



**REPORT ON THE
*SUPPLEMENTARY ESTIMATES (C), 2014–15***

Standing Senate Committee on National Finance

SIXTEENTH REPORT

Chair

The Honourable Joseph A. Day

Deputy Chair

The Honourable Larry Smith

March 2015

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1 INTRODUCTION

The [Supplementary Estimates \(C\), 2014–15](#), were tabled in Parliament on 19 February 2015, and are the final estimates for fiscal year 2014–2015. They constitute the third supplementary estimates for the fiscal year ending 31 March 2015. The [2014–15 Main Estimates](#) were tabled on 27 February 2014, followed by the [Supplementary Estimates \(A\), 2014–15](#), on 14 May 2014, and the [Supplementary Estimates \(B\), 2014–15](#), on 5 November 2014.

These estimates identify the spending authorities and the amounts to be included in subsequent appropriation bills.

In the course of its review of the *Supplementary Estimates (C), 2014–15*, the Standing Senate Committee on National Finance (“the Committee”) met with officials from eight federal departments and agencies during two meetings held in February 2015.

On 24 February 2015, the Committee heard from the Treasury Board of Canada Secretariat, Employment and Social Development Canada, and National Defence. The officials from these departments were, respectively:

Treasury Board of Canada Secretariat

Brian Pagan, Assistant Secretary, Expenditure Management Sector;

Marcia Santiago, Executive Director, Expenditure Management Sector; and

Darryl Sprecher, Senior Director, Expenditure Management Sector.

Employment and Social Development Canada

Alexis Conrad, Director General, Temporary Foreign Workers Program, Skills and Employment Branch;

Gail Johnson, Assistant Deputy Minister, Learning Branch;

Dominique La Salle, Director General, Seniors and Pensions Policy Secretariat; and

Alain P. Séguin, Chief Financial Officer.

National Defence

Major-General John Madower, Chief of Program;

Jaime Pitfield, Assistant Deputy Minister, Infrastructure and Environment;

Claude Rochette, Assistant Deputy Minister and Chief Financial Officer, Finance and Corporate Services; and

Edison Stewart, Assistant Deputy Minister, Public Affairs.

On 25 February 2015, the Committee heard from Foreign Affairs, Trade and Development Canada, Indian Affairs and Northern Development Canada, the Public Health Agency of Canada, Shared Services Canada, and Public Works and Government Services Canada. The officials from these organizations were, respectively:

Foreign Affairs, Trade and Development Canada

Arun Thangaraj, Acting Assistant Deputy Minister and Chief Financial Officer; and

Lauren Webster, Director of Financial Management, Corporate Planning, Finance and Information Branch.

Indian Affairs and Northern Development Canada

Paul Thoppil, Chief Financial Officer;

Sheilagh Murphy, Acting Senior Assistant Deputy Minister, Regional Operations;

Stephen Van Dine, Assistant Deputy Minister, Northern Affairs; and

Marla Israel, Director General, Social Policy and Programs Branch.

Public Health Agency of Canada

Carlo Beaudoin, Chief Financial Officer; and

Dr. Theresa Tam, Deputy Chief Public Health Officer and Branch Head, Health Security Infrastructure Branch.

Shared Services Canada

Elizabeth Tromp, Acting Senior Assistant Deputy Minister, Corporate Services, and Chief Financial Officer; and

Kevin Radford, Senior Assistant Deputy Minister, Operations.

Public Works and Government Services Canada

Alex Lakroni, Chief Financial Officer, Finance and Administration Branch;

Pierre-Marc Mongeau, Assistant Deputy Minister, Real Property Branch; and

Nancy Chahwan, Assistant Deputy Minister, Parliamentary Precinct Branch.

2 OVERVIEW OF THE *SUPPLEMENTARY ESTIMATES (C), 2014–15*

Officials from the Treasury Board of Canada Secretariat explained that the *Supplementary Estimates (C), 2014–15*, are divided into three sections. The first contains the introduction, which provides an overview of the structure and purpose of the estimates. It includes the major voted initiatives, a description of the major net changes to votes, an explanation of new votes being presented for the first time, and summary tables showing the estimates and the total funding allocated for 2014–2015. The second section deals with the specific requirements of each federal department and agency, broken down by vote and initiative. This section also provides information on additional transfers and grants and contributions by program. The third section, presented in annex, contains proposed schedules to the appropriation bill concerning the funding requested in the supplementary estimates.

In addition, the *Supplementary Estimates (C), 2014–15*, are accompanied by further information concerning individual organizations: [allocations from Treasury Board central votes](#), [budgetary expenditures by standard object](#), [estimates by strategic outcome and project](#), [statutory forecasts](#), and [transfers between organizations](#).

In the estimates documents, planned expenditures are allocated between budgetary and non-budgetary spending and divided into two categories: voted appropriations and statutory items.¹ A total of 41 organizations have identified additional requirements in the *Supplementary Estimates (C), 2014–15*.

As shown in Table 1, the *Supplementary Estimates (C), 2014–15*, provide information in support of \$1.8 billion in voted budgetary appropriations, which represents an increase of 2.1% over the *2014–15 Main Estimates*. Parliament is to vote on this proposed spending by means of an appropriation bill to be tabled by the end of March 2015. In addition, information is provided about a \$1.3-billion decrease in statutory budgetary expenditures, which represents a decrease of 0.9% in relation to the *2014–15 Main Estimates*.

¹ **Budgetary expenditures** include the cost of servicing the public debt; operating and capital expenditures; transfer payments and grants to other levels of government, organizations or individuals; and payments to Crown corporations. **Non-budgetary expenditures** (loans, investments and advances) are outlays that represent changes in the composition of the financial assets of the Government of Canada. **Voted appropriations** are appropriations for which parliamentary authority is sought through an appropriation bill, and **statutory items** are expenditures approved by Parliament through enabling legislation and for which forecasts are provided for information purposes only.

Table 1 – Main and Supplementary Estimates, 2013–2014 and 2014–2015 (\$)

	2013–2014	2014–2015				
	Estimates	Main Estimates	Suppl. Estimates (A)	Suppl. Estimates (B)	Suppl. Estimates (C)	Proposed Authorities to Date
Budgetary						
Voted	93,935,334,459	86,282,034,901	2,410,900,361	2,873,981,951	1,783,307,702	93,958,272,273
Statutory	145,159,468,186	149,052,339,774	11,430,672	327,910,181	(1,288,498,633)	148,136,750,409
Total	239,094,802,645	235,334,374,675	2,422,331,033	3,201,892,132	494,809,069	242,095,022,682
Non-budgetary						
Voted	71,103,004	26,703,003	44,400,000	2	–	71,103,005
Statutory	(41,024,336,315)	(10,050,344,221)	–	–	246,301,814	(9,804,042,407)
Total	(40,953,233,311)	(10,023,641,218)	44,400,000	2	246,301,814	(9,732,939,402)

Source: Table prepared using data from Treasury Board of Canada Secretariat, [Supplementary Estimates \(C\), 2014–15](#), pp. 1-3 and 1-4.

