

NEWS: PROROGATION & SPENDING

PARLIAMENT DIDN'T NEED TO BE SHUT DOWN FOR PRE-BUDGET CONSULTATIONS, SAY EXPERTS

Prime Minister Stephen Harper, Finance Minister Jim Flaherty and Tory MPs consult and do politics on next federal budget.

By Cynthia Münster

Prime Minister Stephen Harper, Finance Minister Jim Flaherty and Tory MPs are conducting pre-budget consultations in January and February during Parliament's prorogation, but Parliament didn't need to be shut down for it, say experts.

Scott Clark, a former Finance deputy minister, however, said that Finance ministers have always engaged in pre-budget consultations and while the March 3 budget will be an important one that requires consultations in order to understand the public mood and "not surprise anybody," governments are always able to plan their budgets when the House is sitting.

"I don't think prorogation has anything to do with anything, if you can't plan a budget with the House sitting, that strikes me as a bit odd. Every budget that I've ever worked on, and I worked on a lot, the House wasn't prorogued. The minister carried on doing his job and we planned a budget and I don't see why this particular budget requires more consultation than any other budget that this government has done, quite frankly, and there's no other reason why you couldn't have done both," said Mr. Clark.

Prime Minister Harper (Calgary Southwest, Alta.) announced Parliament would be shut down on Dec. 30 until the Throne Speech on March 3. The prorogation also means a delay in the tabling of the upcoming supplementary estimates C and the main estimates, which will both be tabled in March, after the Throne Speech and budget are dealt with. It's considered a procedural matter and doesn't affect departmental spending.

The House Finance Committee tabled its report on pre-budget consultations in December so the work towards the upcoming budget that needed to be done with a sitting Parliament is done and during January and February the Finance Minister, Prime Minister and individual MPs have been doing their own pre-budget consultation, something that is also traditional but can be done with or without a sitting Parliament.

Conservative MP Daryl Kramp (Prince Edward-Hastings, Ont.) said prorogation makes it much easier for him to dedicate as much time as possible to consulting on the upcoming budget with his constituents and though he does this year-round.

But Liberal finance critic John McCallum (Markham-Unionville, Ont.) said that after the committee report was tabled, Mr. Flaherty (Whitby-Oshawa, Ont.) said that there will be no new spending initiatives in the budget, so that made the whole process "a waste of time and money."

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Mr. McCallum said if there are no new initiatives, he doesn't see the point to the minister and government MPs engaging in more pre-budget consultations.

"If he's already said there won't be any new spending initiatives then I think it's some sort of a sham, but you never know, maybe they'll change their mind so I don't think it's pointless," said Mr. McCallum.

Don Drummond, chief economist at TD Economics, and a former assistant deputy minister at Finance, said it's very important for the finance minister to do the consultations as a reading of "what people want."

Said Mr. Drummond: "It's a particular time right now because we are on a cusp, I would argue, of a shift in fiscal policy so it is a time where you want to get your own personal reading and get an up-to-date reading on how Canadians are. Canadians seem to be fairly sanguine about the soaring of the deficit to \$56-billion. Are they still that way? Are they getting concerned about it? As a politician, obviously you'd want to be on top of that. You can, of course, influence the public opinion but you want to get a reading of it before you get in."

At the same time, he said the consultations are "probably not as important as they are sometimes made out [to be]."

Mr. Clark said consultations are "good politics but at the end of the day not much of that actually sees the budget."

Mr. Clark said his concern is that in order to have a productive consultation, the government should give a sense of what their starting point is and they haven't done that.

"A useful consultation usually involves a government give people a sense of where they're starting from and this government hasn't put out anything since September, in terms of what they believe the overall fiscal situation is and what the challenges are. All we hear is it's going to go away and just wait and see, so it is hard. I think, if you are out there, what do I say to a minister of Finance if the government itself isn't prepared to sort of say, 'Here's our starting point, this is where we're planning from,' then you can't have very useful consultations," said Mr. Clark.

Mr. Kramp, who sits in the Finance Committee, said consultations in his riding are very different than the ones he took part in with the committee.

"Shockingly, people on the ground, individually, are much more realistic in that they are dealing with their own interest from their own perspective, whereas a lot of submissions sent into the Finance Committee are really [painted with] a broad brush," he said, adding that his constituents are more concerned about restoring balance to the budget.

Meanwhile, the cost of prorogation has been a much-debated issue. It costs about \$277-million to run the House of Commons annually, whether Parliament is sitting or not.

Parliamentary Budget Officer Kevin Page said that estimating the cost of prorogation would likely require an assessment of direct costs, such as delays in implementation of legislation, Parliamentary operations and maintenance, and possibly more indirect costs, such as confidence and trust. It would probably require "an historical assessment of previous

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prorogations from a financial costing perspective recognizing that the legislative environments are fundamentally different.”

“To be honest and frank, providing a costing of a prorogation of Parliament would be an inherently difficult exercise using financial analytical methods,” wrote Mr. Page in an email to citizens who had been asking. He will not be costing the prorogation unless a Parliamentary committee asks him too.

The Liberal Party calculates that prorogation costs taxpayers \$49-million, but their calculations consider Parliament sitting for 173 days, a historical average that does not reflect the maximum of 136 days Parliament would have sat this year. The Liberals reached this calculation by dividing the cost of running the House of Commons and Senate per year, excluding MPs' and Senators' salaries by 173 and multiplying it by 22 (the days Parliament isn't sitting because of prorogation) and they argue that that is the amount of money spent on running Parliament for that time.

Mr. McCallum said his party is also engaging in pre-budget consultations, including hosting a roundtable on jobs on Jan. 25. He said that the costs he is concerned about are related to the wasted time, such as a bill that Liberal Senator Art Eggleton was planning to introduce in the Senate to help people with long-term disabilities in Nortel that may be introduced too late when Parliament comes back. He also said the House Finance Committee could have been looking at the recent report by the PBO that concluded Canada is headed for a structural deficit of about \$20-billion by 2013-14, as well as do a study on pensions.

James Lahey, a former public servant, who had senior jobs at Treasury Board and the Privy Council Office before retiring from the public service in December 2008, said shutting down Parliament would probably save money in most direct of calculations, because Parliament has laid off 222 part-time employees for that time period, as was reported in last week's issue of The Hill Times, and electricity costs will be lower. “You could say they saved money,” he said.

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