



House of Commons
CANADA

Standing Committee on Government Operations and Estimates

OGGO • NUMBER 029 • 2nd SESSION • 39th PARLIAMENT

EVIDENCE

Thursday, May 15, 2008

—
Chair

The Honourable Diane Marleau

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• (0905)

[English]

The Chair (Hon. Diane Marleau (Sudbury, Lib.)): I'll call the meeting to order.

I want to welcome Madame Fraser and her team.

It isn't the first time you've come before this committee, and hopefully it's not the last. We always enjoy your presence. You know how it works. We'll let you go ahead.

Ms. Sheila Fraser (Auditor General of Canada, Office of the Auditor General of Canada): Thank you, Madam Chair.

We are very pleased to be here today to present a summary of our May 2008 report that was tabled in the House of Commons on May 6. My apologies to those members who are also members of the public accounts committee, because they will be hearing all this for a second time. I am accompanied by assistant auditors general Ronnie Campbell, Doug Timmins, and Mark Watters.

The report addresses a variety of issues that affect Canadians. We have also presented an overview of our special examination practice of crown corporations, and for the first time the key findings of recent special examinations.

[Translation]

In a special examination, any major weakness in a corporation's key systems and practices that could prevent it from safeguarding and controlling its assets or managing efficiently, economically, or effectively is reported as a significant deficiency.

Since we last reported on Crown corporations in 2000, we have seen a marked decline in the number of corporations with significant deficiencies.

We are pleased at the improved results we are seeing in Crown corporations. We hope that presenting annual summaries of our key findings will be useful to parliamentarians.

Turning now to results of our performance audits, starting with the government's management of fees charged to the public and industry.

[English]

In 2006-07, federal departments and agencies reported collecting about \$1.9 billion in fees, for anything from a passport to a licence for manufacturing pharmaceuticals. The fee, charged for a good, a service, or the use of a facility, must take cost into account. We found that Parks Canada is a good example of fee management. Its entry fees are based on the full costs of the related programs.

However, we found that some federal organizations do not adequately consider cost, and in fact some do not know the cost. As well, the total amount collected from a fee for a service should not exceed the cost of providing that service. In Foreign Affairs and International Trade Canada, we found that for a number of years revenues from the consular services fee that is part of the charge for an adult passport exceeded the costs of the activities set out in the Treasury Board approval.

[Translation]

One of our audits looked at the support provided by National Defence for the Canadian Forces' deployment to Afghanistan. We found that National Defence has been able to deliver its equipment and supplies to troops in Afghanistan who need them. However, there have been some delays in moving supplies to Afghanistan.

We also found that some key equipment has been difficult to maintain because of shortages of spare parts.

Moreover, the supply system does not provide enough information to track the arrival and whereabouts of ordered items. This has resulted in losing track of some items needed for operations.

So far, the military has been able to adapt and adjust so that operations have not been significantly affected. But unless the problems we found can be resolved, the Canadian Forces could have increasing difficulty supporting the mission.

[English]

Another chapter of the report looks at Transport Canada, which is in the process of changing its approach to the oversight of air transportation safety, a requirement of the International Civil Aviation Organization. This means that Transport Canada's focus will shift from traditional oversight, such as conducting inspections and audits, to assessing the safety systems that aviation companies themselves have in place. Although Transport Canada deserves credit for being the first civil aviation authority in the world to introduce regulations for this new approach, we found weaknesses in several areas.

We found that in planning the transition the department did not formally assess the risks involved in the change or forecast the cost of managing it. Nor has it measured the impact of shipping resources from traditional oversight activities to the new approach. The first part of the transition affected 74 airlines and aircraft maintenance companies. The rest of this transition process will be more complex to manage, with over 2,000 smaller companies affected. We hope our recommendations will help Transport Canada to complete this change successfully.

[*Translation*]

In this report we also look at the First Nations Child and Family Services Program of Indian and Northern Affairs Canada. Government policy requires that services to First Nations children on reserves meet provincial standards, be reasonably comparable with services for children off reserves, and be culturally appropriate. Funding for the services needs to match the requirements of the policy.

We found that the Department does not take sufficient account of these requirements in establishing levels of funding for First Nations agencies to operate child welfare services on reserves.

The Department's funding formula dates back to 1988. It has not changed significantly to reflect variations in provincial legislation and the way child welfare services have evolved. In addition, the formula assumes that all First Nations agencies have the same percentage of children in care and that the children all have similar needs.

In practice, the needs of children in care who are served by First Nations agencies vary widely. The outdated funding formula means that some children and families are not getting the services they need.

• (0910)

[*English*]

We turn now to the Public Health Agency of Canada, created in 2004 and now responsible for leading federal efforts in the surveillance of infectious diseases.