The officials from the Treasury Board of Canada Secretariat pointed out that the total voted budgetary appropriations for 2014–2015 are roughly the same as for fiscal year 2013–2014.

In response to a question from a Committee member, Treasury Board officials explained that the proposed authorities vary from year to year because the Canada Revenue Agency, Canada Border Services Agency and Parks Canada Agency have two-year appropriations. They also stated that the change made in 2014–2015 to the way in which the Employment Insurance Operating Account is presented in the estimates documents also has a significant impact on the difference in the proposed authorities from one year to the next.

Lastly, the officials agreed to provide the Committee with information on changes in federal government expenditures broken down by operating expenditures, capital expenditures, and grants and contributions for the past five fiscal years. The Committee had not yet received this information at the time of writing.

3 EXAMINATION OF THE *SUPPLEMENTARY ESTIMATES (C), 2014–15*

3.1 Treasury Board of Canada Secretariat

Officials from the Treasury Board of Canada Secretariat presented the major voted items, horizontal items and statutory expenditures in the *Supplementary Estimates (C), 2014–15*. They also discussed the estimates for their organization.

3.1.1 Major Voted Items

The officials explained the 11 major voted items in the *Supplementary Estimates (C), 2014–15*. These items, which amount to nearly \$1.4 billion and account for close to 80% of the voted amount in the estimates, are as follows:

- \$400.0 million to the Treasury Board of Canada Secretariat for allocations to eligible departments and agencies for the payment of accumulated severance pay benefits. Under the new collective agreements, federal public servants will no longer accumulate severance pay in cases of resignation

and retirement. The Committee was told that approximately 26,200 public servants will cash out their severance in 2014–2015;

- \$294.6 million to Employment and Social Development Canada to write off debts owed to the Crown for unrecoverable Canada Student Loans. This amount will be applied to 63,540 debts owed by borrowers who defaulted in repayment in 2008 or earlier. The officials added that the average debt written off is \$4,500;
- \$196.3 million to the Treasury Board of Canada Secretariat to address shortfalls under the Service Income Security Insurance Plan. The Committee was told that this plan provides long-term disability benefits to medically released Canadian Armed Forces members. Over the past two years, there has been an increase in the number of new claims following the end of the mission in Afghanistan. The officials explained that the total cost of the plan for 2014–2015 is about \$173.7 million, representing some 2,800 claims. In comparison, about 1,450 claims were submitted to the plan between 2008 and 2012;
- \$138.1 million to National Defence for military support for operations overseas. This funding relates to current conflicts in Iraq and Ukraine;
- \$126.0 million to Foreign Affairs, Trade and Development Canada for the extension of the Stabilization and Reconstruction Task Force and the Global Peace and Security Fund. The officials stated that this funding targets international crisis response and programming in fragile and conflicted-affected states;
- \$69.1 million to Indian Affairs and Northern Development Canada to reimburse provincial and territorial governments and other service providers for their activities in First Nation communities in 2014–2015 to respond to flooding and forest fires in Ontario, Manitoba and Saskatchewan;
- \$52.0 million to Foreign Affairs, Trade and Development Canada to support international agencies such as Doctors Without Borders and the International Federation of Red Cross and Red Crescent Societies in their fight against Ebola virus disease;
- \$49.9 million to the Treasury Board of Canada Secretariat to support implementation of benefit changes under the Public Service Health Care Plan in March 2014. The changes were negotiated in March 2014 and benefit enhancements take effect in 2015. The Committee was also told that other changes will be introduced by April 2018, such as cost increases for retired members, which will result in cost reductions for the federal government;
- \$36.7 million to Foreign Affairs, Trade and Development Canada in support of the Global Fund to Fight AIDS, Tuberculosis and Malaria, which operates in the world's poorest countries;
- \$33.4 million to the Canadian Food Inspection Agency and the Public Health Agency of Canada to maintain programming that mitigates the risks related to bovine spongiform encephalopathy, also known as mad cow disease; and
- \$32.5 million to Shared Services Canada to establish a new secure telecommunications and information technology infrastructure for the National Research Council of Canada.

3.1.2 Horizontal Items

The officials presented the seven horizontal items in the *Supplementary Estimates (C), 2014–15*.² These are initiatives for which at least two organizations have decided to work together to achieve shared outcomes:

- \$37.7 million to maintain programming that mitigates the public health, animal health and economic risks related to bovine spongiform encephalopathy. This funding is related to the \$205.5 million that the federal government agreed to allocate over five years in its 2014 budget;
- \$11.0 million for government advertising programs. This funding will be used to support four different advertising campaigns: “Canada 150,” administered by Canadian Heritage; “Services to Newcomers,” administered by Citizenship and Immigration Canada; “Economic Action Plan,” administered by the Department of Finance Canada; and “Canadian Armed Forces Recruiting,” administered by National Defence;
- \$27.5 million for Ebola virus disease preparedness and response initiatives to protect Canadians at home and abroad;
- \$25.1 million for enhancements to the Temporary Foreign Worker Program, including the creation of the International Mobility Program, which will focus on the entry of foreign nationals to advance Canada’s economic and cultural interests rather than to fill particular jobs;
- \$12.8 million to strengthen Canada's marine oil spill prevention, preparedness and response regimes. The Committee was told that the funding is intended for such initiatives as establishing new area response planning partnerships for four pilot regions, researching the effects of petroleum products in marine environments and increasing the automation and interoperability of Canada’s navigation system;
- \$3.3 million to prevent prescription drug abuse, as announced in the 2014 federal budget. Committee members were told that prescription drugs are the third most commonly abused substance among young Canadians after alcohol and marijuana. The funding requested in the supplementary estimates will be used to support pharmacy inspections to reduce the diversion of drugs that have not been properly prescribed, promote awareness of the effects of prescription drug abuse through advertisements, enhance treatment and prevention services in First Nation communities, improve national data on prescription drug abuse and advance related research; and
- \$2.5 million to establish a Food Safety Information Network to strengthen the ability to detect and respond to food hazards, as announced in the 2014 federal budget. The officials told the Committee that the network will enable food safety data to be compiled, analyzed and shared in real time, allowing for more rapid detection of and response to food safety hazards.

3.1.3 Statutory Expenditures

The officials highlighted an increase in non-budgetary statutory expenditures of up to \$200.0 million for the Department of Finance Canada with respect to a loan to Ukraine to foster economic and financial sector reforms.

