



Travaux publics et
Services gouvernementaux
Canada

Public Works and
Government Services
Canada

Sous-ministre

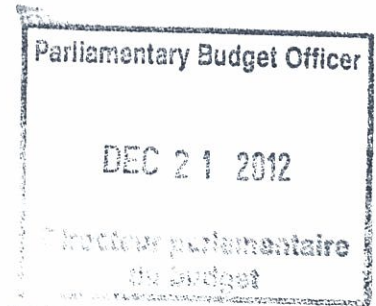
Deputy Minister

Sous-receveur général
du Canada

Deputy Receiver General
for Canada

Ottawa, Canada
K1A 0S5

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K1A 0S5



DEC 20 2012

Mr. Kevin Page
Parliamentary Budget Officer
Library of Parliament
Ottawa, Ontario K1A 0A9

Dear Mr. Page:

This is further to your request of November 30, 2012, regarding the internal services analysis mentioned on November 27 at the House of Commons Standing Committee on Government Operations and Estimates.

The information contained in the analysis is extracted from the Public Accounts of Canada for the fiscal year 2011–2012 that is publicly available at <http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html>. More specifically, the Program Activity tables (pages 134 to 542) of Volume II of this publication provide the internal services and total authorities used (i.e. gross expenditures) by department and agency for each ministry in the Government of Canada. This was the basis for the reference in Committee to the ratio of internal services to overall expenditures for Public Works and Government Services Canada (PWGSC), compared with the average for all other government departments. The actual figure was 7.9 percent for PWGSC in 2011–2012, i.e., \$579 million of internal services divided by \$7,309 million of gross spending (see pages 23.10 and 23.11 of the Public Accounts of Canada). The ratio of other ministries was calculated on the same basis as that of PWGSC. The average ratio of all ministries, excluding PWGSC (i.e., rest of the government) was 12.3 percent for 2011–2012.

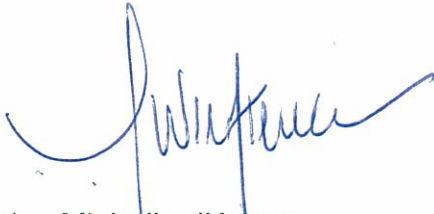
This analysis provided a notional assessment of order of magnitude for internal services (as expressed in percentages) in comparison to total spending. For a fulsome and rigorous analysis, many other factors should be considered, such as transfer payments and flow-through spending.

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While Public Accounts of Canada data has been used in calculating these ratios, Internal Services is a new category of reporting introduced in 2009. This new category is currently under development to ensure that the nature of a departmental mandate and program base are understood in relation to internal services expenditures. As the government works to standardize its definition of internal services, internal baselining and comparisons with other departments can occur in a more consistent fashion.

I trust this responds to your request.

Yours sincerely,



(for)

Michelle d'Auray

c.c.: Mr. Rick Stewart, Assistant Secretary to the Cabinet, Liaison Secretariat for Macroeconomic Policy, Privy Council Office

Mr. Bill Matthews, Assistant Secretary, Expenditure Management, Treasury Board of Canada Secretariat

Mr. Alex Lakroni, Chief Financial Officer, Finance Branch, PWGSC

Ms. Caroline Weber, Assistant Deputy Minister, Corporate Services and Strategic Policy Branch, PWGSC