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Chair

Mr. Garry Breitkreuz

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Wednesday, May 31, 2006

• (1535)

[English]

The Chair (Mr. Garry Breitkreuz (Yorkton—Melville, CPC)): I'd like to bring to order the fifth meeting of the Standing Committee on Public Safety and National Security.

I welcome today as witnesses the Auditor General of Canada, Mrs. Sheila Fraser; Mr. William Baker, the former commissioner of the Canada Firearms Centre; John Sims, Deputy Minister and Deputy Attorney General; and Ian Bennett, the acting assistant deputy minister of acquisitions; and also assisting is Peter Kasurak, senior principal.

I think we'll go ahead with the presentations. The usual format here is to allow all of you to make your presentations, and then we'll open it up for questions, with the official opposition having a round of seven minutes—as all the opposition parties have—and then we'll go to five-minute rounds after the government has had its seven-minute round.

And without further ado, Mrs. Fraser, please.

Ms. Sheila Fraser (Auditor General, Office of the Auditor General of Canada): Thank you, Mr. Chair. We thank you for inviting us to discuss our audit of the Canada Firearms Centre.

As you mentioned, I'm accompanied today by Peter Kasurak, senior principal of the public safety team responsible for this audit.

Let me take this opportunity to provide members with an overview of our findings. This audit was a follow-up to our 2002 audit of the cost of the Canadian firearms program. We were unable to complete our 2002 audit because the financial information available was unreliable and did not fairly represent the net costs of the program. This year we are able to report that the centre has made good progress in addressing our findings, with one exception, which I will discuss later. The Canada Firearms Centre has adequate financial reports, and it has developed a reasonable method of apportioning costs between licensing and registration activities.

[Translation]

The Firearms Program has been substantially reorganized since our 2002 audit. When the new management team took over in May 2003, not only did they have to establish all of the functions of a separate agency, they also had to deal with existing problems.

The new team has handled a large volume of licence applications, firearms registrations and transfers. It has dealt with operational issues such as spreading out the timing of licence renewals, consolidating the application processing site, and establishing the

infrastructure necessary for a stand-alone department. The team has also improved contracting practices, and the number of contracts that have “red flags” indicating non-compliance with regulations has dropped significantly since 2001-2002.

However, we have also found some problems that have yet to be addressed. The most important of these are as follows.

Firstly, the program still lacks performance targets or a definition of how program activities will result in the desired outcomes for public safety. Errors have been made in reports to Parliament overstating the degree to which service standards have been met.

Secondly, the quality of the information in the registry still has significant inaccuracies in part due to information carried over from the Restricted Weapons Registration System as well as the 2002 decision to allow applicants to describe their own weapons without verification. We also found a system of volunteer verifiers to be generally weak.

Lastly, there are continuing concerns with the new information system called CFIS II. These concerns start with the basis for the initial decision to build a system, the lack of detailed requirements, and the subsequent delays and cost overruns. We report that the system has tripled in cost to about \$90 million to date, including about \$30 million in avoidable delay costs. At the time of the audit, the system had not been tested or declared operational.

I would encourage the committee to press for correction of these problems, no matter what form the Firearms Program may take in the future.

[English]

However, the most important finding from my perspective, and the object of our additional report, is how the costs of CFIS II were accounted for and how they were then reported to Parliament.

In fiscal 2002-03, the Department of Justice did not record liabilities of \$39 million incurred in the development of CFIS II, as they should have. This error had two effects. The first was that Parliament was not told that the program had actually exceeded the limit stated by the then Minister of Justice in the House. Secondly, it also meant that the new Firearms Centre management team had to deal with an unexpected \$39 million expense in 2003-04.

During 2003-04, the centre—which had then become a separate department—realized that it was likely to exceed the amounts appropriated by Parliament because of the prior year's accounting error and because of additional unexpected increases in the costs of CFIS II. Although the centre initially recommended that additional funds be requested from Parliament through supplementary estimates, senior officials at the Treasury Board Secretariat and Public Safety and Emergency Preparedness Canada sought an accounting presentation that would avoid reporting certain costs against that year's appropriation. Acting on their advice and on a legal opinion obtained by Public Safety, the centre incorrectly decided that the CFIS II liabilities of \$21.8 million at March 31, 2004, did not need to be recorded against the centre's voted appropriation. Again, the result was that Parliament was not informed that the centre had in fact exceeded its appropriation and “blown its vote”.

Our report analyzes each argument made by officials to justify their decision not to report these costs against the centre's vote and concludes that officials erred and government accounting policy was not followed. In particular, the argument that the Treasury Board had not approved the contract and, therefore, that the liability did not have to be recorded in the year in which it occurred is troubling. I am very concerned about any possible adoption of an accounting policy that would allow the government to move the recording of expenditures from one year to the next, based only on the timing of their approval by the Treasury Board. This is not in accordance with recognized accounting principles, nor with current policy.

[Translation]

These accounting errors meant that Parliament was not properly informed of the true costs of CFIS II on a timely basis. We also note that not seeking proper authority for supplementary funds where there was a reasonable likelihood that an appropriation would be exceeded could be interpreted as a breach of the Standing Orders of the House of Commons. Failure to fully account to Parliament for expenditures against a vote could also be viewed as an infringement on the privileges of the House of Commons.

• (1540)

[English]

Only the House itself can determine whether such a breach has occurred.

Mr. Chair, that concludes our opening statement, and we would be pleased to answer any questions that committee members may have.

Thank you.

The Chair: Thank you, Mrs. Fraser. I appreciated that.

Mr. Baker, do you have a presentation as well?

Mr. William Baker (Former Commissioner, Canada Firearms Centre, As an Individual): Yes, Mr. Chair.

I'll keep my opening remarks very brief, and would simply say that we're pleased to be here today to respond to questions.

I would like to highlight that the government has accepted the recommendations of the Auditor General on all of the matters that

have been raised, and has undertaken to follow through and implement a number of initiatives.

I would also like to point out, as the Auditor General has done in her report, that there have been some significant improvements made to the management of the Canada Firearms Centre over the last number of years, thanks to the hard work of the people who continue to work there today.

Because there's limited room at the table, I would like to point out, Mr. Chair, that I have with me today three of my colleagues from the Canada Firearms Centre: John Brunet, the chief financial officer; Beverley Holloway, the chief operating officer;

[Translation]

Mr. Denis Bilodeau, our chief counsel,

[English]

our Justice lawyer working at the Firearms Centre.

We'd be pleased to take your questions.

The Chair: Thank you very much.

Mr. Sims, I don't think you had a statement.

Mr. John Sims (Deputy Minister and Deputy Attorney General, Department of Justice): No, I don't, but thank you very much, Mr. Chair. I am pleased to be here, as are my colleagues. I'm accompanied by one colleague, who I'd like to introduce, Mr. Wayne Ganim, who was the chief financial officer in the Department of Justice at the material time.

I look forward to the questions to follow. Thank you.

The Chair: Thank you.

Mr. Bennett, you had a brief presentation, I believe.

Mr. Ian Bennett (Acting Assistant Deputy Minister, Acquisitions Branch, Department of Public Works and Government Services): Thank you, Mr. Chair.

Thank you for providing me this opportunity to discuss federal contracting services in relation to chapter 4 of the Auditor General's May 2006 report.

Mr. Chair, today I'm accompanied by two of the senior directors within the acquisitions branch of Public Works and Government Services, Mr. George Butts and Mr. Scott Leslie. Mr. Leslie has been directly involved in managing the contracts around the Firearms Centre.

[Translation]

To deliver the best value procurement services, Public Works and Government Services Canada works as a strategic partner with our customer departments. We help them throughout the procurement process from defining requirements and procurement approaches; managing the bidding process; and supporting them in insuring accountability throughout the contract.

[English]

Public Works and Government Services has supported the Canada Firearms Centre since its inception through the provision of contracting services, including those related to information technology. The department has issued two principal contracts, both competitively awarded, to support the Canadian firearms information systems, referred to as CFIS I and CFIS II. These contracts are highlighted in chapter 4 of the Auditor General's report.

Managing these two CFIS contracts in an uncertain operating and legislative environment has proven to be a significant challenge. Numerous changes to both contracts have been required over the years to accommodate these evolving realities. We do acknowledge, however, that lessons learned from our experience with CFIS I could have been better applied to the CFIS II procurement, and this has proven to be a particular challenge.

Many of the assumptions upon which it was based have had to be adjusted as the environment, particularly firearms legislation, changed. With the assistance of third party analysis, Public Works and Government Services, the Canada Firearms Centre, and the CFIS II contractor have recently agreed to halt work to ensure that no further expenses are being incurred while we are assessing the situation.

The Auditor General cited cases that dated from 1997 to 2004 where the Firearms Centre retained a number of contractors for several years, using Public Works and Government Services database, referred to as Informatics Professional Services, a tool that allows federal departments to search for consultants based on skills and experience. The Auditor General reports that in many cases searches of the IPS database would yield only one name, that of the incumbent contractor. Public Works concurs that these contracts should not have been justified as competitive, and we note that the centre ceased this practice in 2004.

The Auditor General recommends that Public Works review how client departments use its contracting tools and be able to provide assurance that they are not being used to circumvent contracting policies or procedures.

We take the Auditor General's recommendation very seriously and are taking corrective measures to address the issues highlighted in the chapter. Such measures include training users on accountabilities, the policies, and processes; increased monitoring and reporting of usage; and where appropriate, restricting use of these tools. As of December last year, PWGSC has improved and expanded the professional services online database to allow better monitoring of the department's usage.

In conclusion, we recognize that we must continue to find ways to further improve our services to customer organizations while continuing to exercise a vigorous check and balance in the interests of Canadians. Public Works is in the midst of transforming the way we do business. We are seeking innovative ways to deliver services smarter, faster, and at reduced cost to improve how the Government of Canada does business. We are committed to fair, open, and transparent competitive procurement strategies that meet the government's needs while ensuring equal access to business that will pass the test of public scrutiny.