They also pointed out that the Department of Finance Canada and Employment and Social Development Canada have significantly reduced their statutory expenditures. In the case of the former, the reduction totals approximately \$1.1 billion and is related to interest costs. The officials specified that

² For the names of the departments and agencies and their allocations for each of these horizontal items, see Treasury Board of Canada Secretariat, [Supplementary Estimates \(C\), 2014–15](#), pp. I-15 to I-17.

the decrease in interest on un-matured debt and other interest costs reflects revisions of forecasted rates by private sector economists.

The decrease in statutory expenditures at Employment and Social Development Canada totals \$420.8 million; Old Age Security benefits account for \$322.9 million of this amount and Guaranteed Income Supplement benefits, \$97.9 million. The officials noted that these changes are attributable to updated forecasts on the number of recipients and the average amount of benefits. However, they added that forecasts regarding seniors' benefits are about \$1.2 billion higher in 2014–2015 over the previous fiscal year.

Responding to a question from a Committee member, the officials stated that the anticipated monthly payment under the Guaranteed Income Supplement increased from \$450.59 at the start of 2014–2015 to \$454.19, driven mainly by the rise in the cost of living. However, they did not specify exactly when the increase took place.

3.1.4 Treasury Board of Canada Secretariat Estimates

According to the *Supplementary Estimates (C), 2014–15*, the Treasury Board of Canada Secretariat plans to spend an additional \$646.1 million in 2014–2015. This represents an 11.3% increase in the secretariat's budgetary expenditures over the authorities to date, which include the *2014–15 Main Estimates*, the *Supplementary Estimates (A), 2014–15*, and the *Supplementary Estimates (B), 2014–15*. Table 2 shows these estimates, broken down by voted appropriations and statutory items.

**Table 2 – Treasury Board of Canada Secretariat
Main and Supplementary Estimates, 2013–2014 and 2014–2015 (\$)**

		2013–2014	2014–2015				Proposed Authorities to Date
		Estimates	Main Estimates	Suppl. Estimates (A)	Suppl. Estimates (B)	Suppl. Estimates (C)	
1	Program expenditures	218,344,779	231,214,433	74,920,000	(1,049,706)	–	315,655,712
5	Government contingencies	750,000,000	750,000,000	–	–	–	750,000,000
10	Government-wide initiatives	3,193,000	3,193,000	–	–	–	103,000
15	Compensation adjustments	167,395,928	–	–	151,651,354	–	–
20	Public service insurance	2,268,179,661	2,260,002,208	–	–	246,132,199	2,506,134,407
25	Operating budget carry forward	1,648,912,689	1,600,000,000	–	–	–	460,111,826
30	Paylist requirements	1,555,000,000	1,450,000,000	–	–	400,000,000	1,697,976,726
33	Capital budget carry forward	426,087,311	600,000,000	–	–	–	137,334,311
Total voted		7,036,958,476	6,894,409,641	74,920,000	150,601,648	646,132,199	5,867,315,982
<i>Total statutory</i>		<i>471,560,238</i>	<i>470,514,473</i>	–	–	–	<i>470,514,473</i>
Total budgetary		7,508,518,714	7,364,924,114	74,920,000	150,601,648	646,132,199	6,337,830,455

Source: Table prepared using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), p. II-323, [Supplementary Estimates \(A\), 2014–15](#), p. 2-17, [Supplementary Estimates \(B\) 2014–15](#), p. 2-92, and [Supplementary Estimates \(C\), 2014–15](#), p. 2-44.

The additional funding requested by the Treasury Board of Canada Secretariat includes the following:

- \$400.0 million for paylist requirements;
- \$196.3 million to address shortfalls under the Service Income Security Insurance Plan; and
- \$49.9 million to support implementation of recent benefit changes under the Public Service Health Care Plan.

3.2 Employment and Social Development Canada

During their testimony before the Committee, officials from Employment and Social Development Canada discussed their department's estimates, Old Age Security, the write-off of debts owed to the Crown for unrecoverable Canada Student Loans and the Temporary Foreign Worker Program, among other subjects.

3.2.1 Estimates

The *Supplementary Estimates (C), 2014–15*, show additional reductions of some \$12.1 million for Employment and Social Development Canada in 2014–2015. This constitutes a 0.02% reduction in the department's budgetary expenditures compared with its authorities to date, which include the 2014–

15 Main Estimates, the Supplementary Estimates (A), 2014–15, and the Supplementary Estimates (B), 2014–15. Table 3 presents these estimates broken down into voted appropriations and statutory items.

Table 3 – Employment and Social Development Canada, Main and Supplementary Estimates 2013–2014 and 2014–2015 (\$)

		2013–2014	2014–2015				Proposed Authorities to Date
		Estimates	Main Estimates	Suppl. Estimates (A)	Suppl. Estimates (B)	Suppl. Estimates (C)	
1	Operating expenditures	631,933,247	571,067,134	8,964,980	(1,260,542)	17,171,212	627,542,433
5	Grants and contributions	1,821,358,192	1,227,675,995	475,235,798	52,486,202	–	1,755,397,995
7	Debt write-off – Canada Student Loans	–	–	–	–	294,647,678	294,647,678
Total voted		2,453,291,439	1,798,743,129	484,200,778	51,225,660	311,818,890	2,677,588,106
<i>Total statutory</i>		<i>48,140,275,335</i>	<i>49,872,029,598</i>	<i>799,222</i>	<i>(666,944)</i>	<i>(323,884,733)</i>	<i>49,556,614,732</i>
Total budgetary		50,593,566,774	51,670,772,727	485,000,000	50,558,716	(12,065,843)	52,234,202,838
Total non-budgetary		760,632,426	779,981,475	–	–	46,301,814	826,283,289

Sources: Table prepared using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), pp. II-118 and II-119, [Supplementary Estimates \(A\), 2014–15](#), p. 2-3, [Supplementary Estimates \(B\), 2014–15](#), p. 2-32, and [Supplementary Estimates \(C\), 2014–15](#), p. 2-12.

The additional funding requested by Employment and Social Development Canada includes the following:

- \$294.6 million to write off debts owed to the Crown for unrecoverable Canada Student Loans;
- \$19.6 million to reform the Temporary Foreign Worker Program; and
- \$46.3 million in non-budgetary statutory expenditures, mainly for the implementation of the new Canada Apprentice Loan program.

However, these requests for additional funding are offset by the following reduction:

- \$323.9 million in forecast statutory expenditures, primarily relating to Old Age Security.

3.2.2 Old Age Security

According to the officials, the decline in forecast Old Age Security expenditures is the result of lower than expected average monthly benefit rates and fewer beneficiaries combined with an increase in the amount forecast to be recovered by the Old Age Security recovery tax, a part of the income tax.³ The reduction in expenditures is an adjustment based on updated data and does not affect the Old Age Security benefits paid to eligible Canadians.

