



**Statement by Jean-Denis Fréchette  
Parliamentary Budget Officer  
Before the Standing Senate Committee on National Finance  
Tuesday, January 28, 2014  
(Check Against Delivery)**

Good morning, Mr. Chairman, Mr. Deputy Chairman and honourable committee members.

I would like to thank you for inviting me to appear before your committee to discuss the Main Estimates and the Parliamentary Budget Officer's latest report entitled *Expenditure Monitor: Second Quarter of 2013-2014*.

As you know, in my previous capacity, I was very involved in providing research services to parliamentary committees for 27 years.

Soon after being appointed as the new Parliamentary Budget Officer, I explained that I would be very receptive to the needs of all parliamentarians, but that I had a special interest in parliamentary committees, particularly your committee and the two others mentioned in section 79.2 of the *Parliament of Canada Act*. Please consider this an invitation to contact my office with any research request related to our mandate.

The role of the Parliamentary Budget Officer (PBO) adds another dimension to parliamentary research services. The PBO's mandate is to provide analysis on the state of the nation's finances, the government's estimates and trends in the Canadian economy. This more specialized analysis complements what you already receive from other sources. And I cannot say this too often: the office of the PBO is committed to supporting you in your task as legislators to hold the government to account for the good stewardship of public funds. That is why, given the difficulties in getting certain departments and agencies to provide the economic data you need to be fully informed, I am exploring several options, including a parliamentary avenue, which I hope will contribute to make it easier to obtain information in the future. All of these options are promising.

***Expenditure Monitor: 2013-2014 Q2***

The *Expenditure Monitor* is one example of the kind of tool developed by the PBO team to help parliamentarians assess the additional adjustments to authorities proposed by the government. I would like to share with you some of the highlights from the report on the second quarter of 2013-2014.

Overall spending increased \$2.2 billion to \$124.6 billion, as compared to the previous period in 2012-2013 (a 1.8 per cent increase). These aggregate results are consistent with the spending growth forecast in the November 2013 Update of Economic and Fiscal Projections. Direct program spending also increased by \$500 million, a year-over-year increase of 1.2 per cent.

The growth in direct program spending has slowed compared to prior years, and is expected to plateau given the government's plan to reduce annual direct spending by \$9.1 billion in this fiscal year and \$13.7 billion by 2017-2018.

If savings are fully realized in 2017-2018, direct program spending as a share of total program spending would reach its lowest level since 1998-1999, and comprise the smallest share of nominal GDP since 2001-2002.

The PBO has not yet received complete service level data from federal departments and agencies, which is necessary to assess the fiscal sustainability of the Budget 2012 cuts. Almost 40 per cent of programs' performance in 2012-2013 cannot be evaluated due to in-year changes to targets, incomplete data or insufficient evidence.

Within individual programs, the most notable increase — and the one that has attracted the most public attention — pertains to Public Safety Canada's Emergency Preparedness program activity, which increased spending from \$60 million to \$230 million in the first six months of 2013-2014 (280 per cent). This increase reflects contributions toward the \$4.1 billion federal liability associated with major flooding and rainstorm events in 2011 through 2013.

## **Conclusion**

I would like to reiterate the commitment of the entire PBO team and our interest in any request from your committee regarding research on the nation's finances and economy.

My colleagues and I would be happy to answer your questions on the *Expenditure Monitor*, the Main Estimates and any other questions you may have on the work of the PBO concerning research and access to information.