Well-informed and rapid public health actions based on effective surveillance can prevent and contain outbreaks, reduce the economic burden of infectious diseases, and ultimately save lives. We found that while the agency has surveillance systems in place, weaknesses in some aspects of surveillance have remained since we last reported them in 2002. For example, except for Ontario, the agency has no formal data-sharing agreements or protocols with the provinces and territories. Formal agreements would help ensure that the information the agency receives is timely, complete, and accurate, so that it can better respond to a disease outbreak.

[*Translation*]

One of our audits examined the conservation of official residences.

These residences are more than housing provided to the country's senior government leaders. They are part of Canada's heritage and need to be preserved.

We found that the National Capital Commission has improved the condition of most official residences in recent years, although further work is needed at Rideau Hall.

However, the Prime Minister's residence at 24 Sussex Drive has had no major renovations for fifty years.

The NCC estimates that completing the needed work would require full access to the residence for 12 to 15 months. It has a schedule for the planned repairs. Delays are likely to result in further deterioration and higher costs.

[*English*]

Finally, let me turn to our chapter on the Canada Border Services Agency. Since its creation in 2003, the agency has been responsible for detaining and removing individuals who enter Canada illegally or who pose a threat to Canadians. We found the agency has made progress in certain areas, but it needs better processes for detentions and removals to ensure that individuals are treated consistently. The agency does not monitor its detention and removal decisions across the country to ensure they are consistent. We also found it does not collect and analyze enough data at a national level to properly manage detentions and removals.

The agency has improved its tracking of individuals. It has established a database of 63,000 people with removal orders and it knows the whereabouts of 22,000 people who have been ordered to leave Canada. Although a growing number of people might still be in Canada illegally, the good news is that the agency is focusing its available resources on the higher-risk individuals.

Madam Chair, that concludes our opening statement. We would be happy to answer any questions the committee members may have.

Thank you.

The Chair: Thank you, Madam Fraser.

We'll start with Mr. Holland.

Mr. Mark Holland (Ajax—Pickering, Lib.): Thank you, Madam Chair.

Thank you, Madam Fraser. Your presentation does sound a little familiar, having come from the public accounts committee.

Thank you again for coming today.

We're specifically looking at federal properties, I know, but I also know the chair gave us the opportunity to broaden that a little bit. However, it is federal properties, so I think I'll start there—and that's where I finished, actually, at the public accounts committee, in the questioning I had.

I'll come to the second part of my concern later, but my first concern is about the official residences, which are obviously more than simply residences. These are extremely important symbols of our nation and pieces of heritage that are owned jointly by all Canadians.

In particular, I think 24 Sussex is really deteriorating. You've mentioned the fact that it hasn't received major renovations in 50 years. I've had the occasion to go through it in winter, an interesting experience.

I'm wondering if you can enumerate for us the costs, as they stand now, and what those costs would be if the work is put off. In other words, what are the ramifications? From what I've heard or what I understand, this house is beginning to rapidly deteriorate, as is any home that's not properly maintained. What's the timeframe in which we need to deal with this before we start running into major concerns about really undermining this property?

● (0915)

Ms. Sheila Fraser: Thank you.

The current estimate is about \$9.7 million to bring the residence up to what is considered an acceptable level. That is an estimation that has been done by the National Capital Commission with their experts. To my knowledge, they have not done any kind of estimate. I think that would perhaps be difficult to do, because it would depend upon how long the delay was, what additional deterioration might be caused, and of course the increased costs of tradespeople, supplies, and all the rest of it.

I think we can all accept that as projects are delayed into the future, there is an increase in cost simply because of inflation often, and there could be additional deterioration to the residence as well.

Mr. Mark Holland: The response of the Prime Minister at this point has essentially been that he's not leaving; he's staying put and he's not going to vacate the house for any period of time to allow repairs.

Has there been any kind of positive response to this? How do we ever break that? If we have prime ministers saying "No, no, this where I want to be" because of the symbolism and they don't want to lose that symbolism, how do we get to a point where this is ever going to be fixed?

I see within my own riding federal properties, heritage buildings that are not properly maintained. At a certain point there is a tipping point where that deterioration is not salvageable, or you do irreparable damage to the property. When we're talking about 24 Sussex and we're talking about a property of that kind of historic significance to the nation, does that not become a real risk? Are you getting any kind of indication that this is going to be solved?

Ms. Sheila Fraser: Madam Chair, that really would be questions for the National Capital Commission, who are responsible for managing this and could perhaps give the committee a better sense of how urgent it is. They have indicated that these repairs need to be done soon, on a fairly urgent basis.

As we mention in the report, there have been no major repairs for 50 years. All of the systems, electric, plumbing, all need to be changed. There is no central air. The windows need to be redone. The list goes on and on. And many of the systems are at their capacity. So it's becoming urgent to do repairs there.