In reply to the Committee's questions, the officials stated that the federal government paid out a little over \$41.8 billion in Old Age Security, Guaranteed Income Supplement and Allowance for low-income

³ For more information on the Old Age Security pension recovery tax, see Service Canada, [The Old Age Security pension recovery tax](#).

Canadians benefits to 5,307,168 eligible Canadians in 2013–2014. In 2014–2015, nearly \$43.8 billion will be paid to 5,464,537 eligible seniors.

3.2.3 Debts Owed to the Crown for Unrecoverable Canada Student Loans

The Committee learned that Employment and Social Development Canada is seeking \$294.6 million in the *Supplementary Estimates (C), 2014–15*, to write off 65,540 unrecoverable Canada Student Loans. The department's officials explained that when these loans were made they were assets for the government, and since they were expected to be repaid, they were a non-budgetary item for the purposes of the estimates. However, to write off these loans, the department must ask for Parliament's approval under a specific vote.⁴ Therefore, when the loans are written off, they become a budgetary expenditure.

The officials went on to explain that, under the *Debt Write-off Regulations*, unrecoverable Canada Student Loans must be written off in the year in which they become uncollectible.⁵ The *Debt Write-off Regulations* also establish the criteria that must be met before a debt may be written off. These criteria include death, bankruptcy, the cost-effectiveness of recovering the debt and exceptional financial hardship of the borrower.

The officials also pointed out that debts may be considered unrecoverable under the *Canada Student Financial Assistance Act*. This legislation provides that the government may take no action to recover a student loan more than six years after the borrower's last acknowledgement of liability.⁶ After this six-year limit, the debt is considered statute barred.

The officials reported that about 88% of the \$294.6 million provided for the loan write-off relates to loans for which the six-year limit has passed. No payment has been made on these loans since 2007, and efforts to recover them have failed. Borrower bankruptcies are behind about 11% of the value of the loan write-off, while the remaining 1% is being written off pursuant to the other criteria set out in the *Debt Write-off Regulations*.

The officials reported that the Canada Student Loans Program provides over \$2.5 billion in student loans each year to help students in financial need undertake post-secondary studies. They said that their department is currently implementing a process to improve student loan collections.

3.2.4 Temporary Foreign Worker Program

In answer to the Committee's questions, the officials stated that the number of foreign workers coming into Canada has increased considerably over the past decade. There is also evidence that employers have hired foreign workers rather than Canadians. To address this situation, the federal government announced in June 2014 that it would overhaul the Temporary Foreign Worker Program to ensure that

⁴ In the *Supplementary Estimates (C), 2014–15*, Employment and Social Development Canada used vote 7c.

⁵ Justice Canada, *Financial Administration Act*, [Debt Write-off Regulations, 1994](#).

⁶ Justice Canada, [Canada Student Financial Assistance Act](#), section 16.1.

jobs are offered to Canadians first.⁷ The \$19.6 million requested in these supplementary estimates would serve to implement the announced changes.

3.3 National Defence

During their testimony before the Committee, Department of National Defence officials discussed the department's estimates, military support for operations overseas and advertising expenditures, among other topics.

3.3.1 Estimates

The *Supplementary Estimates (C), 2014–15*, indicate additional expenditures of \$142.3 million for the Department of National Defence in 2014–2015. This represents a 0.7% increase in the department's budgetary expenditures over its authorities to date, which include the *2014–15 Main Estimates* and the *Supplementary Estimates (B), 2014–15*. Table 4 shows these estimates divided into voted appropriations and statutory items.

Table 4 – National Defence, Main and Supplementary Estimates, 2013–2014 and 2014–2015 (\$)

		2013–2014	2014–2015				Proposed Authorities to Date
		Estimates	Main Estimates	Suppl. Estimates (A)	Suppl. Estimates (B)	Suppl. Estimates (C)	
1	Operating expenditures	13,554,675,482	12,513,999,319	–	881,614,659	142,026,509	13,813,176,443
5	Capital expenditures	3,601,513,357	4,730,059,209	–	(6,227,688)	(1,200,500)	4,835,557,782
10	Grants and contributions	184,691,220	178,183,820	–	581,066	–	178,764,886
Total voted		17,340,880,059	17,422,242,348	–	875,968,037	140,826,009	18,827,499,111
<i>Total statutory</i>		<i>1,338,396,346</i>	<i>1,239,312,039</i>	–	<i>9,221</i>	<i>1,471,074</i>	<i>1,244,205,426</i>
Total non-budgetary		18,679,276,405	18,661,554,387	–	875,977,258	142,297,083	20,071,704,537

Sources: Table prepared using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), pp. II-199, [Supplementary Estimates \(B\), 2014–15, p. 2-60](#), and [Supplementary Estimates \(C\), 2014–15](#), p. 2-30.

The additional funding sought by the Department of National Defence includes the following:

- \$138.1 million for military support for operations overseas;
- \$3.0 million for government advertising programs;
- \$1.8 million for environmental site remediation activities for the School of Electrical and Mechanical Engineering Construction Project; and
- \$453,000 for reinvestment of royalties from intellectual property.

⁷ Government of Canada, [Government of Canada Overhauls Temporary Foreign Worker Program Ensuring Canadians are first in line for available jobs](#).

3.3.2 Military Support for Operations Overseas

Some Committee members asked the National Defence officials about the funding of Canada's overseas military operations. The officials explained that the request for \$138.1 million set out in the *Supplementary Estimates (C), 2014–15*, would cover the deployment and ramping up costs of military operations underway. This amount includes the costs of air transport, ammunition, and meals and accommodations for personnel in conflict zones. The additional funding would also cover the costs of support for and repair and maintenance of equipment used during overseas operations.

According to the *Supplementary Estimates (C), 2014–15*, Canada is contributing to the coalition that is fighting the Islamic State of Iraq and the Levant. Canada's operations in Europe support the NATO-led assurance efforts to counter Russian aggression, especially in Central and Eastern Europe.

A Committee member asked the officials whether the Department of National Defence's budget was sufficient for it to meet its obligations to protect and defend Canadians and carry out its military operations abroad. The department's officials assured the Committee that National Defence has enough funding for its operations and pointed out that its budget has increased by \$5.1 billion over the past 10 years, from \$14.7 billion in 2005–2006 to \$20.1 billion in 2014–2015. Moreover, the department has an annual escalator that automatically increases its budget by 2% to protect against the effects of inflation, for operating or capital expenditures.

3.3.3 Advertising Expenditures

Some Committee members asked the officials about their department's advertising expenditures. Officials told the Committee that the department's advertising expenditures relate to its recruitment campaign, which targets recruitment for about 20 priority occupations and aims to increase the recruitment of women.

One member of the Committee also wanted to know how the \$3-million advertising budget for the Canadian Armed Forces recruitment campaign was allocated among anglophone and francophone audiences, particularly francophones inside and outside of Quebec. The department's officials agreed to provide the requested information as soon as possible. At the time of writing, the Committee had yet to receive a response.