Thank you for this. I will be pleased to answer your questions.

•(1545)

The Chair: Thank you, Mr. Bennett, and thank you to all the witnesses this afternoon. I have always had a special interest in this area and would be itching to ask many questions, but I will try not to abuse my position as chair.

Mr. Wappel, I believe you have some questions, to begin.

Mr. Tom Wappel (Scarborough Southwest, Lib.): Yes, thank you.

Indeed, Mr. Chairman, you have a long record of interest in this matter. I must say, in a non-partisan way you've certainly done a lot of digging over the years and brought up a lot of things.

Thank you to the witnesses for coming. I understand this is more or less round two, because you were before the public accounts committee yesterday on the same subject matter. I'll try not to be too repetitive.

Mr. Baker, can I start with you, sir? My notes say you're the former commissioner of the Canada Firearms Centre. Congratulations. I presume you're here because you were in that capacity at the time of the two accounting errors. Is that the idea?

Mr. William Baker: I am the former commissioner, for the last two weeks.

I was appointed the CEO of the Firearms Centre in February 2003 and was not effectively involved in the 2002-03 decision. I was certainly involved in the 2003-04 accounting decision. That is the first set of books that would have been under my control.

Mr. Tom Wappel: My notes indicate that the Department of Justice, responsible for CFC at the time, failed to report \$39 million in estimated development costs for CFIS II in 2002-03—the first accounting error. You were not there at that time?

Mr. William Baker: I had just arrived at the very end of that fiscal year. The management of the contract and the finances were with the Department of Justice.

Mr. Tom Wappel: And who did that?

Mr. William Baker: I would refer that to my colleague Mr. Sims.

Mr. Tom Wappel: Mr. Sims, can you help us out? Who was in charge at that time?

Mr. John Sims: I am the current Deputy Minister of Justice. The Department of Justice was responsible for the program in 2002-03.

What happened in that year was that officials acting in good faith made a mistake in interpreting the rules that apply to dealing with this expense. They actually believed it would have been wrong to book those expenses at that time, primarily because the system was not ready for delivery. As it was understood, looking at the rules at that time, unless the goods had been delivered and unless there was an amount actually owing at that moment under a contract, the official in question read the rules as saying he ought not to book the amount.

We have since understood—

Mr. Tom Wappel: Excuse me. The official in question—who was it?

Mr. John Sims: It was the chief financial officer, Mr. Ganim, who is with me today.

Mr. Tom Wappel: All right. Was his decision, then, based on this legal opinion that the Auditor General had said, or was it based on some other information?

• (1550)

Mr. John Sims: Mr. Chairman, the decision in 2002-03 was not based on a legal opinion; it was based on a reading of what the rules called for. I think it's clear from what the Auditor General has been saying this week that it's seen as a mistake. We acknowledge it was a mistake.

The context was a complicated one at the time. There were signs that the computer contract in question was starting to go off the rails. There were cost overruns starting to be noted; the vendor was asking for a six-month extension on a nine-month contract; the contract had not passed an initial verification that was required. And so the focus was on managing a very difficult contract. Advice was being sought from outside consultants on what to do with this.

In this context—no deliverable, and with the system not ready for legal or physical acceptance—Mr. Ganim understood the rules to say he ought not to pay any money out for the system that year, 2002-03. The mistake was in saying, if I don't pay money out, I don't book it.

We accept what the Auditor General has said: that was wrong; there ought to have been an amount set aside notionally for it in 2002-03.

Mr. Tom Wappel: Was all of what you've just told us discussed with the minister of the day?

Mr. John Sims: I don't believe so, Mr. Chairman.

Mr. Tom Wappel: And have you done reasonable inquiries to determine that's the case?

Mr. John Sims: Mr. Chairman, the decision was taken without consulting the minister. This was a management decision by officials. The amount that was in everybody's mind in 2002-03 was \$10 million, not \$39 million. It was \$10 million because the contract was for about \$32 million, payable in \$10 million chunks over three successive years. That was the amount that appeared in supplementary estimates repeatedly. That was the amount that ended up being put into the main estimates.

As I say, the focus was on managing this contract, and the minister was not brought into the decision to book or not book.

Mr. Tom Wappel: All right. The Auditor General identified a second accounting error. Let me ask you the same question, then. Was the second accounting error—without going through it again, because you've been talking about this in public accounts—or the methodology that resulted in it ever discussed with the minister of the day?

Mr. John Sims: Mr. Chairman, we're playing pass the microphone, but between the first accounting error and the second accounting error, the responsibility for the Canadian firearms program had left the Department of Justice and moved to a separate agency, and Mr. Baker by this time had become responsible for the program. So perhaps, Mr. Chairman, that question—

The Chair: All right. Mr. Baker, you heard the question.

Mr. William Baker: If I could, I'd like to take a moment to identify the events leading up.

As I mentioned, in April 2003 the Canada Firearms Centre left the Department of Justice to join the Solicitor General's portfolio as a separate agency, and I was appointed the commissioner shortly after, when Bill C-10A came into effect.

One of my first orders of business as a separate agency of government was to build capacity, primarily in our operating and financial areas, which, as you know, based on the Auditor General's 2002 report, was an area that was particularly problematic. I recruited a chief financial officer who over the course of the fall built the accounting capacity of the Canada Firearms Centre.

It was in the course of doing that and analyzing the books and records that were in place that we identified the possibility that the way the charges for the development costs of CFIS II had been booked against the appropriations year over year may have been in error. This was discussed with the Office of the Comptroller General at the chief financial officer level, and they concurred that an error had occurred.

Based on that—and it's now late January 2004—we realized that if all of those charges had to be booked in 2003-04, we would not have sufficient money in the budget. The time to submit supplementary estimates (B) was fast approaching, so the first order of business was that I advised the minister that we may need supplementary estimates, otherwise the Canada Firearms Centre could blow its vote.

Then we took the matter to the more senior officials at Treasury Board Secretariat, Office of the Comptroller General, and Public Safety to have this matter more fully analyzed. That led to a conclusion, based on a number of factors including a legal opinion, which is referred to to some extent in the Auditor General's report, that those amounts did not effectively constitute a liability that would require the establishment of a charge against the appropriation in that year.

Based on the conclusion coming out of that process, supplementary estimates were not required. Instead, we noted it in our accounts, our departmental performance report, as an unrecorded liability.

• (1555)

Mr. Tom Wappel: Who's "we"?

The Chair: Mr. Wappel, your time is long over.

Mr. Tom Wappel: Yes, but who's "we"?

Mr. William Baker: On government accounts, I sign them off with the chief financial officer, and we did it in concert with the Treasury Board Secretariat.

The Chair: I'm wondering, Mrs. Fraser, you really have not had a chance to comment on this. Do you have any additional insights as to...no?

Ms. Sheila Fraser: No. I think the description of the errors is correct. If we get into the reasons why we disagree, we could perhaps do that later.

The Chair: Okay. Well, maybe somebody else would like to raise that.

Monsieur Ménard, seven minutes.

[Translation]

Mr. Serge Ménard (Marc-Aurèle-Fortin, BQ): Thank you, Mr. Chairman.

Now that I have you all here, I am going to ask the question that I have been asking myself, and that the public has been asking. Could you give us a simple explanation as to why the costs rose from 2 million to \$946 million?

Mr. William Baker: Let me try to explain. Several factors contributed to the increase in costs, especially in the field of computerized systems, and I thought that the Auditor General had set them out clearly in her report. Quite a few other costs had not been provided for, such as expenses in court and those incurred in implementing new regulations.

I also think that once the program was launched in 1985, we did not have the information that we needed to make any realistic projections. I think that all those who are involved in managing this program accept this as a fact.

Mr. Serge Ménard: Do you know enough about this to reassure us that there has been no fraud, no invoices for work that was not done and no favouritism in choosing suppliers, and that regular procedure was followed in finding the suppliers? Do you know enough about this to reassure us that the increase in costs is not due to this type of activity?

Mr. William Baker: Of course. I am absolutely sure that during the time when I was in charge of the centre, all the rules were followed.

Mr. Serge Ménard: In what year were you put in charge?

Mr. William Baker: In February 2003.

Mr. Serge Ménard: It seems that since then, things have been under control. The Auditor General told us that since her 2002 report, management has greatly improved, as she expected. As you seem to be the only one able to answer this very important question, can you confirm that before you were in charge, there had been no fraud, no invoices for work that was not done, nor any favouritism in the choice of suppliers?

Mr. William Baker: Frankly, sir, I was not in charge of looking into the situation that existed before I was appointed. My mandate was to do whatever was needed to establish a functioning centre.

Mr. Serge Ménard: You know that there was a great scandal, the sponsorship scandal, that came to light when the Auditor General reported a great increase in costs. To get to the bottom of this scandal, it took more than an accounting investigation. It took a commission of inquiry. Do you think that, to really find out why there was an increase from 2 million to \$946 million, to understand this and to avoid any repetition of this error, we should also set up a commission of inquiry into this program?

• (1600)

[English]

The Chair: Have you completed your questioning, Mr. Ménard?

[Translation]

Ms. Sheila Fraser: Mr. Chairman, let me simply add that in our auditor report, we pointed out several problems with the granting of contracts, especially certain contracts that we have not yet finished auditing. We indicate that we are still auditing certain contracts. If anything important comes up, we will report it to Parliament, probably in the fall.

Mr. Serge Ménard: Have I any time left?

[English]

The Chair: You have two minutes.

[Translation]

Mr. Serge Ménard: Thank you, Mr. Chairman.

You have decried the absence of any benchmarks for performance, benchmarks that allow us to see whether a program is reaching its objectives. What kind of benchmarks would you suggest for this program?