Obviously, the commission, the Prime Minister, and his representatives and his family will have to work together to find a solution that is satisfactory to all.

Mr. Mark Holland: But you're not aware, at this point, of any solution having been offered.

Ms. Sheila Fraser: No, I'm not aware of that.

Mr. Mark Holland: This doesn't fall within this report, but it does certainly deal with federal buildings. Is the parliamentary precinct, in general, something you have looked at? That seems to be something of an ongoing nightmare as well.

In the building we're in here, there are asbestos concerns. It's falling apart to such a degree that we have scaffolding all over it so the bricks don't fall out and land on people's heads. We've really allowed it to deteriorate to a tremendous degree. I wonder if you have any comments on that, or is that something you've reviewed?

Ms. Sheila Fraser: The office did do an audit of that, I believe, in about 2000—1999, 2000, or 2001.

We are planning to do an audit, which we will be tabling in 2010—isn't that right?

Mr. Ronnie Campbell (Assistant Auditor General, Office of the Auditor General of Canada): Yes.

Ms. Sheila Fraser: We will be starting that toward the end of this year.

Mr. Mark Holland: Hopefully there's going to be something left of these buildings in 2010, by the time that audit is completed, because these are extremely important symbols and they're just not being invested in. Working here throughout the week, you get to appreciate the history of them, but you also get to appreciate the sad state they're in. I'm deeply concerned about that, so I look forward to your report in that regard.

Thank you.

[*Translation*]

The Chair: Thank you.

You have the floor, Ms. Bourgeois.

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Thank you, Madam Chair.

Good day, Ms. Fraser, gentlemen. It's always a pleasure to have you here.

Once again, you have issued a very powerful report, especially as we were unaware of the state of repair of 24 Sussex Drive. Apparently, the NCC has not said very much about the fact that this official residence is in need of repairs.

How do you explain that fact? Why all of sudden is the cat being let out of the bag?

● (0920)

Ms. Sheila Fraser: As mentioned in the report, our Office conducts special examinations of Crown corporations every five years. We have just wrapped up a special examination of the NCC. This report is more or less the result of this special examination.

Naturally, we broadened the scope of our examination and also looked at La Citadelle, which is managed by Public Works and Government Services Canada, not by the NCC.

This audit also reflects our concern for heritage matters. Additional audits looked into the records conservation practices of the Library and Archives Canada.

The conservation of official residences ties in with this review.

Ms. Diane Bourgeois: Have you been in touch with NCC officials? Have you asked them why the NCC did not disclose sooner that repairs were needed? It would appear that the residence is in need of some major repair work.

Do you know the reasons for the NCC's actions?

Ms. Sheila Fraser: No, we do not. Obviously we were critical of the NCC for failing to disclose the true state of repair of all of its residences.

In fact, that is one of the recommendations that we made: we called for greater transparency as to the condition of the residences. The NCC accepted this recommendation.

Ms. Diane Bourgeois: Nevertheless, the repair bill will be enormous. The work will take some time to complete and the occupants will even have to relocate temporarily. We know how that works. When we have major work done to our own homes, often we have to move out for a few days.

I do not want to back you into a corner, but it's also a matter of responsibility. Do you not find that the Prime Minister is being a little irresponsible by refusing to vacate the premises? What is even more irresponsible is that an imposing residence like 24 Sussex Drive is costing the taxpayers additional money, if only for heating?

In your opinion, is the Prime Minister standing firm because of policy considerations, or is he merely being irresponsible?

Ms. Sheila Fraser: The answer I received from the Prime Minister is that he will not vacate the premises before the next election. As I see it, it's up to the NCC and to people in the PMO to find a solution and obviously, to find a suitable residence that meets the needs of the Prime Minister and his family, as well as any security requirements.

Ms. Diane Bourgeois: Do you know if the NCC has a residence in mind?

Ms. Sheila Fraser: You would have to put that question to the NCC.

Ms. Diane Bourgeois: Even though this is not the committee's exact mandate, I would like to focus on your entire report and the spirit behind it.

You seem to have identified some financial problems in each area audited. Perhaps my analysis is off somewhat, but it seems that not enough money is being invested in solving the problems that you have identified in virtually every area.

Am I correct or not in my analysis of your report?

Ms. Sheila Fraser: Madam Chair, most of the time, it is not necessarily a question of money, but rather, of systems management and practices.

Consider, for example, the supply system in Afghanistan. When parts, inventory and material arrive in Kandahar, a manual system is used. A total of 85 tonnes of material are shipped each week. As you

can appreciate, it is very difficult to keep track of everything with a manual system. The last time inventory was taken, \$7 million worth of material could not be accounted for. However, additional material not on the list and valued at \$6.6 million was found.