3.4 Foreign Affairs, Trade and Development Canada

During their testimony, officials from Foreign Affairs, Trade and Development Canada discussed their department's estimates, the Ebola humanitarian assistance response, the Global Fund to Fight Aids, Tuberculosis and Malaria, humanitarian assistance in response to the crisis in Iraq, and the department's real property management.

3.4.1 Estimates

According to the *Supplementary Estimates (C), 2014–15*, Foreign Affairs, Trade and Development Canada is seeking an additional \$297.0 million in 2014–2015. This is a 5.3% increase in the department's budgetary expenditures relative to its authorities to date, which include the *2014–15 Main Estimates*, the *Supplementary Estimates (A), 2014–15*, and the *Supplementary Estimates (B), 2014–15*. Table 5 displays these estimates broken into voted appropriations and statutory items.

**Table 5 – Foreign Affairs, Trade and Development Canada, Main and Supplementary Estimates
2013–2014 and 2014–2015 (\$)**

		2013–2014	2014–2015				Proposed Authorities to Date
		Estimates	Main Estimates	Suppl. Estimates (A)	Suppl. Estimates (B)	Suppl. Estimates (C)	
1	Operating expenditures	1,293,501,776	1,379,893,098	–	24,636,914	53,238,798	1,535,882,219
5	Capital expenditures	147,738,491	145,274,489	133,617,958	628,443	2,505,001	323,433,537
10	Grants and contributions	941,415,902	3,431,944,508	–	(379,803)	235,509,851	3,667,074,556
12	Pursuant to subsection 12(2) of the <i>International Development (Financial Institutions) Assistance Act</i> , payments to international financial institutions – Direct payments	–	–	–	1	–	1
15	Payments in respect of pension, insurance and social security programs or other arrangements for employees locally engaged outside of Canada or in respect of the administration of such programs or arrangements	65,380,000	50,779,000	–	–	1,753,339	52,532,339
–	Debt forgiveness – Loans to the government of the Republic of the Union of Myanmar (Burma)	8,306,202	–	–	–	–	–
Total voted		2,456,342,371	5,007,891,095	133,617,958	24,885,555	293,006,989	5,578,922,652
<i>Total statutory</i>		<i>173,722,973</i>	<i>341,634,062</i>	<i>422,823</i>	<i>12,189,119</i>	<i>3,957,209</i>	<i>358,203,213</i>
Total budgetary		2,630,065,344	5,349,525,157	134,040,781	37,074,674	296,964,198	5,937,125,865
Total non-budgetary		1	50,082,306	–	1	–	50,082,307

Sources: Table prepared using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), pp. II-143 and II-144, [Supplementary Estimates \(A\), 2014–15](#), p. 2-5, [Supplementary Estimates \(B\), 2014–15](#), p. 2-42, and [Supplementary Estimates \(C\), 2014–15](#), p. 2-18.

The additional funding sought by Foreign Affairs, Trade and Development Canada includes the following:

- \$126.0 million for the Stabilization and Reconstruction Task Force and the Global Peace and Security Fund;
- \$52.0 million for the Ebola humanitarian assistance response;
- \$36.7 million for the Global Fund to Fight AIDS, Tuberculosis and Malaria; and
- \$28.0 million for humanitarian assistance in response to the crisis in Iraq.

3.4.2 Ebola Humanitarian Assistance Response

In response to Committee members' questions, the officials explained that the \$52.0 million requested in the *Supplementary Estimates (C), 2014–15*, to fight the Ebola virus epidemic would support Canada's contributions to the initiatives of various international aid organizations, such as the World Health Organization, the World Food Programme, UNICEF, the United Nations Ebola Response Multi-Partner Trust Fund, the International Federation of Red Cross and Red Crescent Societies and Doctors Without Borders.

3.4.3 Global Fund to Fight AIDS, Tuberculosis and Malaria

The officials reported that since 2002 Canada has made average annual contributions of some \$170 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria. The \$36.7 million requested in these supplementary estimates would boost Canada's annual contribution. The officials added that Canadian representatives are involved in administering and managing the fund. Because it makes a substantial financial contribution, Canada is represented on some of the fund's key committees, such as the finance committee and the strategy and investment committee.

Some Committee members asked the officials about the progress the Fund has made to eradicate AIDS, tuberculosis and malaria. According to departmental officials, the number of deaths related to all three of these diseases has decreased by about 40% since 2002. They added that although there were 2.2 million new cases of HIV, this represents a 33% reduction in the rate of infections. This success is due in part to the use of anti-retroviral therapies. With respect to preventable diseases such as malaria, they added that distribution of bed nets has increased with an investment of about \$450 million through the Global Fund.

3.4.4 Humanitarian Assistance in Response to the Crisis in Iraq

Questioned by the Committee, the officials confirmed that the \$28.0 million sought in these supplementary estimates would be added to the aid already provided to the refugees and victims of the war in Iraq. They also clarified that this allocation was the government's response to a call for financial assistance from the United Nations. Under this aid program, the International Committee of the Red Cross will provide humanitarian assistance.

Having been unable to answer all the Committee's questions, the officials agreed to provide further information on the total amount of funding for humanitarian assistance to Iraq. At the time of writing, the Committee had not yet received this information.

3.4.5 Real Property

In answer to inquiries from the Committee, the officials confirmed the sale of the building at One Grosvenor Square in London, England, which was home to Canada's High Commissioner to the United Kingdom until December 2014. The officials reported that the sale price was between C\$530 million and C\$550 million. They also confirmed that the proceeds from the sale exceeded the cost of moving the Canadian High Commission in London to Canada House, on Trafalgar Square, by about \$300 million. The officials stated that the balance was returned to the government's Consolidated Revenue Fund.

The Committee asked for a complete list of the real property sold by Canada's diplomatic missions around the world, including information on the sale price and profit or loss for each transaction. The department's officials agreed to provide this information, but at the time of writing, the Committee had not yet received it.

3.5 Indian Affairs and Northern Development Canada

At their appearance, officials from the Department of Indian Affairs and Northern Development Canada discussed their department's estimates, emergency management on First Nations reserves, the First Nation Infrastructure Fund, funding for the Consolidated Urban Aboriginal Strategy and the increase in funding for the Nutrition North Canada program.

3.5.1 Estimates

In the *Supplementary Estimates (C), 2014–15*, Indian Affairs and Northern Development Canada is requesting an additional \$115.8 million in 2014–2015. This constitutes a 1.4% decrease in the department's budgetary expenditures compared with its authorities to date, which include the *2014–15 Main Estimates*, the *Supplementary Estimates (A), 2014–15*, and the *Supplementary Estimates (B), 2014–15*. Table 6 shows these estimates divided into voted appropriations and statutory items.