Ms. Sheila Fraser: In our report, we haven't gone so far as to list specific benchmarks. We recognize that it is difficult to devise benchmarks to measure a contribution to public safety. I said during a parliamentary hearing that this could show up, for instance, as greater satisfaction or sense of usefulness as reported by the police force. Do the users find the thing useful? Are they using it? Are there any practical examples showing how useful it was? This kind of information can show whether a program is efficient or not.

Mr. Serge Ménard: I've noticed that there's nothing more difficult to predict in government than computer costs. It is even more difficult than predicting legal costs, and that is saying quite a bit. I know that initially, in this profession, people did not have any training and the private sector paid computer experts quite substantial salaries that the government had trouble matching. Could you tell us about how to set up good processes for calling for tenders for computer services and to ensure that we have a reasonable idea of the costs involved before we commit ourselves?

[English]

The Chair: Thank you. That will be the final question from Mr. Ménard.

Go ahead, you may answer.

[Translation]

Ms. Sheila Fraser: I would just say that we have an audit underway on systems being developed. In this audit, we are reviewing the challenge process and the follow-up process to ensure that the costs have been properly considered and that the process is adequate. We expect to report in November of this year. Perhaps I will have some better answers to Mr. Ménard's questions this fall.

[English]

The Chair: Thank you.

Mrs. Fraser, just as a follow-up, I need clarification on what he asked. Is there any evidence that there was a public safety improvement? Have you done anything in that area? It wasn't clear from my answer that there's been an improvement, or that there's an evaluation in that area where there's evidence that there have been public safety improvements.

Ms. Sheila Fraser: No, that's right. The question was about performance indicators, and one of the points that we note here is that there aren't performance indicators about the effectiveness of the program. We recognized that to try to have an indicator of public safety is very difficult, because how do you make the link and how can you attribute the results of the registry and the program to public safety? But there can be more immediate indicators that could be used. I was saying that perhaps examples of the registry's use by police forces could be given. Do they find it useful? That kind of information could at least begin the path to developing performance indicators.

•(1605)

The Chair: Okay, thank you.

Mr. Comartin, for seven minutes.

Mr. Joe Comartin (Windsor—Tecumseh, NDP): Thank you, Mr. Chair.

I had the advantage of being at the public accounts committee yesterday, so I've been through this with a much larger number of witnesses yesterday. The big issue that came through there was this legal opinion. You've heard some reference to it by Mr. Sims. It wasn't available to us yesterday; it was in translation.

I'm just wondering, Mr. Sims, if it is it available.

Mr. John Sims: Mr. Chairman, the opinion has been translated. The reliability of the translation was being checked. I did not check, before coming into this room today, if it's been done. It was a lengthy opinion and it should just about be ready, I think. So I would think it's becoming available.

Mr. Joe Comartin: Monsieur, the opinion is actually 13 to 14 pages long, so it is a fairly lengthy one.

In addition to having some of the people here today, we had somebody from the Comptroller General's office, and there was some significant disagreement over the generally accepted accounting practices that should have been applied here. Mrs. Fraser took, as she has in her report, a very strong position that in fact the legal opinion should not have carried the weight that it did. But in terms of this committee drawing any conclusions, I think it comes down to the fact that we need to see that opinion and to assess it in our own way.

The Chair: Just to interrupt, Mr. Sims, can you provide that to the clerk of the committee as soon as it becomes available, so that the members of this committee can examine it?

Mr. John Sims: Mr. Chairman, it's my understanding that the Deputy Comptroller General made the commitment yesterday that the Treasury Board would release the opinion, so I believe the opinion will be released through the Treasury Board. It can certainly be made available to this committee as well.

The Chair: Okay, thank you.

Mr. Comartin.

Mr. Joe Comartin: Just in that regard, Mr. Chair, he did waive any claim to solicitor-client privilege at that time, and so the justice department is prepared to release it.

Ms. Fraser, in terms of one of the questions that Mr. Ménard raised, I'm not sure we got an answer. At any time in the investigation of the audits that you've done, have you found any criminality or funds being misappropriated?

Ms. Sheila Fraser: With the work we have completed in doing this report, we have not, or we would obviously have reported such. What I indicated in my previous response is that we are still continuing audits of certain contracts, which we were not able to complete in time to publish this report. That work is ongoing, and should we find anything of significance, we will obviously bring it back in a report to Parliament. I would hope we would have it in our November report, if there is anything.

Mr. Joe Comartin: Evidence has come out, either in front of the Gomery commission or in front of Mr. Guité's trial, that there was a contract let in the range of \$300,000 to \$400,000. It wasn't clear if those funds flowed out of this budget or if those moneys were from some other source.

Ms. Sheila Fraser: That contract came out of the funds in the sponsorship program. It was actually included in our audit of the sponsorship program, but we could not discuss it at that point because it was subject to review by the police authorities and to criminal proceedings. To the best of my knowledge, it did not come out of the budget of the firearms program, but rather out of the sponsorship program.

Mr. Joe Comartin: Mr. Chair, how much more time do I have?

The Chair: You have three minutes.

Mr. Joe Comartin: Mr. Baker, with regard to another question of Mr. Ménard's—it's something that's bothered me for some time, and the chairman has certainly been, I'll say, guilty of doing some of this—we've heard the figure bandied about repeatedly in the media that the program had cost \$2 billion. Ms. Fraser's report, of course, showed that it was somewhat less than \$1 billion.

Is there any way of estimating how much we would have spent had we not introduced the long gun registry, if we had simply gone with the existing programs of licensing and the registration of restricted weapons and handguns?

•(1610)

Mr. William Baker: Mr. Chair, I certainly couldn't be precise with that. The only thing I could offer for the committee's consideration is that I recall about three years ago a representative of the Canadian Professional Police Association indicated that the previous firearms acquisition certificate regime—the costs of which, as you know, were distributed across the country with different police forces—cost, he estimated on behalf of the association, around \$30 million per year.

It would be very difficult to verify the veracity of that estimate. All you can do is look at the total costs since the implementation of the Firearms Act. Of course, some of those costs replace costs that would have been incurred previously to administer the old regime, but I don't believe anyone has attempted to analyze the incremental costs.

Mr. Joe Comartin: Can you help us with that, Ms. Fraser?

Ms. Sheila Fraser: No. I have no information on that.

Mr. Joe Comartin: Going at it from the reverse, if as is being proposed by this government we dismantle the long gun registry, leaving everything else intact, of the proposed \$72 million that will be spent this year, how much would we save?

Mr. William Baker: I can't tell you exactly on long gun registration. I can say with certainty that for the year just completed, 2005-06, of the \$82.3 million budgeted for the Canada Firearms Centre approximately \$15 million was for registration-related activities. That would be registration of all firearms, long guns as well as prohibited firearms and hand guns, and the access to that database by police.

Anything that's moved out of that would obviously yield some saving, but we should keep in mind that because there's an integrated information system that supports the registration of firearms, the incremental saving would probably end up being less than one might expect on a per unit basis.

Mr. Joe Comartin: I did a quick analysis, Mr. Baker. My estimation is that at best we're going to get a \$2 million to \$3 million saving if we dismantle the long gun registry.

The Chair: That is going to have to be your last question, Mr. Comartin.

Mr. Joe Comartin: Thank you, Mr. Chair.

Am I in the ballpark?

Mr. William Baker: I couldn't comment, because what we reported on—the only figures I have confidence in reporting on—is what the total cost of the registration program was, so I'm afraid I can't speculate on that.

The Chair: Just on that point, Mr. Baker, some of the numbers I've seen for pre-1995, when some years it was about \$10 million and some years it was about \$15 million to run the previous registration of hand guns and the licensing.... Are you familiar with those figures on an annual basis? They usually ran between \$10 million and \$15 million a year.

Mr. William Baker: Mr. Chair, I have some vague familiarization with it. Just to repeat, our singular and sole focus—my focus since my appointment—was to address the issues on a go-forward basis and get better information and get the costs under control and

provide a better service to Canadians. I did not spend time looking back.

The Chair: Mr. Hawn.

Mr. Laurie Hawn (Edmonton Centre, CPC): Thank you, Mr. Chair, and thank you to the witnesses for appearing today.

I'd like to go back to the \$39 million and \$21.8 million for a question or two. Those development costs for CFIS II were not reported as expenditures in the appropriate year, and I'm wondering whether those failures to report certain amounts in the proper fiscal year are particularly unique accounting errors, or are they comparable with what your office may have found in other audits across government operations?

Ms. Sheila Fraser: I find it hard to respond to that, Mr. Chair. I would certainly imagine there are other errors and other amounts that aren't recorded in departments, given the way we do the public accounts audit. We do an audit of the summary financial statements, which means all of government, so we don't pay a lot of particular attention to individual departments. Our whole assessment of importance is based on the overall financial statements of the government. We tend to look for what we call "cut-off errors"—whether things are recorded in the right year—with very large transactions, so it is very possible that the \$30 million would not be recorded in the right year.

In the case of the \$21 million, it wasn't simply that someone overlooked it; there was a conscious decision not to record it.

•(1615)

Mr. Laurie Hawn: And that's what raised the red flag?

Ms. Sheila Fraser: Well, it came up as we were doing the audit of the numbers.

The purpose of this audit, largely, was to go back to assess whether there had been improvement in financial reporting. We said the best way to do that is to actually audit the statement of costs of the Firearms Centre and be able to give an audit opinion on it. That's where we started our work.

It was in the course of doing that audit that we came across these errors. That's how we found it. We were not necessarily aware of this beforehand; it came up in the course of the audit. That's why we had to do the additional report, because it came up quite late in the audit.

Mr. Laurie Hawn: This one is probably for Mr. Sims.

The special report of the Auditor General states that Department of Justice officials could not provide documentation showing any analysis or process by which the decision was made to report the \$39 million in the appropriate year. Was there simply no documentation, or was it misplaced? How was it tracked?