The systems would benefit from some additional funding, but it's really boils down to management practices. Agreements need to be worked out with the provinces respecting infectious diseases surveillance systems. Roles and responsibilities need to be clearly defined in the event of a disease outbreak: what data must be shared, with whom and when? There could be some financial implications, but I do not think funding is a problem in this case.

• (0925)

Ms. Diane Bourgeois: I read almost all of your reports and refer to them on occasion. I have observed some deficiencies with respect to management in Canada.

Each time your Office looked into passports, National Defence, property and budgeting, deficiencies in management practices at various levels were noted, and your assessment would come as no surprise to me.

How do you explain this state of affairs? After all, there are some solid, competent managers working in different departments in Canada. What is your take on this situation that I find rather unfortunate?

Ms. Sheila Fraser: Perhaps it's natural for an audit to identify areas in which some improvement is needed. We also highlight sound practices in each of our reports, but these revelations rarely make the headlines.

Ms. Diane Bourgeois: For instance, you have released a number of reports on small craft harbours. Since 2003-2004 and even before then, you have been bringing management deficiencies to our attention.

You are a champion of proper planning and transparency, but I'm afraid that we are never going to turn things around and that everything is being done not to improve management practices. It's disheartening, considering the tax dollars the Canadian government collects from the public.

Ms. Sheila Fraser: One of the recurring themes in our audit is the lack of management information. There is no basic system in place to provide managers with the information they need to make enlightened decisions.

That's likely the case here. Systems are needed to convey the right information, whether it be about inventory in Kandahar or beefed up surveillance systems. We need to invest in these systems and we need managers who have a clear grasp of their requirements.

Ms. Diane Bourgeois: Thank you, Ms. Fraser.

The Chair: You have the floor, Mr. Kramp.

[English]

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Madam Chair, and welcome to our guests again.

Hopefully before I finish my questions I will get around to accrual accounting. I know it's a subject everybody is enamoured with around here, but of course it is so crucial to the effective operation of government.

In reviewing a number of the points the Auditor General's office has made, one area I'm actually very pleased about, and I think it needs to be stated, is the review of the crown corporations. In the past, a lot of the public and/or members of Parliament didn't realize the extent of spending that took place through our crown corporations. From your report we see there's a marked decline in the corporations that have significant deficiencies. I think that's a good thing for all of us.

There's obviously still work to do, and the eye has to be kept on the ball, but at least there is an acknowledgement that both we, as a government—and this is obviously not a partisan issue, because the crown corporations fall within the mandate of government in general.... I think there's marked improvement, and I think kudos should go to those departments and/or agencies that have paid heed to the criticism in the past and made some progress.

There's one area that jumps out at me that I have a concern with, and that's with the Public Health Agency of Canada—the infectious diseases. Once again it's a bit of a parallel, but I can recall in a previous report of the Auditor General with regard to public safety and security that there was a general lack of communication between the various levels of authority and the different agencies. As such, it was difficult to work cooperatively and effectively to have an achieved result.

I notice that your report again found some weaknesses in the surveillance and with the breakdown between the federal responsibilities and some of the provincial responsibilities. I'd like to know if this breakdown in communications is systemic. Is it hardware, software? Is it systems that are incompatible? Or is it actually willingness and/or ability to be able to communicate between the different levels of authorities of government?

● (0930)

Ms. Sheila Fraser: Thank you, Madam Chair.

I would like to reiterate Mr. Kramp's comments about the crown corporations and how pleased we are to see that the number of significant deficiencies has decreased, given the importance of crown corporations to the country.

On the question of the Public Health Agency of Canada, we note in the report that the agency does have systems in place, and the provinces are providing the information on a voluntary basis. It's obvious that the agency can't do its work alone. It needs the provinces, because all the health information is in the provinces. But with the exception of Ontario, there are no formal agreements. This is something we've been calling for since 1999. We did an audit in 1999 and another one in 2002 on this area, not necessarily on the agency, of course, because it was only created in 2004.

We really believe it's important that the health agency has a clear understanding with the provinces and the territories as to the kind of data that should be given to them; how it should be prepared; what standards they use to prepare this data; how quickly they should notify the health agency; who they notify; and, in the case of an

outbreak, what the roles and responsibilities are. It is happening, and I think the agency will tell you it is happening informally. But we really believe that the best way to be prepared is to have more formal agreements and a clear understanding, so that if a major outbreak did occur you're not trying to sort out these issues in a time of emergency.

Mr. Daryl Kramp: Quite obviously, when we have the possibilities of pandemics, etc., you're suggesting that the time to act is now. This is the time for everybody to come together.

Ms. Sheila Fraser: Absolutely.

Mr. Daryl Kramp: Okay. We thank you for that recommendation. I'm sure this committee will take due regard of that and make the proper recommendation.

On the area of management fees in the selected departments, I don't want to necessarily pigeonhole a particular agency and department, but your statement number 9 says, "However, we found that some federal organizations do not adequately consider cost and in fact some do not know the cost".

