



June 22, 2012

Mr. Pat Martin, M.P.

Chair

House of Commons Standing Committee on Government Operations & Estimates (OGGO)

House of Commons

Ottawa, ON K1A 0A6

Dear Mr. Chair:

Re: Strengthening Parliamentary Scrutiny of Estimates and Supply, OGGO report of June 2012

In the spirit of the Parliamentary Budget Officer's commitment to continuing to better serve parliamentary committees mandated to consider the estimates of the government, found in section 79.2 (c) of the *Parliament of Canada Act*, 1985, I am writing to you regarding the recent OGGO report on strengthening the estimates process and the recommendations issued by the committee, which garnered all-party support.

If implemented appropriately, the recommendations would substantially improve the quality of reporting to Parliament. In particular, I am of the view that moving to a Program Activity Architecture control gate would significantly enhance parliamentary scrutiny of public money and, along with the other recommendations, would represent a major leap forward.

As noted by a number of committee witnesses, there are several options to implement the recommendations, including established practices in comparable Westminster jurisdictions such as New Zealand, Australia and South Africa. Such implementations support the feasibility of the committee's recommendations. As an illustration, I have attached a simple mock-up of one manner in which some of the key recommendations could be presented to Parliament via an improved estimates process.

I would be pleased to make myself available to provide whatever advice and support the committee deems appropriate as the steps necessary to implement its recommendations are considered and taken.

I understand that the President of the Treasury Board has also expressed his support for the important work the committee is taking in this area, so I have accordingly copied him to this letter.