Mr. John Sims: Mr. Chairman, there was no documentation. I think there was a negative decision, a decision not to do something.

At year-end the chief financial officer is beset by many people in the department who are hoping to convince him that their money ought not to lapse at year-end or are trying to persuade that individual to please put their about-to-lapse money into the PAYE list so that it can be saved for next year. Many examples come in. The chief financial officer tests the requests against his understanding of the policy and frequently says no, they don't qualify. He gives many negatives and had not been recording those. It felt like a straightforward decision and was treated as such.

That's, I think, what happened.

Mr. Laurie Hawn: For clarity—and I think you covered this before a little bit—you can't specifically say how decisions were made to report or not to report, other than what you've just mentioned. There was nothing documented as to why it was not done.

Mr. John Sims: There is nothing to document it, Mr. Chairman, as to why it was not done.

Mr. Laurie Hawn: Switching gears a little bit to costs, direct and indirect, the Canada Firearms Centre is now reporting some of the indirect costs of its federal partners, such as the RCMP, Canada Border Services Agency, and so on. But the Office of the Auditor General has recommended a clear definition of what constitutes an indirect cost.

Could you, Ms. Fraser, explain how an indirect cost would be different from a direct cost?

Ms. Sheila Fraser: I'll ask Mr. Kasurak to answer that.

Mr. Peter Kasurak (Senior Principal, Office of the Auditor General of Canada): Thank you, Mr. Chairman.

The direct costs are those that are reimbursed, and the supporting departments have a strong notion of what those are: there was activity, they're billing the program for it, and they're being reimbursed.

The indirect costs are ones for which there's no recovery. They have to assume those costs themselves.

What we found was that each department had a different means of doing it. There is no across-the-board cost accounting system in the Government of Canada, and so we had departments such as Corrections Canada using a formula based on prisoner days, and they would include various slices of overhead in that, whereas the RCMP had little cells of people working and contributing to the parts of the program, and so they could say that group's cost is about this amount, and they would charge that. There was no uniformity.

The centre was in the unenviable position of having to more or less accept these as given. It doesn't really have the authority to impose an accounting policy on another department. However, we felt that because there was no uniformity it would be better if some

consistency were applied and the centre at least vetted them to know what it was receiving in the door and could report on that basis.

It's not a huge deal, but it's something that's significant enough, and it should be tidied up.

• (1620)

Mr. Laurie Hawn: So is it an unfair suggestion to make, prior to their cleaning up and defining what a direct or indirect cost is, that indirect costs are possibly significant, but not recorded as an impact of the registry?

Mr. Peter Kasurak: I don't think in the grand scheme of things they are likely to change the overall cost of the program. Individual departments might go up and down, but in the end I think that changes to indirect costs are not likely to make a huge difference to anybody's opinion about the value of the program.

Mr. Laurie Hawn: Can you confirm for me what progress the Firearms Centre has made in clearly defining indirect costs and accounting for those?

Mr. Peter Kasurak: We've only come to the end of the audit and made a recommendation, so we haven't had any discussion since then.

Mr. Laurie Hawn: Mr. Baker.

Mr. William Baker: If I may, Mr. Chair, it's true these are new recommendations and that the centre, which is now with the RCMP, will be taking subsequent action. But I think it's important to point out that at the time of the 2002 audit, indirect costs were not being reported and that we have attempted to do that as accurately as possible.

Mr. Laurie Hawn: You've probably made no attempt to go back and recapture those.

Mr. William Baker: Actually we did, and in some of the cumulative costs that we've reported, we made a reasonable effort to do that, bearing in mind that we didn't have the facility to go in and do an audit of every other organization. But we did reasonable estimates based on input.

The Chair: We can come back to you, as your time has expired.

On this point, did any of the witnesses look at enforcement costs, compliance costs, costs to the economy? These would all be additional indirect costs, but not costs that would be that easy to track. I know that the Library of Parliament did a study, and that's where the second billion comes up. Did any of you track those?

Ms. Sheila Fraser: No, when federal government departments and agencies report costs, the costs are those they incur. The whole financial reporting system is based upon those costs, not costs that are incurred by others. Those other costs would only really be captured if there were a very large or comprehensive evaluation done, and that has not been done other than some studies, I believe.

The Chair: Was there not an evaluation done by the cabinet and kept secret? I was aware that we could not access that information, because it was a study they had not revealed, and there was no way to get it.

Mr. Peter Kasurak: Well, there's the so-called Guarnieri report, which you noted correctly, Mr. Chairman, is a cabinet confidence and, as such, was not accessible by us during the audit. So we can't speak any further to that particular report.

The Chair: Okay, thank you.

Ms. Kadis.

Mrs. Susan Kadis (Thornhill, Lib.): Thank you, Mr. Chair.

I'd like to welcome everyone and ask Mr. Baker initially why the Canada Firearms Centre sought a legal opinion in relation to the allocation of the \$39 million to 2003 and 2004.

Mr. William Baker: If I may, Mr. Chair, to be precise, the opinion was with respect to the \$21.8 million in 2003-04. As I indicated earlier, the \$21.8 million was identified by our own accounting staff at the Firearms Centre. The initial impression, and I think the expected opinion of the accounting professionals, was that it was something that should have been charged to the appropriation in that year. Of course, that would have required supplementary estimates or perhaps to exceed our vote.

When we raised this matter with the Treasury Board Secretariat and with the Department of Public Safety, because Canada Firearms Centre is part of the Public Safety portfolio, questions were raised about the nature of the amounts. Suffice it to say—and I don't think anyone would disagree—this is a complex contractual arrangement, regardless of how you conclude the accounting. It involves contractual amounts, amounts out of the contract, and there are delayed costs, and there are a number of such things.

Questions were raised about those in order to be certain about the actual amounts that should potentially be booked that year. In addition to the work of the accounting people, both in the centre and in the Comptroller General's office in the Treasury Board Secretariat, it was suggested that in order to get behind the issues of debt versus liability—or what's in and out of the contract—it would be useful to have an expert in that field of law do an analysis. That triggered a request, received by the Department of Justice, to identify an expert in that area who would prepare the legal opinion. That will soon be made available to the committee members. It was that opinion that largely determined the decision not to seek supplementary estimates, or the decision that we would not exceed the appropriation.

• (1625)

Mrs. Susan Kadis: If I have more time, Mr. Chair, my question is for Mrs. Fraser.

Considering that cost has been an issue, how do you see the government's recent announcement to waive the licence fees for 2 million gun owners, foregoing about \$120 million? Amnesty is usually to build up compliance, and not given after one undermines laws that have been put in by Parliament, basically. How do you see that in financial terms, in view of the whole retrospective of what's transpired, and those going forward—

Ms. Sheila Fraser: Mr. Chair, that is really a decision of policy, and one on which we will not comment or make any remarks.

Mrs. Susan Kadis: Okay.

If I can, along those lines somewhat, is it prudent or not prudent, in view of what has transpired financially, and given that the chiefs, as you've mentioned, are finding it to be a great tool—a necessity and an overall enhancement to safety—to then at this point dismantle the program, after the financial expenditures, and when the program is now essentially under control and reasonably managed, as you've said?

Ms. Sheila Fraser: If I could just clarify what I said in response to a question about performance indicators, the use of the registry and the appreciation of it by police enforcement could be an indicator. I made no comments about the actual effectiveness of the program. As I said, this is really a matter of policy, on which it would be very inappropriate for me to comment.

Mrs. Susan Kadis: Okay. Thank you.

The Chair: Ms. Freeman.

[*Translation*]

Mrs. Carole Freeman (Châteauguay—Saint-Constant, BQ): My question has to do with the awarding of contracts.

In its review of the contracts from 1997 to 2005, the Office of the Auditor General found that some of them had been awarded in a non-competitive way, such as the contracts with an initial value of less than the \$25,000 ceiling, which were increased considerably subsequently. There were also the many contracts for \$24,000.

To what extent has the current management of the Firearms Centre improved its competitive procedures?

Ms. Sheila Fraser: Mr. Chairman, we have seen a significant improvement. For example in exhibit 4.5 in this chapter, on page 139 in the French text and page 122 in English, we have shown the number of contracts valued at between \$24,000 and \$25,000. As you can see, there is then a significant decrease in the number of such contracts since the arrival of the new management team.

Mrs. Carole Freeman: You pointed out that the Canada Firearms Centre was making poor use of the methods and contracting services of Public Works and Government Services Canada, particularly the professional computer services and those provided by the Information Technology Services Branch.

To what extent is the current management of the Firearms Centre now making better use of the instruments and services provided by Public Works and Government Services Canada?

Ms. Sheila Fraser: It is true that in the past we noted that there were a number of problems with the awarding of contracts — this was not being done in a competitive way. Mr. Bennett also mentioned this in his opening remarks. Since 2003-2004, we have seen a significant improvement and greater respect overall for the rules for awarding contracts.

Mrs. Carole Freeman: According to your office, 13 contractors may have established an employment relationship with the Firearms Centre. Could you explain to me how an employer-employee relationship developed and what the possible consequences of such a relationship are?

Ms. Sheila Fraser: This question is often raised in both the private sector and government when an employee obtains a contract. When it is possible to direct the work, when there is control over an individual's work, when there is only one source of revenue, the Department of Revenue can determine that the individual is not a contract employee, but rather an employee. Once a person is an employee, he or she is entitled to all the benefits, and the source deductions and all the contributions by the employer must be made. This can also mean that as an employee, the individual cannot deduct some expenses that he or she could deduct as a contract worker. So there are some tax implications for both the employer and the employee.

We have therefore said that the government must be careful within these arrangements not to create an employer-employee relationship with the contract holders.

• (1630)

[English]

The Chair: There's a minute left on this. I just want to clarify this, Ms. Fraser.