I would find it totally unacceptable not to have an indication of the cost. Is this once again an inability of a system to be able to bring proper accounting into place, or is it simply a management decision that's not getting us there?

Ms. Sheila Fraser: To be quite honest, Madam Chair, I'm not exactly sure what the basic issue is. One of the examples of not knowing the cost is the medical marijuana program, where you would think it would be relatively easy to know what the costs were, and yet they don't know the costs of that program. And just to make it clear, we're not trying to say the government should be charging the full cost, but it's certainly an element they need to consider when they establish the fee they're charging.

I believe there were other departments as well. Mr. Timmins might want to elaborate on which other ones.

Mr. Douglas Timmins (Assistant Auditor General, Office of the Auditor General of Canada): Thank you.

We do note, of course, that some departments did know the costs, and we did cite Parks Canada, for example, as having good costing information, and using that information in establishing the fees. Others, for various reasons, and I don't think there's any one reason, in many cases I think believe that the fees are established on a basis other than cost, and the costs are so high it's not worth pursuing the cost. But we don't think that's a basis for certain fees that should be more cost-based.

● (0935)

Mr. Daryl Kramp: Are these departments specifically identified? If they are in the report, my apologies for not having thoroughly analyzed that, but if they're not, I would like to make sure we have those particular entities identified to this committee.

Mr. Douglas Timmins: Certainly. If you turn to exhibit 1.2, at the back of the report, we list the departments and the 13 fees—

Mr. Daryl Kramp: Great.

Mr. Douglas Timmins:—and they are mentioned as to whether they met the criteria of having the systems and practices. So it is fairly clear in the report.

Mr. Daryl Kramp: Thank you very much, and my apologies for not picking that up earlier.

Do I have time, Madam Chair?

The Chair: I want to give you time. I want you to ask that question. If you don't, I will.

Mr. Daryl Kramp: Okay, accrual accounting.

As you're aware, Madam Fraser, of course through the times this issue has been a priority for the public account committee, and it's obviously been a priority as well for the government operations committee. I was really pleased that we had a wonderful working group at committee and did come up with a unanimous report, making the strong suggestion that we move forward.

We noticed it did not exactly mirror every one of your requests and every one of your concerns, the idea being let's get this thing moving, let's not allow it to wait for the complete package and have it delayed for some little reason. We wanted absolute movement from the government on this. The government has now responded and are suggesting they are willing to move forward. They've identified some areas they plan on moving on immediately, a bit of a timeframe to bring in some of the other areas for the appropriations. Obviously you've read our submission on that. In it we also indicated we wished to work very closely with your department to assess the evolution of this implementation process.

Are you prepared at this particular time to express a willingness to work with the committee—I would expect that would be natural—and do you have any particular suggestions that we're going too slowly, too fast, not slowly enough, not fast enough? Obviously you would like perfection, as would we. Is the government's response reasonable at this point?

Ms. Sheila Fraser: Thank you.

I would like to say I was very pleased when this committee and the subcommittee took on the whole issue of accrual appropriations. I know it is not the issue that's going to be in the household flyers. That members actually spent the time to delve into this I thought was very encouraging, because it is a really important issue. I was also very pleased to see the subcommittee and this committee's report, which I thought was an excellent report and really got to the issues.

I have to say I was very disappointed in government's response. Government has not addressed many of the recommendations of the committee. The timelines are very long. After eight, ten years of study, we're still talking about more studies in 2012. So while the minister has indicated the government continues its commitment to implementing departmental accrual budgeting and appropriations over the longer time, which is the first time any government has said that, so that's encouraging, there isn't a plan to implement. This is really not a plan to implement accrual appropriations. It's going to present some future-oriented financial information departmental performance reports, and then it says it's going to summarize all this and study the implications of extending it. I thought they did that.

Mr. Daryl Kramp: More specificity, then.

Ms. Sheila Fraser: Well, I'd like to see a real plan to introducing it. There are probably tons of studies. They've been studying this for ten years. There was a study on the implications done by a major

accounting firm that was presented to the committee. Why wait four more years to do another study? I guess I don't understand.

Mr. Daryl Kramp: This is a costly process, there's no doubt about it, both in training and staffing and in the systems evaluation and acquisition.

One of the concerns of the committee is that we don't want to go down a road and end up having to repeat or go in a different direction. And with the various models that were put forward, one of the considerations of committee and the reason for evaluation, if you wish to call it that, along the way was to move forward with a principle, a design, with an ability to be able to make some change, and then, not for a long period, simply make sure that we have some assessment. This is where your department would be so valuable, to make sure that we are going down the right way for us, getting the results that we need and spending the dollars in the direction that's going to get both you and the government in the right direction.

