

SENATE



CANADA

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**FOURTH INTERIM REPORT ON THE  
*MAIN ESTIMATES 2005-2006***

**Standing Senate Committee on  
National Finance**

**THIRTEENTH REPORT**

**Chair**

**The Honourable Donald H. Oliver**

**Deputy Chair**

**The Honourable Joseph A. Day**

**June 2005**

## **FOURTH INTERIM REPORT ON THE 2005-2006 ESTIMATES**

Your Committee, to which were referred the *2005-2006 Estimates*, has, in obedience to the Order of Reference of 7 March 2005, examined the said estimates and herewith presents its fourth interim report.

### **INTRODUCTION**

As is customary with this Committee, several meeting dates were set aside for the review of the *2005-2006 Estimates*. The Committee's examination began on 9 March 2005 when the Honourable Reg Alcock and officials of the Treasury Board Secretariat outlined and explained the main features of the *2005-2006 Estimates*. They also answered several questions at that time, in addition to providing written responses at a later date. The details of the Interim Supply Bill were made available for the Committee's consideration before the end of March 2005 and an interim report (the Committee's Sixth) was tabled in the Senate in March 2005. Since that date, the Committee has continued its examination of the *2005-2006 Estimates*.

### **HEARINGS ON THE 2005-2006 ESTIMATES**

Much of the Committee's time this spring was taken up by the study of the following legislation:

- Bill C-8, An Act to amend the Financial Administration Act, the Canada School of Public Service Act and the Official Languages Act;
- Bill C-24, An Act to amend the Federal-Provincial Fiscal Arrangements Act and to make consequential amendments to other Acts (fiscal equalization payments to the provinces and funding to the territories);
- Bill C-30, An Act to amend the Parliament of Canada Act and the Salaries Act to make consequential amendments to other Acts;
- Bill C-33, A second Act to implement certain provisions of the budget tabled in Parliament on 23 March 2004; and

- Bill C-45, An Act to provide services, assistance and compensation to or in respect of Canadian Forces members and veterans and to make amendments to certain Acts.

In addition, Senators were able to examine several aspects of the government's spending plans. In particular, the Committee completed its work on two aspects of the Estimates that it examined in greater details. The first involved the government practice of creating arms-length relationships with foundations that were set up by various departments. The Committee reported on this work in its Eleventh Report which it submitted in May 2005. The second topic of in-depth study concerned the funding arrangements for the Officers of Parliament which was reported in the Committee's Twelfth Report also submitted in May 2005. While the Committee conducted its work, Senators were able to elicit additional information on the *2005-2006 Estimates* that has not yet been reported. The Committee would like to highlight two areas in particular.

#### **A. The Comptroller General of Canada**

During its examination of the government spending plans for foundations, the Committee was also able to explore some aspects of newly strengthened Office of the Comptroller General. On 13 April 2005, Mr. Charles-Antoine St-Jean, Comptroller General of Canada and Mr. John Morgan, Executive Director, Financial Management and Accounting Policy Directorate, Comptrollership Branch, appeared before the Committee to discuss the relationship between the Comptroller General and the foundations. Senators took the opportunity to examine in some detail the functioning of this new Office.

On 12 December 2003, the government announced several initiatives to strengthen accountability and transparency in the public service. A key element in that program was to establish the Comptroller General as a distinct office in the Treasury Board Secretariat to ensure that expenditure plans are sound. The government also directed that the Comptroller General be given functional authority over, and be involved in, the staffing of the comptroller positions in all departments and agencies. In turn, these departmental comptrollers were directed to sign off on all departmental spending proposals before they are submitted to Cabinet for approval.

Senators were very interested in obtaining details on how these relationships (that between the departmental comptrollers and the deputy ministers of their departments and that between the departmental comptrollers and the Comptroller General) were expected to function. Using the foundations as the example, Mr. St. Jean was able to illustrate how potential problems would be addressed by the departmental comptroller, the deputy minister and the Office of the Comptroller General.

Senators learned that the Comptroller General's key duties include:

- Overseeing all government spending, including review and sign-off on new spending initiatives;
- Setting or reviewing financial, accounting and auditing standards and policies for the Government of Canada; and
- Providing leadership to ensure and enforce appropriate financial controls and cultivate sound resource stewardship at all levels across the federal public service.

Senators appreciated the discussion as it not only addressed some of their concerns about accountability and transparency issues in regards to the foundations, but also gave them a clearer picture of how the reorganization of the Office of the Comptroller General would provide Parliament with more timely information on government spending.

### **B. The Public Service Human Resource Management Agency**

Another opportunity to examine government spending plans occurred during the Committee's study of *Bill C-8, An Act to amend the Financial Administration Act, the Canada School of Public Service Act and the Official Languages Act*. On 12 April 2005, Mr. Jean-Claude Dumesnil, Director General, Strategic Planning and Ms. Mylène Bouzigon, Senior General Counsel, Finance, Treasury Board, Public Service Human Resources Management Agency, appeared before the Committee to explain various aspects of Bill C-8. During the hearings, the Committee was also able to obtain information on the planned activities of this new government agency.

Senators learned that the Public Service Human Resources Management Agency of Canada (the Agency) was created on 12 December 2003 to ensure that the government's agenda for renewal of human resources management throughout the public service is carried out.

Its mandate is to provide the leadership and focus required to foster and sustain modern, results-driven, human resources management across the public service. The Agency is also expected to uphold the values of integrity, transparency and accountability.

Senators were informed that the Agency brings together units from the Treasury Board Secretariat, and the Public Service Commission to focus on management issues such as learning and leadership development, official languages, employment equity, human resources planning, classification, values and ethics, and human resource systems. The Treasury Board Secretariat is concentrating on collective bargaining, labour relations, pensions and benefits and the Public Service Commission is focusing on staffing.

Some Senators found this line of questioning of sufficient interest that the Committee has decided to invite the senior officers of the Agency to appear at a later date to discuss in greater detail many aspects of its planned expenditures for the fiscal year 2005-2006.

## **CONCLUDING COMMENTS**

These and other matters were discussed during the Committee's examination of the *2005-2006 Main Estimates*. In the coming months the Committee intends to return to some of these topics and other items in the current Estimates in order to more fully examine the government's spending plans for the 2005-2006 fiscal year and to report on this work at a future date.

The Standing Senate Committee of National Finance respectfully submits its Fourth Interim Report on the *2005-2006 Estimates*.