Did you have a question? Okay, you're sharing your time.

[Translation]

Mrs. Carole Freeman: The government has suggested the RCMP take charge of the system. What do you think of the situation? Apparently the system has improved a lot. Do you think that that might be beneficial in some way or another?

Ms. Sheila Fraser: There are two areas the Auditor General does not comment on: first, politics and, second, what you call the machinery or the organization of government. It is up to the government to do as it sees fit. Mr. Baker may perhaps be able to explain the reasoning behind a possible transfer. I, however, will not comment on the matter.

Mrs. Carole Freeman: Does Mr. Baker have anything to add on the matter? Would it be better if another organization...

Mr. William Baker: First, this is a decision for the Prime Minister, in keeping with the laws and regulations. I don't see any reason to not continue with the achievements made over the past three years, even with the RCMP.

Mrs. Carole Freeman: You have made significant progress. Thank you.

[English]

The Chair: Mr. Brown, five minutes.

Mr. Gord Brown (Leeds—Grenville, CPC): Thank you very much, Mr. Chair.

I think it's great that we have all our witnesses here today. I'm sure yesterday they all took a grilling on the same financial issues as we're dealing with today. I find it unfortunate we can't really get any answers in terms of the public safety side, which of course is what this committee is about. So I'm going to have to go back to some of those financial questions.

One question I have is that in the Auditor General's report going back to 1997, there's discussion about the fact that there were sole-source contracts that were amended—they were originally below \$25,000. Then there were multiple contacts for \$24,000. Was anyone ever held to account for these contracts, which clearly were outside of the guidelines? They were under the \$25,000 and then they must have been brought to the attention of the government. Has anybody been held to account for the fact that these contracts over and over were really outside the guidelines?

Ms. Sheila Fraser: Not to my knowledge, Chair. As I did mention, we do have an audit ongoing on certain contracts. If we have any findings of significance, we will bring them to Parliament's attention.

Mr. Gord Brown: Who approved these contracts? Why were they able to go on time after time in all of these reports?

Ms. Sheila Fraser: That's a good question. I unfortunately don't have an answer for that. I don't know if anyone else would like to venture into that territory.

The Chair: On that point, Mrs. Fraser, is that part of your investigation to find out who approved those?

Ms. Sheila Fraser: Yes, we are looking at that aspect.

The Chair: Does anybody else have a comment on that?

Mr. Sims.

Mr. John Sims: Mr. Chair, we acknowledge the findings that the Auditor General has in this chapter on these apparent irregularities. We don't have details yet of where this may lead. The Auditor General has indicated several times this afternoon that this work is ongoing. We are cooperating of course with the Auditor General and we'll be back no doubt at a later date to have a fuller discussion when all the information is available. We don't know yet what some of the important details are.

• (1635)

The Chair: Mr. Brown.

Mr. Gord Brown: My other question has to do with this money that got moved from one year to another. The question is, was there any political influence on that decision, or was it solely in-house, inside the Canada Firearms Centre?

Mr. William Baker: Mr. Chair, there are two questions raised there.

It wasn't solely within the Firearms Centre, because when issues like this arise, it's common practice, particularly frankly with the Firearms Centre concerning which attention to our expenditures is subject to such scrutiny we want to get it right.... We naturally engaged the Treasury Board Secretariat and the Office of the Comptroller General as well as the Department of Public Works and Government Services, which were the contracting authorities. As a normal course of doing business, we would have consulted and engaged anyone who had an important contribution to make in that whole exercise. As I mentioned earlier, the Department of Justice also become involved to the extent of providing a legal opinion.

On the second part of your question about ministerial involvement, the minister was advised of the possibility of the need for supplementary estimates—that fact is documented in the Auditor General's report—but the pursuit of the issue and the determination of the way forward was handled by officials.

Mr. Gord Brown: We heard about the Guarnieri report. I remember at the time—I believe it was in the spring of 2003—there were some recommendations that came out of the report that were public. I'll have to dig up some info to be exact, but I remember some of them. Were any of those recommendations carried out at the time? I think that was around April or May, or at least April, 2003.

Mr. William Baker: Mr. Chair, the work of Minister Guarnieri was from January through to May 2004. I'm not sure to which recommendations you may be referring. She, of course, was involved in a number of public consultations on the firearms program. Her ultimate advice would have been provided for cabinet consideration as a confidence and is something upon which I cannot comment.

Mr. Gord Brown: I have one final question.

The government is planning on moving the Firearms Centre in-house with the RCMP. This I know would be a policy question or process. Can we expect that this might improve the situation? I understand now that we're on a going-forward basis and not looking back. Obviously we have to learn from the mistakes in the past to make sure they don't happen again.

Do you think this would be a positive move to have it more accountable?

Mr. William Baker: I'm reluctant to speculate.

I think, though, from the perspective of parliamentarians, I can say with confidence that all members of Parliament are getting much more information today about the program than they ever did before. While it's not perfect, there's better-quality information, although I acknowledge that not everything is ideal. I think with respect to the service to parliamentarians in terms of reporting and accountability, the fundamentals are in place right now. As I indicated earlier, there is an opportunity to continue with that. The RCMP is a large professional organization that can bring to bear their talent as well on this file.

The Chair: Thank you. We'll have to end that there.

Mrs. Fraser, I understood or read someplace in your report that in regard to some of these amounts the motive for moving the figures around or maybe not declaring them was a political one, in the sense

that they may not have won votes in the House if it had been transparent as to what was going on.

Ms. Sheila Fraser: No, Mr. Chair, we don't try to determine motive on this. What we indicated was that there was a decision not to record \$21 million of costs in 2003-04. Had those costs been recorded, then the centre would have had to seek supplementary estimates or would have exceeded its appropriation for that year.

The Chair: And they may not have won the vote in the House?

• (1640)

Ms. Sheila Fraser: We did not mention that.

The Chair: You did not mention that. All right.

Ms. Minna.

Hon. Maria Minna (Beaches—East York, Lib.): Thank you, Mr. Chairman.

I would like to go to Mr. Baker. As a parliamentarian, what I'm seeing is that there was a decision made, but there seems to be disagreement also from the Comptroller General as to whether this was the right thing to do or not, from reading yesterday's.... As a parliamentarian, I have to decide which is right and how it works. Having been there myself, I know sometimes there are disagreements. This is one of those where there is disagreement, and they happen in the system.

What I need to know is this. Given that there is disagreement, was there a request by the minister at that time to treat the \$21 million in that fashion?

Mr. Baker.

Mr. William Baker: Not at all, Mr. Chair.

I had, as commissioner of firearms, responsibility to put to Parliament, and through the minister, the most accurate financial records possible. In fact, if you look at departmental performance reports, for instance, there's an attestation that I sign and that the chief financial officer signs. That's a duty I have under the Financial Administration Act, that is, to report accurately. At no point was I directed to follow any particular course.

Hon. Maria Minna: Thank you.

What I conclude from this is that there is disagreement. I'm not going to go over this again, with all the questions that have gone before, but there was obviously no mal-intent on the part of the officials—they got a legal opinion—and at some point the differences of opinion will be resolved. I just wanted to make sure that my questions had to do with what might have been behind the action.

I want to go to something else, because I have a particular interest in the gun registry apart from the financial issues. My personal interest has to be with the survival and the strength of the registry.

I have two questions. One is to Ms. Fraser. Is the gun registry now operating reasonably well? You're saying that it's being administered much better in terms of the cost and so on. Is it stable and operating reasonably well at this point?

Ms. Sheila Fraser: Our audit notes that there has been improvement—I would almost say a significant improvement—in the centre's financial reporting and contracting processes at the time of our audit. But we do note that there are still major issues with the development of the second computer system, which is known as CFIS II. This system was originally supposed to cost \$30 million but is now at \$92 million, of which \$30 million is delay costs that we believe are avoidable. It has not been tested; it is not operating. So there is an issue there.

As well, there is an issue with the quality of the data in the registry. There are other assorted improvements that could be made, for example, on performance indicators.

Hon. Maria Minna: Are these issues surmountable, in your view?

Ms. Sheila Fraser: I hate to speculate about the future. I think there are a number of actions being taken with the computer system.

Hon. Maria Minna: Maybe I should ask Mr. Baker and Mr. Sims.

Mr. William Baker: There's still work to do; there's no question. As a public servant with 27 years experience, I can say there's work to do in every government organization.

For instance, in the area of reporting to Parliament, one of our principal preoccupations was to make sure the core data about the firearms program was correct. We want to make sure that with the number of licences, the number of registrations, the number of accesses to the data system and so on, we have good information. Without that, you can't even think of doing more sophisticated analysis and recording.

But the data is useful. It's not perfect; more work can continue to be done to refine the data in the system, without any question. The IT system has been a particular challenge from the outset. Building the existing system...that continues to be the system that supports the Canadian firearms program. Of course, the new system and our attempts to get that off the ground, which have been plagued by a number of challenges over the last few years, are quite well set out in the Auditor General's report.

Hon. Maria Minna: There are a lot of IT challenges in many different departments—even within the police force, in terms of setting up some of their systems. But we don't shut them down, which takes me to a question to Ms. Fraser.

I know this is not policy, but you are responsible for accountability to Parliament. There is legislation in place that sets out what this registry is about, and the current government has decided to drop a piece of it without coming to the House. Now that's not accountable to the people or Parliament. Can you tell us if that in fact is correct to do, and at least if it's accountable to Parliament?

•(1645)

Ms. Sheila Fraser: Again, that is a policy decision of the government.

Hon. Maria Minna: Not if it's legislation, it's not a policy.

Nonetheless, I think it's a question that has to be answered.

The Chair: Mr. Baker, one of the questions that Ms. Minna had was on the data itself. What percentage of the registrations have been verified?