The suggestion was instead of buying the whole enchilada all at once, let's take a part of it and make sure we're doing it right before moving on to the next step. Do you consider that a faulty process?

● (0940)

Ms. Sheila Fraser: Well, it's sort of one of these things that you kind of do it or you don't do it. I'm not sure there are a lot of half measures in this. I guess my skepticism arises from the fact that government has been very resistant to doing this for a very long time and has indicated for years that they're studying it. So I must admit when I see the word "study" come up again, I kind of react negatively to that.

I would think that there is enough experience, just even in provinces.... There was testimony before this committee about the advantages of doing that, and how difficult, or not, it was. And that study that was done by the firm should certainly have given some indication of costs. Yes, this is not without cost, but I don't believe that what is being proposed here is really an answer to implementing accrual appropriations and accrual budgeting.

The Chair: Thank you.

Mr. Angus, I'm sorry we made you wait, but I thought it was important that the questions be asked.

Mr. Charlie Angus (Timmins—James Bay, NDP): I actually was worried that it was going to be an accrual accounting filibuster for a moment there. So I'm very pleased that my honourable colleague kept himself within ten minutes on an issue he's very passionate about.

I think many people were very shocked by what came out in terms of the failure for the first nations family services program. Anybody who has worked in any of these communities will see that this is the way business is done. You point out the obligation that is laid upon communities to meet provincial standards, without the federal government having any concurrent obligation to provide to provincial standards. You talk about the outdated formula from 1988 that is for child and family services. It's the same in education, a 1988 standard that's based on every factor that no longer exists.

The other element in this is a 1996 funding cap, which has basically left communities now with a dramatic rise in population, dramatic increase in costs for travel for isolated communities, and also the fact that whenever a child is moved into a provincial education system or into a provincial system, the rising costs charged back to the federal government have to come out of band funding someplace else. Communities are now losing 23¢ on a 1996 dollar and they're still having to maintain these obligations.

Beyond the massive negligence that's in place—and I think it's systemic negligence, it's designed negligence—people simply don't want to spend money on helping first nations children at the government level. I can't see it any other way. But there's also a lack of any standards for rules, for transparency, for obligatory standards that you would have at the provincial level when dealing with children. Have you found anything to deal with basically the vacuum that's there in terms of what the obligation is for a federal agency dealing with children?

Ms. Sheila Fraser: If I could just clarify that, Madam Chair, the federal government has a policy of encouraging or promoting first nations agencies to deliver many of these services. These agencies are supposed to be delivering services that meet provincial standards, because child welfare is a provincial responsibility. One of the many issues that we raise in the report is that the federal government does not know if it's meeting those standards, and it needs to do that. It also needs to get better measures of outcomes. Are these programs actually working, and what is happening to these children?

That is a broader issue than just these agencies. I think it's an issue across many of the provinces as well, because there aren't good outcome measures. Certainly when you're dealing with children, the federal government should be getting much better information.

I think the fundamental issue we're raising here is that the funding is not sufficient to support the policy of the federal government that these services meet provincial standards and are culturally appropriate. I guess the most telling example of that is a new agreement in the process of being reached with the Province of Alberta. When that agreement comes into place, the funding for the first nations agencies will go up by 74%.

• (0945)

Mr. Charlie Angus: In my region we were stunned this past December when the government decided they were going to cancel a school. We've gone eight years without a grade school in Attawapiskat, and we have no school in Kashechewan. So two communities in my riding have no schools. Neighbouring Fort Severn beside my riding has no school. We had worked eight years to get a school built, yet at the last minute the government decided to move the money elsewhere. North Spirit Lake was starting to build their school when they were told that the money was being pulled.

And as for Rocky Bay First Nation, the government has a report that says there's asbestos in the classrooms and fungal mold on the walls, and the roof is so stressed that a heavy wind or snow could cave it in on the children. That school was cancelled in December 2007, because the government decided that building schools was not going to be part of its five-year plan.

I don't know of any province that could take the money for building schools and shift it to building roads or doing tax cuts.

There are guaranteed funds in every budget, it seems, to deal with children, except at the Department of Indian Affairs. Should we not have basic guaranteed rules that money dedicated for schools is going to be a line item, and that we're going to be able to see that line item?

Again, we get back to the lack of accountability and transparency for something as fundamental as children.

Ms. Sheila Fraser: I must admit that I don't know what the solution is to all of this. As you will see, we note in the report that many of the first nations are having to shift money from programs for housing to be able to deliver the child welfare services they require. We point out as well that the services have not kept track with the new preventative services the provinces are giving. And we point out there are eight times the number of first nations children in care on reserve.

I guess I have to question, but we haven't been able to prove, if the funding formula is not driving this, because the federal government will clearly pay the cost of children in care, but will not necessarily pay or give enough money for preventative services. So there can be a real distortion in what's happening just because of the way the funding is given. So it obviously needs a whole overhaul.