Sincerely yours,



Kevin Page
Parliamentary Budget Officer

Cc: Hon. Tony Clement, MP
President
Treasury Board of Canada

Attachment

2012-13 Main Estimates: Agriculture and Agri-food Canada													
	Outcomes (from the DPR)				Forecast Spending	Main Estimates	Planned Spending (RPP)	Incremental Changes from Budget 2012	Medium-term projection (from RPP)				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13		2013-14	2014-15	2015-16	2016-17	2017-18
Agriculture and Agri-Food													
Spending (\$millions)	3438.8	2585.7	2605.1	2674.7	2991.5	2418.4	3012.5	TBD	2485.1	2410.3			
Full-time Equivalents (FTEs)	6702	6385	6280	6266	6117	6117	6117	TBD	6117	6117			
Key Corporate Priorities (From Current RPP)	Develop the Federal-Provincial-Territorial (FPT) policy framework agreement (Growing Forward 2) and bilateral agreements, and prepare for implementation of federal activities; Advance Trade and market interests both domestically and internationally; Support activities that advance knowledge creation and transfer, improve products, processes or practices, and increase their adoption and commercialization												
Risks (From Current RPP)	Catastrophic Crisis; IM/IT Disaster Recovery Readiness; Infrastructure; Knowledge and Information Management; People Work Environment; Program Risk.												
1. An environmentally sustainable agriculture, agri-food and agri-based products sector.													
<i>AAFC supports an economically and environmentally sustainable agriculture, agri-food and agri-based products sector that ensures proper management of available natural resources and adaptability to changing environmental conditions. Addressing key environmental challenges in Canada including agriculture's impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities contribute to a cleaner environment and healthier living conditions for the Canadian public, while enabling the sector to become more profitable.</i>													
Spending (\$millions)			177.9	179.5	219.6	184.6	184.6		87.7	71.4			
Full-time Equivalents (FTEs)			1078	1093	N/A	N/A	1055		1055	1055			
1.1 Environmental Knowledge, Technology, Information and Measurement													
Spending (\$millions)			92.9	89.8	64.3	53.7	53.7		28.4	27.1			
Full-time Equivalents (FTEs)			686	682	N/A	N/A	658		658	658			
Expected Results	Agriculture and agri-food sector makes decisions that incorporate sound environmental practices.												
Key Risks													
1.2 On-Farm Action													
Spending (\$millions)			85.0	89.7	155.3	130.9	130.9		59.3	44.3			
Full-time Equivalents (FTEs)			392	411	N/A	N/A	397		397	397			
Expected Results	Improved agri-environmental risk assessment and risk mitigation by agricultural producers												
Key Risks													
2. A competitive agriculture, agri-food and agri-based products sector that proactively manages risk.													
<i>Canada's capacity to produce, process and distribute safe, healthy, high-quality and viable agriculture, agri-food and agri-based products is dependent on its ability to proactively manage and minimize risks and to expand domestic and global markets for the sector by meeting and exceeding consumer demands and expectations. Proactive risk management to ensure food safety, market development and responsiveness, and improved regulatory processes contribute directly to the economic stability and prosperity of Canadian farmers and provide greater security for the Canadian public regarding the sector.</i>													
Spending (\$millions)			1,722.3	1,656.0	2,005.5	1,542.7	2,109.7		1,959.8	1,930.1			
Full-time Equivalents (FTEs)			1515	1337	N/A	N/A	1230		1230	1230			
2.1 Business Risk Management													
Spending (\$millions)			1,508.2	1,452.5	1,742.2	1,295.7	1,859.4		1,859.9	1,858.3			
Full-time Equivalents (FTEs)			714	486	N/A	N/A	418		418	418			
Expected Results	Producers' income losses are reduced.												
Key Risks													
2.2 Food Safety and Biosecurity Risk Management Systems													
Spending (\$millions)			98.1	95.2	120.1	94.3	97.6		22.0	12.3			
Full-time Equivalents (FTEs)			343	342	N/A	N/A	310		310	310			
Expected Results	Increased safety of the food systems.												
Key Risks													
2.3 Trade and Market Development													
Spending (\$millions)			100.5	93.4	113.0	114.3	114.3		62.6	44.2			
Full-time Equivalents (FTEs)			385	428	N/A	N/A	416		416	416			
Expected Results	Increased agricultural sector market development and access.												
Key Risks													
2.4 Regulatory Efficiency Facilitation													
Spending (\$millions)			12.5	12.1	27.0	35.7	35.7		12.6	12.6			
Full-time Equivalents (FTEs)			49	57	N/A	N/A	62		62	62			
Expected Results	Increased minor-use pesticides, reduced-risk pest management tools, health claims, novel foods, and ingredients that are permissible or available for use.												
Key Risks													
2.5 Farm Products Council of Canada													
Spending (\$millions)			3.0	2.8	3.2	2.7	2.7		2.7	2.7			
Full-time Equivalents (FTEs)			24	24	N/A	N/A	24		24	24			
Expected Results	The domestic market share of Canadian producers of chicken, eggs, hatching eggs and turkey is stable or increasing; Consumer prices for chicken, eggs and turkey are more stable than those of other animal												
Key Risks													
3. An innovative agriculture, agri-food and agri-based products sector.													
<i>Sector innovation includes the development and commercialization of value-added agricultural-based products, knowledge-based production systems, processes and technologies, and equipping the sector with improved business and management skills and strategies to capture opportunities and to manage change. Such innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness and sustainability of Canada's agriculture, agri-food and agri-based products sector and its rural communities.</i>													
Spending (\$millions)			347.0	486.7	427.8	410.4	415.4		165.6	140.1			
Full-time Equivalents (FTEs)			1638	1673	N/A	N/A	1715		1715	1715			
3.1 Science, Innovation and Adoption													
Spending (\$millions)			275.7	360.3	299.6	339.4	339.4		147.8	123.7			
Full-time Equivalents (FTEs)			1452	1488	N/A	N/A	1536		1536	1536			
Expected Results	Agriculture and agri-food sector that utilizes science to improve or transform commodities into new value-added products.												
Key Risks													
3.2 Agri-Business Development													
Spending (\$millions)			48.6	104.3	102.3	51.0	56.0		12.8	11.5			
Full-time Equivalents (FTEs)			45	42	N/A	N/A	41		41	41			
Expected Results	Increased realization of business goals.												
Key Risks													
3.3 Rural and Co-operatives Development													
Spending (\$millions)			22.0	21.1	25.9	20.0	20.0		5.2	5.2			
Full-time Equivalents (FTEs)			88	91	N/A	N/A	88		88	88			
Expected Results	New economic activities are being developed in rural communities; Canadians are better able to utilize the co-operative model to meet their economic and social needs.												
Key Risks													
3.4 Canadian Pari-Mutuel Agency													
Spending (\$millions)			0.7	1.0	0.0	0.0	0.0		-0.2	-0.3			
Full-time Equivalents (FTEs)			53	52	N/A	N/A	50		50	50			
Expected Results	Pari-mutuel betting is conducted in a way that is fair to the Canadian betting public												
Key Risks													
4. Internal Services													
Spending (\$millions)			357.9	352.5	338.6	280.7	302.8		272.0	268.7			
Full-time Equivalents (FTEs)			2049	2163	N/A	N/A	2117		2117	2117			
Expected Results													
Key Risks													
Notes:	1	1				2	3						

1- Program Activity Architecture changed- does not permit prior year comparison

2- Forecast spending reflects authorized funding levels to year end, not necessarily forecast expenditures

3- Planned spending reflects funds already brought into the Department's reference levels as well as amounts to be authorized through the Estimates process (for the 2012-13

through to 2014-15 planning years) as presented in the Annual Reference Level Update. It also includes adjustments in future years for funding approved in the government fiscal plan, but yet to be brought into the Department's reference levels. Planned spending has not been adjusted to include new information contained in Budget 2012. More information will be provided in the 2012-13 Supplementary Estimates.