Table 6 – Indian Affairs and Northern Development Canada, Main and Supplementary Estimates 2013–2014 and 2014–2015 (\$)

		2013–2014	2014–2015				Proposed Authorities to Date
		Estimates	Main Estimates	Suppl. Estimates (A)	Suppl. Estimates (B)	Suppl. Estimates (C)	
1	Operating expenditures	1,481,752,928	1,215,376,476	93,848,714	46,821,056	1,116,055	1,401,102,704
5	Capital expenditures	16,282,615	5,695,536	10,600,001	27,516,283	–	46,441,764
10	Grants and contributions	7,011,938,885	6,654,152,734	209,312,269	79,042,978	114,640,722	7,057,148,703
Total voted		8,509,974,428	7,875,224,746	313,760,984	153,380,317	115,756,777	8,504,693,171
<i>Total statutory</i>		<i>165,310,962</i>	<i>178,750,659</i>	<i>2,540,676</i>	<i>534,535</i>	<i>78,176</i>	<i>181,904,046</i>
Total budgetary		8,675,285,390	8,053,975,405	316,301,660	153,914,852	115,834,953	8,686,597,217
Total non-budgetary		70,303,000	25,903,000	44,400,000	–	–	70,303,000

Sources: Table prepared using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), pp. II-163 and II-164, [Supplementary Estimates \(A\), 2014–15](#), p. 2-7, [Supplementary Estimates \(B\), 2014–15](#), p. 2-48, and [Supplementary Estimates \(C\), 2014–15](#), p. 2-24.

The additional funding sought by Indian Affairs and Northern Development Canada includes the following:

- \$69.1 million in funding for a comprehensive and sustainable approach to on-reserve emergency management and for on-reserve response and recovery activities;
- \$15.0 million from the New Building Canada Fund to support investments through the First Nation Infrastructure Fund as announced in the 2013 federal budget;
- \$13.4 million for the Consolidated Urban Aboriginal Strategy;
- \$11.3 million to increase support for the Nutrition North Canada program as announced in the 2014 federal budget;
- \$3.9 million for the renewal of the Carcross/Tagish First Nation and Westbank First Nation Financial Transfer Agreements;
- \$1.8 million for the implementation of the pilot project for national incremental treaty agreements and non-treaty agreements and for increasing consultation protocols for addressing the legal duty to consult; and
- \$1.3 million for the implementation of the Yale First Nation Agreement and the Tla'amin Final Agreement.

3.5.2 Emergency Management on First Nation Reserves

The officials explained that a large number of emergency situations required government funding in 2014–2015, primarily flooding in Ontario, Manitoba and Saskatchewan, and forest fires across Canada.

The officials indicated that forecasting emergency management expenditures will continue to be a challenge for their department, as events such as floods and forest fires are difficult to predict. They added that the health and safety of First Nations remains the department's top priority.

3.5.3 First Nation Infrastructure Fund

The officials discussed the First Nation Infrastructure Fund, for which the department is requesting \$15 million in the *Supplementary Estimates (C), 2014–15*. They said that this funding would be added to the contribution of \$1.2 billion made previously to support the construction and maintenance of First Nation community infrastructure in 2014–2015.

The additional funding would enable the department to keep investing in and meeting the infrastructure needs of First Nations, beyond those relating to schools, water and housing.

Responding to some Committee members' questions, the officials explained that the \$15 million sought in these supplementary estimates is the first portion of funding from the Building Canada Fund. Total funding for First Nations under this fund will be \$155 million over 10 years, while that provided under the Gas Tax Fund will be \$139 million over 5 years. The officials explained that these amounts are combined in the First Nation Infrastructure Fund, which will finance projects in the following six categories:

- planning and skills development;
- solid waste management;
- construction and maintenance of roads and bridges;

- energy systems;
- connectivity; and
- disaster mitigation.

The officials explained that once the department decides to fund a project submitted by a First Nation community the money goes directly to the community, which is responsible for managing the project. The department provides the necessary support to communities, particularly those that need more support.

The officials added that First Nation communities across Canada have significant infrastructure needs. Substantial investments have been made in recent years, but the needs persist.

3.5.4 Funding for the Consolidated Urban Aboriginal Strategy

The officials reported that their department is seeking \$13.4 million in the *Supplementary Estimates (C), 2014–15*, for the Consolidated Urban Aboriginal Strategy. This initiative consolidated a former Indian Affairs and Northern Development Canada program and three former Canadian Heritage programs in order to streamline administration and strengthen program management. The funding for the Consolidated Urban Aboriginal Strategy is intended to increase the economic participation of Aboriginal people living in urban centres while recognizing the essential role played by Aboriginal organizations in urban areas across Canada.

The officials explained that this funding will enable the National Association of Friendship Centres – the main deliverer of services for this initiative – to expand the reach of its services to urban Aboriginals from 15 urban centres to 119 throughout the country.⁸

3.5.5 Funding to Increase Support for the Nutrition North Canada Program

The officials stated that the federal government had made a commitment to increase funding for the Nutrition North Canada program in its 2014 budget. To meet this commitment, the *Supplementary Estimates (C), 2014–15*, include a request for \$11.3 million in additional funding for the program.

In response to a Committee member's questions, the officials explained that the program subsidizes certain perishable foods (fruits, vegetables, milk, eggs, meat and cheese) for residents of Northern Canada. The funding sought in these supplementary estimates is needed to keep pace with growing demand from Northern communities for the foods eligible under the program.

The officials added that, between 2011 and 2014, Nutrition North Canada was better able to reduce the prices of eligible foods and increase the amount of food shipped to Northern communities than its predecessor program.⁹

⁸ For more information on the National Association of Friendship Centres, see the organization's home page, <http://nafc.ca/>.

⁹ The Food Mail Program was replaced by the Nutrition North Canada program in 2011.

3.6 Public Health Agency of Canada

During their appearance before the Committee, officials from the Public Health Agency of Canada discussed their organization's estimates, the Ebola virus, the mad cow disease and the Food Safety Information Network.

3.6.1 Estimates

According to the *Supplementary Estimates (C), 2014–15*, an additional \$23.4 million in expenditures are forecast for the Public Health Agency of Canada in 2014–2015. This is equivalent to a 3.7% increase in the agency's budgetary expenditures over its authorities to date, which include the *2014–15 Main Estimates* and the *Supplementary Estimates (B), 2014–15*. Table 7 shows these estimates broken out into voted appropriations and statutory items.