Mr. Charlie Angus: Certainly.

And in terms of the shifting of the educational funding, it is being done by a federal department, not the band.

I'd like to point out an example from when I worked at Timiskaming First Nation in Notre-Dame-du-Nord, Quebec. We had a child with heavy, heavy special needs. The federal government would not put money into first nation special education needs. However, we put that child on a bus with an adult and drove that child across the border to an Ontario public school and paid a person to watch that child in the hall all day. The province would then ding the federal government for the full cost of all of that service.

We met with the Minister of Indian Affairs at the time—it was a previous government—and we asked if it wouldn't be a lot simpler to take that same amount of funding and put it into special education on our reserve school in Quebec, as we could then hire three teachers and probably deal with six children. The only thing we got was a shrug.

Again, there is no accountability, there are no standards, there are no targeted measures that any educational authority in this country would have to live by.

How is it that in 2008 we don't have these most basic standards for education and for ensuring child welfare at the federal level?

Ms. Sheila Fraser: I really don't have an answer. I think that's up to the department. The department should be providing those answers to you.

Mr. Charlie Angus: Would that be an issue that you think the Auditor General would look into? These are serious amounts of money that are being moved away from primary care of first nations children.

Ms. Sheila Fraser: We have looked in the past at education. I think we have made the point that there were no standards. I think in many of our audits we actually sort of talk about the lack of institutions in the way that we would know them, school boards, or people who would establish standards.

Certainly in this case there are standards. They are the provincial standards, and they're supposed to be following them, except that they don't know if they are or not. They have to adapt to the provincial standards, understand what the provincial standards are, and then make sure that the agencies are actually able to follow them and meet them.

Mr. Campbell, do you want to add anything?

● (0950)

Mr. Ronnie Campbell: Madam Chair, if I may, I think the question is a vital one. I think if you look at a lot of what the Department of Indian Affairs and Northern Development does, they deliver provincial-like programs, but they do it through policy, as opposed to what the member is talking about, having legislation and the budget discussions that flow from that.

The Department of Indian Affairs delivers education, water on reserves, the infrastructure that we audited a couple of years ago, all of those programs, and this one as well, through matters of policy, always trying to chase whatever the standards might be elsewhere. But that's the world they're in. It's very different from how provinces would organize themselves through these things.

The Chair: I wanted to add, is the fact that the population of children is growing far faster than in the rest of the country also an issue? Does the funding follow the increase in the numbers of children? That's a question I'd like to have answered.

Ms. Sheila Fraser: I don't know that we looked at it specifically for the child welfare program, but when we looked at it overall, I know the first nations population had grown, I believe, about 11% and the funding had grown less than 2%; I think it was 1.5% overall. So there could be an issue there.

The Chair: It continues to be a major problem, then.

Ms. Sheila Fraser: Certainly the funding formula for this program is really a formula to allocate the money that has been targeted for that program to the various first nations. It is not based upon the needs. It's really a method of allocating a fund that has been determined in advance.

[Translation]

The Chair: *Merci.*

Go ahead, Ms. Folco.

Ms. Raymonde Folco (Laval—Les Îles, Lib.): Thank you, Madam Chair.

I would also like to change the subject and talk about Chapter 7 of the report which deals with the Canada Border Services Agency.

First of all, I want to thank you for clearly pointing out that the Canada Border Services Agency is responsible for detaining and removing individuals who enter Canada illegally or who pose a security threat. The Canadian public often has the impression that the vast majority of persons who are or should be removed pose a threat to the security of Canadians. Correct me if I'm wrong, but my sense is that it is the individuals who have entered or who remain illegally in Canada who must be removed to their country of origin. Thank you for making that distinction.

Regarding removals, there are two things to consider. First, you say that individuals are not all treated the same way and I'd like to hear more about that.

However, I also want to hear your comments on the delays, that is, on the amount of time that passes from the moment the Agency determines that an individual should be removed, until that person's actual removal. Having worked with many of these people over the years, my feeling is that the process is drawn out, and that perhaps too much time passes.

If my impression is correct, why does it take so long? There may be valid reasons, but in my opinion, once a family has been informed that it must leave the country, the best thing to do is to proceed as quickly as possible with the removal, barring, of course, humanitarian considerations, so that it can start over again in another country.

Can you explain to me what your expectations are, in terms of consistent removal practices across the country, dates, timetables and the process followed?

Ms. Sheila Fraser: Thank you, Madam Chair.

I want to emphasize once more that most of the individuals who are removed from Canada do not represent a threat to Canadians. The majority are individuals who have requested and have been denied refugee status.

