dire, but we need them and their investments in their human capital to continue to grow the economy while growing the middle class. In Quebec, we are very aware of that and have a loans and grants program that is separate from the Canadian government's program. Here is how it works. The Canadian government announces, as in this case, substantial investments to improve students' quality of life and their investments in their human capital. Part of that budget is allocated to the Government of Quebec, and we expect it to reinvest it in programs for students. For your information, Mrs. Vignola, our student associations in Quebec also need to know how students in Quebec will be supported through those federal investments. We know that we can count on the Quebec government to provide that response because we know that it is even more important to take care of our students in Quebec.

Ms. Julie Vignola (Beauport—Limoilou): I would like to know what proportion will go to Quebec.

Honourable Jean-Yves Duclos (President of the Treasury Board): I could give you a fairly vague answer, but you have the right to know the exact amount. So I will ask my colleagues who are here to provide it to you. They will tell you what the proportion is, but they will also share with you the mechanisms through which that money is transferred to the Government of Quebec, which is just as important.

Response

Quebec, Nunavut and the Northwest Territories do not participate in the Canada Student Loan Program but receive alternative payments from the Government of Canada to operate their own student financial assistance programs.

As published in the most recent Canada Student Loans Program Annual Report, the total amount of alternative payments for the 2016–2017 loan year of \$338.6 million was higher than the previous year's payment of \$269.5 million. This increase reflects the impact of the 50% increase in Canada Student Grants for low- and middle-income

students, as well as the increase of Repayment Assistance Plan thresholds announced in Budget 2016. As non-participating jurisdictions, the amount of alternative payments to:

- Quebec was \$334.4 million – representing an increase of 25.6% from the previous year’s payment of \$266.2 million;
- Nunavut was \$1.9 million – representing an increase of 27.7% from the previous year’s payment of \$1.5 million; and
- the Northwest Territories was \$2.2 million – representing an increase of 23.3% from the previous year’s payment of \$1.8 million.

Provided by and approved by ESDC:

- None of these written-off loans were owed by borrowers who were residents of Quebec during their studies. This is because Quebec does not participate in the Canada Student Loans Program (CSLP) and receives an alternative payment from the Government of Canada each year to administer its own student financial assistance measures.
- To determine alternative payments, each non-participating jurisdictions must provide statistical data and descriptions on comparable measures offered in that loan year that have “substantially the same effect” as the program elements delivered by the CSLP.
- As non-participating jurisdictions, Quebec, the Northwest Territories, and Nunavut receive an alternative payment as defined by legislation and based on (i) actual spending on CSLP, and (ii) their share of 18-24-year-old population.
- Over \$486 million was paid to Quebec in alternative payment in January 2020, covering the 2018-2019 loan year. This represents an increase of over 80% compared to the January 2017 payment.

5. New Organizations (EMS)

(BQ) Ms. Julie Vignola (Beauport—Limoilou): Thank you. In the case of some transfers, there was nothing in 2017-18, but votes suddenly reached several million dollars, even several billion dollars in some cases. I would like to know what explains the fact that, for 2017-18, there are small points in the tables, while there are amounts of several million dollars for 2020. Is it because something new was created? Can you explain it to us?

The Chair: That is an excellent question, but unfortunately, we're out of time. However, I would suggest, Minister, that if there are any questions posed by my colleagues around the table during your appearance here for which you did not have time to give an adequate and thorough answer, I would ask that you please supply answers to those questions, through the clerk, to the respondents.

Response

The dots indicate that those organizations had no expenditures in 2017–18. All of those organizations were, in fact, established in the following two fiscal years.

In 2018–19, the Leaders' Debate Commission was established. 2019–20 saw the establishment of the Canadian Accessibility Standards Development Organization, Canadian Energy Regulator, Department of Crown-Indigenous Relations and Northern Affairs, National Security and Intelligence Review Agency Secretariat, and Office of the Intelligence Commissioner.

6. Overview of Figures for Reduced Transfers for Health Canada (EMS)

(BQ) Ms. Julie Vignola (Beauport—Limoilou): Thank you, Mr. Chair. I see that, in 2019-20, for the Department of Health, there is a drop in investments of about \$800 million compared with what was provided in 2017-18. In 2017-18, the amount was nearly \$3.5 billion. It is now at \$2.7 billion, which is a decrease. What explains that?

In addition, this is happening in a context where all the provinces are calling for a 5.2% increase in transfers.

Mr. Glenn Purves (Assistant Secretary, Expenditure Management Sector, TBS): Thank you very much for the question. Allow me to answer you in English. I don't actually have the information to show the distinction. You're talking about 2018-19, and the reference level of 2018-19 for health versus the authorities proposed to date, of about \$2.7 billion here. **I'd be happy to get back to you with a written response on that, just to make sure that it's a thorough response**

Ms. Julie Vignola (Beauport—Limoilou): I was wondering about that because of the provinces' requests for better transfers. I see the figures decreasing compared with 2017-18, despite the provinces' request.

Mr. Glenn Purves (TBS): Right.

Ms. Julie Vignola (Beauport—Limoilou): Those requests go back several months. For the time being, I am fine with your answer.