**Table 7 – Public Health Agency of Canada, Main and Supplementary Estimates
2013–2014 and 2014–2015 (\$)**

		2013–2014	2014–2015				Proposed Authorities to Date
		Estimates	Main Estimates	Suppl. Estimates (A)	Suppl. Estimates (B)	Suppl. Estimates (C)	
1	Operating expenditures	347,749,206	312,527,662	–	206,757	23,301,326	353,045,910
5	Capital expenditures	9,949,016	6,100,596	–	1,605,685	–	8,760,266
10	Grants and contributions	208,048,310	253,014,798	–	(1,913,225)	–	251,101,573
Total voted		565,746,532	571,643,056	–	(100,783)	23,301,326	612,907,749
<i>Total statutory</i>		<i>46,799,605</i>	<i>43,053,629</i>	<i>–</i>	<i>20,210</i>	<i>144,615</i>	<i>43,218,454</i>
Total budgetary		612,546,137	614,696,685	–	(80,573)	23,445,941	656,126,203

Sources: Table prepared using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), p. II-262, [Supplementary Estimates \(B\), 2014–15](#), p. 2-74, and [Supplementary Estimates \(C\), 2014–15](#), p. 2-36.

The additional funding requested by the Public Health Agency of Canada includes the following:

- \$22.4 million for preparedness and response initiatives concerning Ebola virus disease;
- \$800,000 to maintain programming to mitigate the public health, animal health and economic risks related to bovine spongiform encephalopathy; and
- \$126,062 to establish a Food Safety Information Network as announced in the 2014 federal budget.

3.6.2 Ebola Virus

The officials discussed the outbreak of Ebola virus disease in West Africa, pointing out that the World Health Organization declared the epidemic a “public health emergency of international concern” on 8 August 2014. They added that, although Canada has had no cases of Ebola to date and Canadians' risk of infection is low, the virus is still a national and international public health issue.

The Committee learned about the involvement of the Public Health Agency of Canada in the fight against Ebola in West Africa. Agency officials stated that since April 2014 the federal government has provided funding, expertise and equipment. In particular, it has provided personal protective equipment,

deployed mobile laboratories in Sierra Leone to support rapid laboratory diagnostics and donated 800 vials of an experimental vaccine developed at the National Microbiology Laboratory located in Winnipeg, Manitoba. According to the information received by the Committee, this vaccine has undergone clinical trials at 19 different sites to test its safety and determine dosage requirements.

The officials explained that the requested funding will be allocated to developing and acquiring an Ebola vaccine and treatments, ensuring Canadian communities are prepared for and able to manage suspected cases of the virus and identifying potential cases before the persons concerned enter Canada.

The funding will also be used to help Canadian communities develop preparedness initiatives, deliver critical information to front-line health workers, deploy federal rapid response teams as surge capacity for the provinces and territories, and ensure that personal protective equipment is available when needed. In addition, the funding will be used to increase the number of quarantine officers at Canadian points of entry to screen travellers from areas affected by the virus.

3.6.3 Mad Cow Disease

The officials explained that the agency monitors, detects and investigates all suspected cases of mad cow disease, or bovine spongiform encephalopathy, in order to identify the emergence of illness in humans that could be of animal origin. In addition, the agency performs nearly all the diagnostic analyses of this disease in Canada and is conducting targeted research to improve and update laboratory methodologies.

3.6.4 Food Safety Information Network

The officials stated that the federal government had announced \$43.8 million in funding over five years in its 2014 budget to create a food safety information network involving federal, provincial and territorial food safety organizations and food testing laboratories. The network will be established by the Canadian Food Inspection Agency, Health Canada and the Public Health Agency of Canada in order to better anticipate, identify and prevent food safety hazards.

The role of the Public Health Agency of Canada in this horizontal initiative is to expand the Canadian Network for Public Health Intelligence, an electronic platform currently available on the Internet. The Canadian Food Inspection Agency will be responsible for governance, implementation and project management for the food safety information network, and for coordination and outreach with the provinces, territories and private laboratories. Lastly, Health Canada will provide comprehensive and continuously updated data on the chemical and microbial contamination of food consumed in Canada.

The Committee was informed that the requested funding will be used to finance initial planning and information-gathering activities in order to build on the existing Canadian Network for Public Health Intelligence. The officials explained that the planned expansion of this platform to integrate food testing laboratories will make it easier to share laboratory data in real time.

3.7 Shared Services Canada

Officials from Shared Services Canada presented their organization's mandate and estimates as well as future transfers.

3.7.1 Mandate

The mandate of the organization, which was established in 2011, is to transform and streamline federal information technology services and make them more cost-effective. As the officials explained, the partnerships that Shared Services Canada has established with other federal departments and agencies are a key part of carrying out its mandate.

Responding to a question from a Committee member, the officials said that their organization's objective is to modernize and consolidate the 485 federal data centres into no more than 7 modern and secure centres, to move from the 50 federal networks to a single network and to consolidate the 63 federal email systems into one system.

The Committee also learned that Shared Services Canada has achieved savings of \$150 million to date through the 2012 federal budget spending review. Officials anticipate further savings of \$50 million through the creation of a single email system as well as productivity gains of 20% and a reduction in staff over the next seven years.

3.7.2 Estimates

The *Supplementary Estimates (C), 2014–15*, show an additional \$39.9 million in planned expenditures for Shared Services Canada in 2014–2015. This is a 2.4% increase in the department's budgetary expenditures over its authorities to date, which include the *2014–15 Main Estimates* and the *Supplementary Estimates (B), 2014–15*. Table 8 presents these estimates divided into voted appropriations and statutory items.

**Table 8 – Shared Services Canada, Main and Supplementary Estimates
2013–2014 and 2014–2015 (\$)**

		2013–2014	2014–2015				Proposed Authorities to Date
		Estimates	Main Estimates	Suppl. Estimates (A)	Suppl. Estimates (B)	Suppl. Estimates (C)	
1	Operating expenditures	1,279,827,170	1,176,098,834	–	43,038,410	10,816,305	1,291,833,768
5	Capital expenditures	221,727,054	216,592,917	–	15,510,658	29,109,260	282,890,824
	Total voted	1,501,554,224	1,392,691,751	–	58,549,068	39,925,565	1,574,724,592
	<i>Total statutory</i>	<i>100,053,423</i>	<i>80,631,826</i>	–	<i>41,434</i>	–	<i>98,252,416</i>
	Total budgetary	1,601,607,647	1,473,323,577	–	58,590,502	39,925,565	1,672,977,008

Sources: Table prepared using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), p. II-296, [Supplementary Estimates \(B\), 2014–15](#), p. 2-83, and [Supplementary Estimates \(C\), 2014–15](#), p. 2-38.

As explained to the Committee, Shared Services Canada is requesting additional funding of \$34.3 million and net transfers of \$5.6 million. This funding includes the following:

- \$32.5 million for the establishment of a new secure telecommunications and information technology infrastructure for the National Research Council of Canada. The Committee was told that the new infrastructure will replace a legacy system that was compromised in July 2014 by a highly organized cyberattack; and
- \$1.8 million to cover additional costs for the delivery of core information technology services to client departments and agencies. The Committee was told that this funding will be used to provide technological infrastructure support to Employment and Social Development Canada, and Citizenship and Immigration Canada for the enhanced Temporary Foreign Worker Program.