Mr. William Baker: It's a small percentage. Since October 2004, we undertook to verify all firearms that were being transferred or initially registered. In that period of time, I believe roughly 200,000 firearms were verified .

The Chair: Out of a total of how many?

Mr. William Baker: We have roughly 7.1 million firearms in the database.

The Chair: So the percentage would be less than 10%.

Mr. William Baker: It would be, in that period of time.

Mr. Chair, I should point out that what I'm referring to was a decision that I believe was made in October 2004 to attempt to verify all firearms on transfer or registration. There would have been a number of firearms verified in the past. As well, in Canada, a large percentage of firearms are sold through gun dealers, who tend to be experts in firearms, so the information they would provide us for purposes of the registration would be reasonably reliable.

But there's still more work to do on data and integrity in the firearms registration.

The Chair: My understanding is that probably 1.5 million in total were verified out of 7 million. So in answer to Ms. Minna, that would give you an indication of the accuracy.

Mr. Norlock.

Hon. Maria Minna: I had a point of order; I have to intervene.

With all due respect, the chair seems to take the liberty of asking questions after every one of ours. I don't know what the rules in this committee are, but if you're going to do that, then maybe we also ought to respond after every time you ask a question.

I've never seen this happen before.

The Chair: Well, Ms. Minna, at the beginning I said I had a special interest—

Hon. Maria Minna: No, because you're leaving your own comments at the end, which I think are quite biased in this case.

I think Madam Fraser would like to say something to that effect.

The Chair: Yes, go ahead.

Ms. Sheila Fraser: I'd like to add a piece of information on the last question. We note in the report, on paragraph 4.61, that at October 20, 2004, the 27% had been verified, and after October 2004, another 142,000. So it would be much more than 1 million or 1.5 million; it would be up over 2 million.

The Chair: Yes. That was my question. I just wanted to know that.

Okay, Mr. Norlock.

Mr. Rick Norlock (Northumberland—Quinte West, CPC): Thank you very much for coming.

I have a very great interest. I want to let you know, to let all your departments know, that I worked for 30 years for another civil service, and I know that all civil servants do the best they can with what they're presented.

My history is 30 years as an Ontario Provincial Police officer, so I did work under the old FAC system, which I'll refrain from commenting on, except to say that under that system, which I believe was originally created by the then Justice Minister Campbell, and knowing how that system operated, we would know probably within a very short period of time.... All those who had firearms acquisition certificates would, when they acquired a firearm, have to register that firearm. So that information at one time was all with the federal government, and some day I'd like to find out what happened to that. I have a suspicion—and it wouldn't have cost a billion dollars.

Going back to some of the questions in regard to the \$39 million, the special report of the Auditor General stated that the Department of Justice officials could not provide documentation showing any analysis or process by which the decision was made to report the \$39 million in liability relating to the CFIS II, and government decisions limited Parliament's control of public spending in paragraph 25.

I have a couple of quick questions on that. Was there simply no documentation, or has this been misplaced? Secondly, how specifically were decisions made to report or not report the \$39 million?

I note that Mr. Ganim, from the Department of Justice, is here and may be able to better lend some answers to those two questions.

• (1650)

Mr. John Sims: Mr. Chair, in answer to the honourable member's request, Mr. Ganim would be pleased to take the microphone, I think, and speak to what happened.

The Chair: I welcome you to come to the table to answer that question.

Mr. Wayne Ganim (Former Director General, Finance, Department of Justice, As an Individual): In terms of the question, as Mr. Sims has referred to earlier, this was a transaction that we were asked to set up in 2002-03 at the year-end. But I must tell the chair and the committee that consideration was never given to the \$39 million. What we were looking at and what we were planning for at that time was the first payment of the three-year contract. All documentation on the contract called for payment over three years. So it was never in our planning numbers, never in our bookkeeping numbers, that we were going to pay or have to record costs against the entire contract or the delay costs. It just wasn't on our radar screen.

When we were asked by the Canada Firearms Centre to set up a PAYE for the \$10 million, what we did was look at the transaction against the existing contract. The existing contract called for the Crown to basically take acceptance upon certification of the system. The system could not be certified for delivery. It was basically Mr. Hession and HLB Decision Economics Inc. that had looked at the system and confirmed that the contract was in some trouble in terms of delivery.

They were to deliver these goods and services by the month of January of that year. The contractor had informed us that there was going to be a six-month delay on a contract that was going to be for nine months. They were also reporting at that time \$15 million of cost overruns on a \$32 million contract—\$15 million. Therefore, when we looked at it, as a chief financial officer, I basically came to this conclusion: how could I sign section 33 of the Financial Administration Act, which basically says that your goods and services can be certified in accordance with the contract, when in fact the contract was not delivered on? Therefore, we did not set it up as a PAYE that year, but I must say we did not consider the delay costs or the entire price of the contract.

The other point I'd like to bring to the attention of the committee is that since we were not able to do that, we did work with the Treasury Board Secretariat to ensure that the \$10 million of that first payment was transferred into the next year. So if you go to the supplementary estimates (A) of the Canada Firearms Centre for 2003-04, you will find that the first transaction in the first supplementary estimates (A) was the \$10 million of that payment that we could not make. We brought that money forward so the Firearms Centre could have the cash to pay when the contract was upfront.

In terms of documenting the decision, again, this was something that, when we looked at it, we basically discounted quite quickly because we didn't feel it was a legitimate charge to the appropriation. Once we found out, as we've been hearing here, that there was concern about the error, and it was a reported error that I had made with my head of accounting operations, we did put a two-page memo to file—albeit a year late, I don't disagree with that—explaining what our rationale for our decision was, because we knew it would be challenged and under review. Back in 2002-03, we did not write anything to file.

Mr. Rick Norlock: Thank you.

The Chair: Thank you.

Mr. Norlock, I have to inform you your time is up.

Mr. Chan, for five minutes.

Hon. Raymond Chan (Richmond, Lib.): Thank you very much, Mr. Chairman.

Welcome, both parties.

First of all, I just want to put it on the record that the true mistake identified by Madam Fraser in the accounting practices is not a political decision by the minister.

Mr. William Baker: Mr. Chair, certainly for the year of 2003-04 when I was responsible, there was no political direction received with respect to the resolution.

Hon. Raymond Chan: Right.

•(1655)

Mr. John Sims: Mr. Chair, certainly for 2002-03 there was no political involvement whatsoever in that decision.

Hon. Raymond Chan: The second question I have is for Ms. Fraser.

With your auditing, you have not identified any money missing with the firearms registry centre.

Ms. Sheila Fraser: All of the payments that were made were recorded. As I mentioned earlier, we do have some work that is ongoing on certain contracts, but with all of the funds that were recorded, we know where the money was spent.

Hon. Raymond Chan: Right, so there's no scandal so far.

Ms. Sheila Fraser: I hesitate to start saying if something's a scandal or not.

Hon. Raymond Chan: Right, but at least right now you have not discovered anything—

Ms. Sheila Fraser: On the contracting, we have not reporting anything to Parliament.

Hon. Raymond Chan: Secondly, as the Auditor General, who makes judgment calls on whether a system is efficient or not, you referred earlier, in response to a line of questioning, to police department usage as perhaps a good indicator of whether this system is productive or not. Would you say that if this has been adopted and police departments have been using it about 5,000 times a day, this would be a good indicator that the system is useful?

Ms. Sheila Fraser: I believe that the indicator of the 5,000 hits a day is more of what we call an activity indicator than an indicator of effectiveness. So those law enforcement people who use the registry would have to give an assessment as to whether or not it was useful to them.

There could be 5,000 hits, and they could say yes, it was very helpful and helped me in this way; or they could say no, it wasn't helpful because the information wasn't correct. It takes an additional degree of interpretation or information to assess effectiveness.

Hon. Raymond Chan: But police chief associations have said it has been very helpful for them.

Ms. Sheila Fraser: This is one indicator of performance, but I don't believe the centre reports that itself. We would expect the centre to develop its indicators of performance and to report and track them over time to see if improvements or adjustments are needed.

Hon. Raymond Chan: I appreciate that.

The other question is for Mr. Baker. In referring to Mr. Norlock's comment about the firearms registry, he claimed that this information is in the hands of the federal government. I've been a system engineer before. I know the difference between information in the hands of government and information in a database—in an information system that's accessible. For example, filing a paper with the government is not useful, because no one can get access to that information within minutes without using manpower to go through the file.

Your comment about the difference between this firearms registry managed by the Canada Firearms Centre, regarding the accessibility of data, compared to the one before....

Mr. William Baker: Mr. Chair, first of all, I apologize; I haven't had personal exposure to the old firearms acquisition certificate regime.

I can point out a couple of key differences, of course. One is that the real change occurred with the Firearms Act of 1995 coming into effect, which required universal licensing of all firearms users, regardless of the type of firearm, and registration of all firearms. The numbers of people and firearms covered by the Firearms Act is considerably greater than what would have been entailed by the FAC regime.

Secondly, with respect to discussion on expenditure, a considerable feature of the Firearms Centre is a central database that makes information on all users and firearms available to police or others across the country.

•(1700)

Hon. Raymond Chan: Thank you very much. I appreciate that.

I have one last question about the accuracy of the data in the registry, because there have been questions along the line of how much of the data has been verified. I don't think that is a good indication of the database's accuracy. I think a better question would be, what is the accuracy of the verification process? For example, out of a thousand households that you tried to verify, how many did you find to be false, or how many did you find to be accurate?

The Chair: Mrs. Fraser, can you answer that?

Ms. Sheila Fraser: Yes, Chair, we have two indicators of data quality. As indicated in paragraph 4.61, one is of the actual registration of the firearms, whose values ranged on different elements. For example, 9% of registration certificates needed to have information on a firearm's action corrected; 12% needed to have the firearm's make corrected; and 3% needed to have the serial number corrected. But there's also another proportion, which is the addresses. We noted rates of undeliverable mail as an indication of incorrect addresses. The rates of undeliverable mail ranged from 7% of licence renewal notifications to 23% of revocation notices.

