



# INTRODUCTION TO THE STANDING SENATE COMMITTEE ON NATIONAL FINANCE

## **MANDATE**

The Standing Senate Committee on National Finance has the mandate to examine matters relating to federal estimates generally, including the public accounts and reports of the Auditor General; as well as government finance. In addition, the committee has investigated other topics of interest and importance to the country.

## **HISTORY**

The Standing Senate Committee on National Finance was first created in May 1919 as the Committee on Finance, and, in 1968, it was renamed the Committee on National Finance. From the beginning, the committee's field of interest has been government spending, either directly through the estimates or indirectly through bills that provide borrowing authority or bear upon the spending proposals identified in the estimates. The committee also has a mandate to examine the reports of the Auditor General.

## **SELECTED STUDIES**

Though a large part of the committee's work is devoted to the review of the government's estimates and issues arising out of that review, the committee has conducted major studies in areas as diverse as Canada's equalization policy; financial security for seniors; the costs and benefits of Canada's one-cent coin; and potential reasons for price discrepancies between Canada and the United States.

In 2002, the committee reported on the effectiveness of and possible improvements to Canada's equalization policy in ensuring that provincial governments have sufficient revenues to provide reasonably comparable levels of public service at reasonably comparable levels of taxation. The committee rejected the notion that equalization was wrong in concept, was a drag on economic growth and created a culture of dependency in the recipient provinces. To the contrary, committee members came out fully in support of the concept and urged changes to certain elements of the current program that they believed were inconsistent. In 2007, the federal government introduced significant reforms to the equalization program which addressed many of the issues raised by the committee.

In 2008, as part of their examination of the 2007-2008 Main Estimates, the committee reported on the topic of financial security for seniors and, in particular, the entitlements and retroactivity provisions under the Canada Pension Plan (CPP). The committee recommended that the federal government consult with the provinces with a view to increasing the retroactivity period for eligible recipients. They further recommended that the federal



government examine new ways to reach those eligible Canadians who are not yet receiving their Canada pensions; and to encourage Canadians to avail themselves of those benefits to which they are entitled.

In 2010, the committee reported on the costs and benefits to Canadian taxpayers and the overall Canadian economy of Canada's one-cent coin. The committee concluded that the penny had outlived its purpose, and urged the government to remove the one-cent coin from circulation. In the government's speech on the 2012 Budget, it announced the elimination of the penny from Canada's coinage system.

In February 2013, the committee tabled its report on the potential reasons for price discrepancies in respect of certain goods between Canada and the United States, given the value of the Canadian dollar and the effect of cross border shopping on the Canadian economy. The committee examined the pricing of numerous products, from ice skates and jeans to automobiles and books. Each product was found to have many factors influencing its pricing, and, although some products share some factors (e.g. transportation costs, the relative size of the Canadian market or tariff rates), the committee could not offer an explanation as definitive as it would have liked for the price discrepancies for products between Canada and the United States. The committee made four recommendations and one observation with respect to narrowing these price discrepancies.

## **SELECTED LEGISLATIVE WORK**

As is customary, much of the committee's attention is focussed on the estimates which outline the government's expenditure plans. In addition to the review of estimates, the committee has legislation referred to it from time to time. The bills referred to the committee are related to government spending or implementation of measures announced in the government's budget speech. The special studies are also usually related to issues concerning government spending and the estimates.

## **CURRENT WORK**

For information on the current work of the committee, you may wish to review the orders of reference the committee has received from the Senate, or review the committee proceedings. Detailed information on current work of the committee can be found on the parliamentary website at <http://senate-senat.ca/nffn.asp>.