Responding to a question from the Committee, the officials stated that their organization currently has a staff of 6,100 employees, compared with 6,400 employees in February 2014. This reduction is due in part to savings achieved through the deployment of the new federal email system, also known as the Email Transformation Initiative.

3.7.3 Transfers

The officials stated that net transfers to Shared Services Canada consist of \$2.5 million for the establishment of Shared Services Canada and its ongoing activities, and \$3.1 million for various projects and initiatives. They provided details on the following three major transfers:

- \$2.5 million from Employment and Social Development Canada for accommodation and data centre space;
- \$1.8 million from Public Works and Government Services Canada to consolidate data centres; and
- \$1.4 million from National Defence for services and equipment in support of the military's Mercury Global Project, a wideband global satellite communications system, and for information technology renovations at the Royal Military College located in Kingston, Ontario.

3.8 Public Works and Government Services Canada

Officials from Public Works and Government Services Canada discussed the department's estimates, the Receiver General of Canada's acceptance of bank cards and credit cards, the reinvestment of real property revenue and certain obligations that have been transferred from the former Enterprise Cape Breton Corporation to the department. The officials also commented on the Parliamentary Precinct and the Esquimalt graving dock.

3.8.1 Estimates

According to the *Supplementary Estimates (C), 2014–15*, Public Works and Government Services Canada is planning an additional \$51.2 million in budgetary expenditures for 2014–2015. This is a 1.8% increase in departmental expenditures over the authorities to date, including the *2014–15 Main Estimates* and the *Supplementary Estimates (B), 2014–15*. Table 9 sets out these estimates, broken down by voted appropriations and statutory items.

**Table 9 – Public Works and Government Services Canada
Main and Supplementary Estimates, 2013–2014 and 2014–2015 (\$)**

		2013–2014	2014–2015				Proposed Authorities to Date
		Estimates	Main Estimates	Suppl. Estimates (A)	Suppl. Estimates (B)	Suppl. Estimates (C)	
1	Operating expenditures	2,075,594,106	1,786,071,771	–	(209,308,452)	51,614,121	1,704,682,356
5	Capital expenditures	642,604,595	759,963,628	–	334,498,855	–	1,158,489,653
Total voted		2,718,198,701	2,546,035,399	–	125,190,403	51,614,121	2,863,172,009
<i>Total statutory</i>		<i>142,745,686</i>	<i>118,088,514</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>118,088,514</i>
Total budgetary		2,860,944,387	2,664,123,913	–	125,190,403	51,614,121	2,981,260,523

Source: Table prepared using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), p. II-276, [Supplementary Estimates \(B\), 2014–15](#), p. 2-78, and [Supplementary Estimates \(C\), 2014–15](#), p. 2-37.

The additional funding requested by Public Works and Government Services Canada includes the following:

- \$17.4 million for increases in non-discretionary expenses associated with the Receiver General of Canada's bank and credit card acceptance initiative;
- \$16.5 million for the reinvestment of revenues from the sale or transfer of real property;
- \$8.7 million for accommodation costs related to pension administration. The officials told the Committee that, under the *Public Sector Pension Investment Board Act*, the costs involved in administering the main public service pension funds are to be charged to the respective fund and not borne by the federal departments;
- \$4.9 million for environmental and other obligations related to the former Enterprise Cape Breton Corporation; and
- \$2.3 million to rehabilitate buildings in the Parliamentary Precinct.

3.8.2 Acceptance of Bank and Credit Cards

The department's officials explained that the additional funding to cover non-discretionary expenses related to the acceptance of bank and credit cards by the Receiver General of Canada covers increases in the cost and volume of bank fees and postal rates.

They added that the bank and credit card acceptance initiative reduces the administrative burden on the federal government related to cheque and cash payments and offers Canadians greater accessibility and more payment options. According to information submitted to the Committee, Canadians make bank and credit card payments of close to \$3 billion annually through more than 10 million electronic card transactions.

The Committee members heard that one of the advantages of bank and credit cards is that payment is guaranteed and is received instantly. This enables the federal government to generate savings and avoid having to collect the amounts owed. The fixed cost of an in-person transaction is about \$30, while that of an online credit card transaction is \$0.13. Credit card transactions involve variable charges; the federal government managed to negotiate an agreement with Visa and MasterCard for a variable charge of 1.5% of the total amount of the transaction rather than the rate of 2% initially proposed.

3.8.3 Reinvestment of Revenue

The department is seeking authority to reinvest revenue from the sale or transfer of 13 real property assets in 2014–2015. The funds will be used for the life cycle management of the department's asset base, which is assessed at several billion dollars. Officials stated that the funds will cover material and labour costs, management fees, construction, supervision and the design of projects to maintain asset integrity.

3.8.4 Obligations Transferred from the Former Enterprise Cape Breton Corporation

The officials explained that the department is requesting additional funding to comply with environmental requirements and obligations related to the transfer of specific responsibilities from the former Enterprise Cape Breton Corporation to the department in June 2014.¹⁰ The department was given responsibility for managing the following:

- lands environmentally impacted by coal mining activities, including the clean-up, long-term maintenance and monitoring of former mines and water treatment facilities;
- former miners' benefits, including early retirement incentives, health benefits and life insurance; and
- a real estate portfolio that includes more than 800 properties totalling some 12,500 acres.

3.8.5 Parliamentary Precinct

The Committee was told that the department is requesting additional funding to cover the occupancy costs of the Public Archives and National Library building. The building is being used for House of Commons ceremonial events until renovations to the Sir John A. Macdonald Building are completed.

In answer to a question from a Committee member regarding the Senate's temporary move to the Government Conference Building at 2 Rideau Street, Ottawa, the departmental officials stated that the design of the space is progressing, and about 25% of the design and rehabilitation of the building had been completed as of 25 February 2015. They added that the building will be on schedule to receive the Senate by 2018 and there have been no cost overruns so far.

3.8.6 Esquimalt Graving Dock

The department expects to receive a transfer of \$3.5 million from the Parks Canada Agency as part of the Federal Contaminated Sites Action Plan. Officials stated that this transfer will be used for remediation of the south jetty at the Esquimalt graving dock in British Columbia. They added that this initiative is part of the department's efforts to reduce risks to human health and the environment, benefit local communities and reduce the burden of future environmental liability for Canadians.

¹⁰ Under the *Economic Action Plan 2014 Act, No. 1*, the Enterprise Cape Breton Corporation was dissolved on 19 June 2014, and its activities were transferred to the Atlantic Canada Opportunities Agency and Public Works and Government Services Canada.