The Chair: Mr. Chan.

Hon. Raymond Chan: In other words, close to 75% to 80% of the data is accurate.

Ms. Sheila Fraser: I couldn't make an overall assessment. These are certain rates that we picked up, but—

Hon. Raymond Chan: Thank you very much, Mr. Chairman.

The Chair: Mrs. Fraser, did you not indicate in your previous report of three years ago that almost 90% had some errors? I'm just going by memory now.

Ms. Sheila Fraser: No, the previous report was simply on the costs of the program.

The Chair: Okay, but I thought you had something in there on.... Anyway, thank you.

We're going to have to go—

Mrs. Susan Kadis: Mr. Chair, I think it's been mentioned briefly before by Ms. Minna. I think it's very important. Obviously in your capacity as chair, I know you're doing a good job, but I don't think it's necessarily well placed, in terms of our time usage and our goals and objectives, for you to intervene to encourage witness information.

The Chair: I shouldn't have let Mr. Chan go four minutes over his five minutes?

Mrs. Susan Kadis: No, but what I'm saying is that it's the nature of it as well; it's the leading nature of it in one direction or another. It doesn't seem to facilitate the process to our advantage.

The Chair: To draw out information?

Mrs. Susan Kadis: I think it's important.

The Chair: Well, I'm trying to draw out information; I did not realize I was trying to direct things here.

Mrs. Davidson.

Mrs. Patricia Davidson (Sarnia—Lambton, CPC): Thank you, Mr. Chair.

The first thing I wanted to ask—it's more of a comment, and maybe somebody can make a comment on it—refers back to something that Mr. Chan just talked about, the 5,000 hits and the police use of this registry. It's my understanding, in talking with some of the police services, that it's what I would call a bogus number, because every time they access the Canadian Police Information Centre, it automatically triggers a hit on the Canada Firearms Centre. Therefore, it may have nothing to do with value coming from the Canada Firearms Centre, but is triggered automatically. Is that correct?

Mr. Peter Kasurak: I believe it is. Those are gross numbers.

Mr. Baker would be much better positioned than I am to talk about how his own database worked, but I believe that's correct, that there are a certain number of hits that are generated automatically through certain police inquiries.

Mr. William Baker: I believe that's true for some of the forces. But I should point out—and I've had occasion to speak to a number of police chiefs—that for that to happen, it would be a conscious decision on the part of the police force to bring the information up automatically as part of their standard operating procedure. So it wouldn't happen by itself; they would have to say, from their perspective, this was a useful thing to be presented to the police officer. That's a call they would make.

• (1705)

Mrs. Patricia Davidson: Okay. Well, I would just say that it isn't always the case that it's been a hit for specific information, but it's triggered automatically, which I think needs to be taken into account.

One question I have is that I haven't seen consistent reporting on the extent to which firearm owners have complied with the licensing requirements, or why the level of compliance is difficult to estimate. Is there anybody who can provide an indication of the level of compliance of gun owners with this Firearms Act and regulations? Do we have that information?

Mr. William Baker: Perhaps, Mr. Chair, I could start with that—and I believe the Auditor General may have something to say.

Up until a couple of years ago, we had been reporting the number of licence holders against an estimate undertaken by government, I believe, in 2000 or 2001 that some 2.2 million or 2.3 million Canadians owned firearms. We would indicate the number of people with licences as a percentage of that. We stopped that practice a couple of years ago, a decision I took in the reporting because we did not have the means to confirm the number of people who owned firearms in the country—and I don't think anybody does, frankly. And while the estimate was done using good statistical methods, it was not something that I felt we could rely upon sufficiently in order to report against.

Now, the Auditor General has pointed that out as perhaps a deficiency in the reporting.

Mr. Peter Kasurak: Mr. Chair, I don't think we pointed it out as a deficiency, but simply or as a matter of fact that it was discontinued. We suggested that the centre might have indicated, when it did so, the reasons for dropping it.

Mrs. Patricia Davidson: I wanted to refer to paragraphs 4.42 to 4.52, where the report notes a number of problems with performance standards. Can anybody tell me what progress the Canada Firearms Centre has made in setting performance standards, and when can we expect to see improved service standards, particularly with respect to call wait times and processing applications?

Mr. William Baker: We have had established for some time now a standard process of registration and license application. Those are the two main products delivered by the Canada Firearms Centre. The standard was defined as a properly completed application for either a registration or a license. What we failed to do was make it clear that a properly completed application could arrive, but require, for whatever reason, additional examination by the firearms officer; there could be some information in the application that required some secondary examination, and once a firearms officer had to do that, it would take more time.

In reporting performance against standard, we excluded those. I think the Auditor General's report is correct in pointing out that given the way we articulated the standard, we should have recorded against it as well, but we had taken the standard out of the equation. We acknowledge that, and the centre is working on a finer articulation of the standard against which we can report, so we don't repeat that error.

Mrs. Patricia Davidson: And when would we get that?

Mr. William Baker: I'm no longer the commissioner, so I can't commit. But based on the response of the report, I can say there is an undertaking to refine the standard. I can tell you that when I left, work was under way.

Mrs. Patricia Davidson: Thank you.

Mr. Tom Wappel: Thank you, Mr. Chairman.

Mr. Brown, in his opening remarks, hit upon something when he pointed out that this is the public safety and national security committee, not the public accounts committee. So I'd like to discuss public safety, as it relates to the gun registry. For the purposes of my questions, I'd like to assume that in a perfect world the gun registry would contribute to public safety.

What troubles me about the gun registry is its efficacy. I have three examples: the Auditor General mentioned undeliverable mail ranging from 7% to 23%; the Firearms Center does not know the status of 62% of the firearms for which registration certificates were revoked between July and October of just one year, 2005; and in paragraph 4.58 of the report, the Auditor General points out that the Firearms Act required that the 1.2 million prohibited and restricted weapons in the restricted registration system were supposed to be re-catalogued, if I could put it that way, into the new system by January 1, 2003, but to this very day, half of them haven't been catalogued, if I read the thing correctly. The Auditor General says, of course, the RWRS remains operational, so the information on those firearms is still available. Well, big deal, because under paragraph 4.59 it's admitted that the information is outdated and incorrect.

How can this system then contribute to public safety and national security, given these statistics the Auditor General has found? And why has the centre been unable to comply with the law with respect to RWRS for three years?

Mr. Baker, and then Mr. Sims, perhaps.

• (1710)

Mr. William Baker: Mr. Chair, with your permission, I've asked my colleague Beverley Holloway, the chief operating officer, if she wouldn't mind responding. She can give a far clearer response than I can, with your permission.

The Chair: While Ms. Holloway is coming, Mr. Ganim, you were up at the table previously, and you referred to a two-page memo to file. Could you provide that to the committee, please, by giving it to the clerk of the committee.

Mr. Tom Wappel: Madam, did you get my questions?

Mrs. Beverley Holloway (Chief Operating Officer, Operations Directorate, Canada Firearms Centre): I'll start with the RWRS, if I may, Mr. Chair, and then maybe we could work backwards, because I think that was the main question.

This is the registration system that preceded our current database, and we did have about 1.2 million prohibited and restricted firearms in that database. In 1998 when we went over to the new system, we did write to all of these people; we did try to follow up and tried to get them to register. That's gone on for the last number of years. We've worked with enforcement agencies throughout Canada. As of late in this last year, we've tried with the Surrey detachment in B.C. to go out and find these people. It's an activity that is ongoing. We are trying to find this other half a million people—or the firearms, actually, because there'll be fewer people—to try to correct the situation. It's ongoing, and we have been pursuing it and realize the importance of it.

So the Auditor General reported that the information is available, but it's an interim solution. It's a very difficult activity.

Mr. Tom Wappel: But these are not long guns; these are prohibited and restricted firearms. Supposedly, this system is to help the public safety of this country by knowing where these prohibited and restricted firearms are.

By the way, these have been required to be registered since the early thirties, if I remember correctly.

Mrs. Beverley Holloway: That's correct.

Mr. Tom Wappel: So how can we say this system is good, that it's worth the \$1 billion and is working, if we can't even find 5.6 million prohibited and restricted firearms—never mind the long guns that people are shooting gophers with? How can one say that the system is effective?

Mrs. Beverley Holloway: Mr. Chair, it's 600,000 firearms, not—
• (1715)

Mr. Tom Wappel: I beg your pardon.

Mrs. Beverley Holloway: That's fine.

We do keep the original system. We do have an address of where these people last were, and that's the first step the police access, so we do try to follow back with their last address. That's the information we have at this time.

Again, it's 600,000 out of 7.1 million.

Mr. Tom Wappel: No, no, it's 600,000 out of 1.2 million restricted and prohibited weapons. Let's not mix apples and oranges. These are the serious guns, the hand guns that can be concealed, the automatic weapons.... I don't know what else is under the prohibited category—grenade launchers, whatever it is.

Mrs. Beverley Holloway: No, no.

Mr. Tom Wappel: I'm talking about prohibited and restricted firearms, where there was some information as to where they were, and three years after the deadline required by the act, 600,000 of them are still not in the system. That's troubling to me.

Mrs. Beverley Holloway: Yes. Certainly we have made attempts over the last number of years to locate these people. We do have activities under way to continue to try to follow up and find these people.

Mr. Tom Wappel: I'm afraid that's not reassuring.

As my last question, what about the 23% of wrong addresses?

Mrs. Beverley Holloway: A regular rate of return mail is about 6%. This would be when we go out to contact our clients for renewal of licences. On average, after five years, the 6% runs with a normal average in the government of returned mail. This 23% was higher because this relates to the revocation of certificates. It's a special project we had under way, and we had not contacted these people for a long period of time. This is not our normal ongoing amount; this was a special project.