Mr. Glenn Purves (TBS): I can give you another explanation. For transfers—the Canada health transfer, Canada social transfer, equalization, and so forth—that doesn't show up here with respect to this.

Ms. Julie Vignola (Beauport—Limoilou): Right.

Mr. Glenn Purves (TBS): If you go to the main estimates, I believe you'll see, effectively, for 2019-20, the start of the year, about \$175 billion. Those large transfers are part of that structure and we started reporting on statutory expenses because parliamentarians were asking to get a lens in terms of, when they're having to vote, having the same information about stat to get a big picture of the global spend for government. In terms of changes to transfers, it would not be reflected here—These are for voted amounts, non-statutory amounts.

Ms. Julie Vignola (Beauport—Limoilou): Okay. Thank you.

Response

The decrease in funding for Health Canada from 2017–18 to 2019–20 is due to the creation of the Department of Indigenous Services part way through the 2017–18 fiscal

year. The new department was given the mandate for the provision of primary health care, supplementary health benefits and health infrastructure support for First Nations and Inuit. In 2017–18, unspent funds at the time of the creation of the new department were transferred from Health Canada to the Department of Indigenous Services. In subsequent fiscal years, the entire annual budget for those programs and services is presented under the Department of Indigenous Services.

Over the same time period, statutory payments to provinces and territories through the Canada Health Transfer have increased from approximately \$37.2 billion in 2017–18 to \$40.4 billion in 2019–20. Starting in 2017–18, the Canada Health Transfer has grown in line with a three-year moving average of nominal Gross Domestic Product, with funding guaranteed to increase by at least 3 per cent per year.

7. Total amount spent on IT projects in 2018-2019, including the reports submitted to the Chief Information Officer (CSS/OCIO)

(CPC) Mr. Ziad Aboultaif (Edmonton Manning): Mr. Ziad Aboultaif (Edmonton Manning, CPC): Good morning. I just want to take you through a journey in the IT area. I've got a few quick questions. I appreciate quick answers, if that's okay.

The question is how much of taxpayers' money does the federal government spend on IT? Do you have any number?

Mr. Glenn Purves (TBS): I can talk to you a bit about Shared Services Canada and the reference levels for Shared Services Canada in terms of its discharge and responsibility.

Mr. Ziad Aboultaif (Edmonton Manning): I'm looking for numbers. If you don't have it handy—

Mr. Glenn Purves (TBS): I'm saying that we have a Minister for digital who will be appearing with the team, so it would be....

The Chair: For the purpose of this meeting, what Mr. Purves is saying is that we have asked for the estimates on SSC, Shared Services Canada to be discussed here. If you can focus your remarks, Mr. Purves, on the amount of IT spending within Shared Services Canada that could be, I think, helpful.

Mr. Ziad Aboultaif (Edmonton Manning): Thank you.

Mr. Glenn Purves (TBS): If you look at the sheet for Shared Services Canada in the main estimates and supplementary estimates (B) which we're discussing here, for capital expenditures they spend about \$429 million per year. I don't have that actually broken down by specific IT measure and capital.

Mr. Ziad Aboultaif (Edmonton Manning): That's fine. Here's my next question.

Mr. Glenn Purves (TBS): There's a certain portion of the operating that would probably go to services as well.

Mr. Ziad Aboultaif (Edmonton Manning): Here's my next question. That's going to help you to respond, not now, maybe later. An order paper question Q2456 last year from one of my colleagues, the Department of Global Affairs responded by saying all departments undertake a report and exercise mandated by Treasury Board related to the previous fiscal year IM/IT expenditures. This exercise is typically completed six months after the end of the previous fiscal year to allow for thorough assessment and analysis of relevant information.

The question is would you be able to provide us with a copy of these reports provided to each department for the fiscal year 2018-2019?

Mr. Glenn Purves (TBS): I think for the answer for that question, I think probably would be more appropriate for this appearance of the Minister of Digitization who has the purview on that and who could actually speak to that issue. I'm happy to pass along that question so that there's an informed response when you have that conversation.

Mr. Ziad Aboultaif (Edmonton Manning): I'm building on the answer from Global Affairs and it is mentioned that Treasury Board is responsible, and that fall 2018-2019 which is last year.

Mr. Glenn Purves (TBS): Right.

Mr. Ziad Aboultaif (Edmonton Manning): Therefore, I think I still would like to ask for those reports to come from Treasury Board.

Mr. Glenn Purves (TBS): I believe you have them. I'll pass to my colleague Karen Cahill here who is the CFO of the department.

Ms. Karen Cahill (Assistant Secretary and Chief Financial Officer, TBS): Good morning. Thank you for the question, Mr. Chair.

Although I don't have the number and we will commit to providing you the numbers, I can give you additional information. This information is in fact provided by all departments in the fall around the end of September to the Office of the Chief Information Officer for Canada which is under TBS. The information is also available on an IT portal because all departments are required to send the information to the office of the CIO via this IT portal. We will definitely undertake to provide you with the information. We're coming back, as my colleague Glenn was saying, with the Minister of Digital Government and the acting Chief Information Officer will also be present. We will be able to provide you with the amount spent in IM/IT.

Response

In 2018-19, the federal government spent \$6.8 billion on Information Technology and Information Management.

As requested, the summary report of each of the 47 departments and agencies is included.