What we've done is try to locate these people. As the Auditor General has suggested, and as we are going to have in our action plan, we are looking for other ways to have better updating or contacting of other databases to try to have better addresses.

Mr. Tom Wappel: Thank you, ma'am.

Thank you, Chairman.

The Chair: Thank you.

With the committee's permission, and while you are at the table, I have another question for you. I have done extensive research as to how many firearms there likely are in Canada by using import-export numbers, and I think you may be aware of some of the research I've done, that somewhere between 16.5 million and 20 million firearms are in the country, of which we have 7 million registered.

Do you see any difficulties with the way I have done my analysis?

Mrs. Beverley Holloway: I'm sorry Mr. Chair, but I'm not prepared for that today.

The Chair: You're not, okay. Well, in all fairness to you, I was just using the import-export numbers, and it seems that there are a lot of unregistered long guns. As a follow-up to Mr. Wappel's question, we're not just talking of handguns here. Less than half the firearms have been registered.

Hon. Raymond Chan: I have a point of order. I think the line of questioning between Mr. Wappel and you is more the task of the police force than the Firearms Centre in tracking down unidentified weapons that exist in the country. I think it's fair for the Firearms Centre, which is a voluntary registration program—

The Chair: No, it isn't.

Hon. Raymond Chan: No, but there's enforcement by the RCMP, right? They don't go out and enforce.

The Chair: Do you have a comment on that Mr. Baker?

Mr. William Baker: The Firearms Act is a regulatory act, so our duty is to encourage people, through whatever means we have available, to obtain licences and register their firearms. And there are sanctions, of course, but we are not an enforcement agency. So we do not have the means—

Hon. Raymond Chan: Right, they're not an enforcement agency, so it is unfair for them to take all the blame about people not registering.

The Chair: Monsieur Ménard, or do the Bloc have any more questions?

Was there a point of order?

Mr. Joe Comartin: No, I said Mr. Chan's point was not a point of order, but an argument.

The Chair: Yes, I think everybody sitting around here knows that.

Okay, Monsieur Ménard.

[*Translation*]

Mr. Serge Ménard: Mr. Baker, some people are opposed to the firearms registry who, nevertheless, promote safe hunting. I met recently with representatives from the Fédération québécoise de la faune who said that the courses given to all those persons in

possession of firearms are largely modelled on their courses and training sessions intended for hunters.

The issue that comes up most often is that the questionnaires people who want to buy or get a permit to own firearms have to fill out are an intrusion on people's privacy. I haven't yet read the questionnaires, but from my understanding there are questions which are in all likelihood of a psychological nature.

Who wrote these questionnaires which are intended to determine whether or not a person may be dangerous should he or she be in possession of a firearm? How did it come about? How is it that this type of questionnaire was developed?

● (1720)

Mr. William Baker: The questionnaire was developed a few years ago. From what I understand, experts in the area of violence were hired to determine public safety risk factors, such as one's marital or family situation, financial difficulties and so on.

Since I arrived in 2003, the form hasn't been changed. It's still the same form the minister signed off on.

Mr. Serge Ménard: You talked about experts in the area of violence. I don't know how one becomes an expert in that area. Are you referring to police officers or psychologists?

Mr. William Baker: I don't know, sir.

Mr. Serge Ménard: I'm sure you've read the questionnaire.

Mr. William Baker: Yes, I have.

Mr. Serge Ménard: Common sense has to come into play. You can't just assume that everybody in the midst of divorce proceedings is going to pick up a gun and use it on somebody else. And yet, that's the type of question asked. Apparently people are also asked how their marital relationship is, etc. I'm serious.

Don't you think that this questionnaire should be reviewed to determine whether it indeed adequately measures the risk of violence?

Mr. William Baker: I imagine we'll have the opportunity to do so. From what I understand, some parts of the questionnaire are actually statutory requirements. We'll undoubtedly have an opportunity to review these requirements the next time the government decides to review the legislation and make any changes.

[*English*]

The Chair: We are running into a problem. We have to make room for the next committee at 3.30 p.m. and Mr. Comartin has a question.

Are you just about done with your questioning?

[*Translation*]

Mr. Serge Ménard: Mr. Comartin's questions are just as good as mine.

[*English*]

Mr. Joe Comartin: Thank you, Mr. Chair.

This is a quick one. The question that Ms. Davidson asked keeps popping up. What I don't understand is that if this is automatic that the hit comes from an individual line officer pushing a button for something else and it hits on.... In 2003, when I think you started, we were at about 1,500 to 2,000 a day. We jumped very rapidly to 5,000, and we're now actually at 6,500 today. So if it was automatic, why was it not 6,500 when it started and why is it 6,500 now?

Mr. William Baker: Mr. Chair, I will not take credit for the increase, in any respect. I think it's a function of a couple of things. First of all, in 2003, the deadline for registration had just arrived and the amount of information in the system was really still in its infancy. Secondly, I'm aware that a number of police forces in the country have been converting to more modern systems over the last few years to allow them to access the data. I think those two factors, combined with perhaps others, have contributed to the increase in use.

The Chair: Mr. Norlock, for a brief question.

Mr. Rick Norlock: I have a quick comment and then a quick question.

Ms. Fraser, I hope that when you are accessing the users of this information you ensure that.... You know, people at the top of any organization sometimes have certain exigencies that somehow couch their responses. It's the men and women who actually do the work who would best be able to give you that information. I don't know how you can access that, but I do wish you good luck and I do hope.... I have many links to those men and women and I would not be taking the position I am if I saw this system as being a huge benefit to the men and women who are prepared to put their lives on the line for our citizens.

For a more political question, you are, and rightly so, reluctant to get involved with the politics of this issue. I commend you and the other members here for that. But from the standpoint of this committee getting to the real reasons as to why things are the way they are, do you feel it would be beneficial to this committee if we were to access those ministers of the program? There were some questions posed today that you felt reticent, and rightly so, to answer. Do you feel the committee might benefit from the testimony of those ministers who give the direction to the civil servants and to the commissioner?

• (1725)

Ms. Sheila Fraser: Mr. Chair, as Mr. Baker mentioned, we saw evidence that ministers had been informed or briefed on the issue—and I presume we're talking about the accounting issue and the decision not to record certain costs—but we saw no evidence of any direction from ministers. That has been said by several witnesses at the public accounts committee.

I believe the public accounts committee is going to be continuing their hearings on the issue. There have been conflicting views of what happened in certain meetings that we did not attend, so we are unable to shed much more light on that. But I believe the public accounts committee is going to continue hearing testimony on that. This committee might want to coordinate efforts with that committee to see if there's further action needed here.

The Chair: A quick one, please.

Mr. Rick Norlock: It will be a quick one.

I'm not specifically speaking to the direction or non-direction. I'm relating to the *raison d'être* of this committee, which is public safety, why we even have the Canada Firearms Centre and why we got rid of something we did before. I'm thinking specifically about the safety aspect as opposed to the fiscal aspect.

Ms. Sheila Fraser: I tend to go back to our report and to accounting, I'm afraid.

The decisions around the program, its continuance, and in what form are obviously a question of policy. We provide information to parliamentarians to enable them to make better judgments about policy, but policy really does come from ministers and government. I think it's up to the committee to decide if that information would be more helpful.

Mr. Rick Norlock: Thank you.

The Chair: Do you have a question, Ms. Kadis?

Mrs. Susan Kadis: Would you say opposition, such as the gun lobby, to the initial legislation contributed to the increased costs? We've heard references to legislation that was delayed. I'd really like to understand that, because to me it appears to be a significant factor here.

Ms. Sheila Fraser: Without doubt, the opposition to the policy did contribute to increased costs on a number of fronts, be it delays in legislation and regulations, be it additional public awareness promotion activities, be it the reduction and even waiver of fees and the fact that certain provinces dropped out when it was expected they would contribute. Obviously we can't assess what the actual dollar amount is, but they were certainly an important factor.

Mrs. Susan Kadis: Talking about effectiveness, which has been referred to many times today, information such as almost 7,000 affidavits that have been provided by the registry to support prosecution of firearms-related crimes in court proceedings, for example, is very compelling. Would this be the type of information that you would be looking at or would be interested to see in terms of performance standards or performance management?

• (1730)

Ms. Sheila Fraser: It's really important, I think, that the centre—now it will be obviously the RCMP—that the program determine what they believe are important measures of their effectiveness and measures that they would use, in fact, for their own management. So a measure has to be not only for external reporting, but to be used as well for management to improve or track progress. I would be hesitant to say that is good, because I think it's really up to the managers of the program to look at the kind of measures—

Mrs. Susan Kadis: The point is that I believe also it's somewhere up to 6,500 hits a day, actually—well beyond the 5,000. I just thought I should bring that to your attention.

Thank you, Mr. Chair.

The Chair: Thank you.

In conclusion, no one has asked you questions on one part of your report, about the employer-employee relationships that concern you. I was hoping there'd be more questions on that today. I read through your report very carefully, and you analyze the problems and expose a lot of the practices connected to the firearms program.

In my mind, they seem alarmingly similar to another study that you did. Do you see any parallels between what you observed here and the study that Mr. Gomery undertook?

Ms. Sheila Fraser: Madame Freeman actually asked several questions about the contracting and the employer-employee relationship.

As I mentioned, we do have some additional work that we are continuing in certain contracts. I hesitate to make comparisons,

though, with the sponsorship program, which I think was a very exceptional case.

The Chair: I want to thank you very much for the second report that you brought out. That was an excellent report. I wish all Canadians would read it.

I know our time is up. I'd like to thank all our witnesses. I appreciate the work you have done on this, and maybe at some other time we'll have to explore this further.

Thank you again.

Ms. Sheila Fraser: Thank you.

The Chair: The meeting is adjourned.

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