As you can see in Exhibit 7.1 on page 6 of the report, the detentions and removals process is quite complex. It can even take years before a final removal order is issued. You are right when you say that it becomes increasingly difficult over time. These individuals may have families and may be established in Canada. Their situation can be quite heart-wrenching.

The current process is based in part on court decisions. Individuals who enter Canada are protected by the Canadian Charter of Rights and Freedoms and are entitled to have due process of law and to appeal any decision handed down by a court.

Regarding the consistency of the decisions, we observed that in different regions of the country, considerable flexibility is used in the application of agency policies. Consequently, an individual may be detained in our region whereas under identical circumstances, he would not be detained elsewhere.

Therefore, in our view, guidelines need to be issued to agency officials to ensure greater consistency in the handling of individuals. The agency's detention capacity may well be a factor. Some regions have the capacity to detain more individuals, whereas others have only very limited capacity. Of course, they can use provincial facilities such as prisons for this purpose. However, we believe that when capacity is limited, individuals are not detained, but rather simply released.

• (0955)

Ms. Raymonde Folco: In short, it comes down to administrative decisions. One person can decide one thing in one province, while another may come to a different decision in another province.

What truly surprised me about the Immigration and Refugee Board is that the same thing was happening several years ago. An individual applying for refugee status was treated a certain way in one city, but could be treated very differently in a city at the other end of the country. In a way, I can understand that it depends on how the act is interpreted. However, we're dealing here with administrative guidelines. These should not be interpreted so very differently in different parts of the country.

I realize that the Agency has only been in existence for four years. Do you think it would be possible to review this matter in the near future? You may not revisit this topic for five years and it is an important area. To my way of thinking, the same criteria should be applied across Canada. Of course, economic and other conditions may differ.

However, the legislation should be applied consistently everywhere in Canada, particularly in the case of people who have exhausted all other options. As lawmakers, what can we do to ensure that this happens?

Ms. Sheila Fraser: Among other things, we recommended that the Agency ensure that its decisions are consistent. It should put in place a system to ensure that the decisions made are consistent across the country. The committee could ask the Agency what it intends to do to address this problem and, in future, to report back at specific times to show that its decision-making process is consistent.

Ms. Raymonde Folco: Very well. Thank you.

The Chair: Thank you.

You have the floor, Ms. Faillie.

Ms. Meili Faillie (Vaudreuil-Soulanges, BQ): Thank you, Madam Chair.

Ms. Fraser, it is a pleasure, as always, to welcome you to the committee. You hail from a lovely region that I know well. The people in my riding of Vaudreuil-Soulanges admire you tremendously for the accuracy of your analyses. In fact, if I were to pass along to you all the letters I receive, you would have enough work to keep you occupied for years. People admire your candour.

I'm familiar with other departments, and when the conversation turns to accrual accounting... When someone forces the government's hand by setting deadlines or by adopting legislative measures, all of a sudden, it comes up with a magic formula to effect the changes needed. The immigration committee witnessed this first

hand in the case of lost Canadians and again in the case of international adoptions and the rights of adopted children.

I have a raft of questions. I also have a soft spot for the preservation of the arts and for artists. I have read your report and one thing concerns me, namely the matter of the official residences. These buildings house many works of art that reflect our artistic heritage.

Have you received any warnings from conservation societies or from people working in the field of heritage and art preservation that treasured works of art are somehow at risk?

• (1000)

Mme Sheila Fraser: We really didn't focus on that aspect. Obviously, I would imagine that all of these works are managed by the Canada Council's Art Bank. Perhaps Mr. Watters can...

Mr. Mark Watters (Assistant Auditor General, Office of the Auditor General of Canada): As for the art objects housed in the residence, when the time comes to begin the renovations, these works will be removed and stored for safekeeping while the repairs are being done.

Ms. Meili Faillie: Have art curators expressed any concerns? For example, are they worried that postponing the renovations would further endanger these works of art?

Mr. Mark Watters: No.

Ms. Meili Faillie: Did you put the question directly to them?

Mr. Mark Watters: No.

Ms. Meili Faillie: I don't believe the repairs were costed out in the report. Several of the works of art are probably worth several thousand dollars. There may even be some exclusive works of art in the Prime Minister's residence. There is a cost associated with this.

The residences and federal buildings examined in the report are not universally accessible. By that I mean that they are not accessible to persons with reduced mobility.

Do you have an idea of what it will cost to carry out the repair work at the Prime Minister's residence? Was the state of repair of this residence identified as a major problem by the NCC?

Ms. Sheila Fraser: I don't know exactly what it would cost to make these premises universally accessible. Currently, 24 Sussex Drive is not accessible to everyone. Obviously, any scheduled repairs will have to satisfy the standard of universal accessibility.

Ms. Meili Faillie: So then, plans are to make the Prime Minister's residence accessible to everyone.

I'd like to get back to my first love, so to speak, because I'm still concerned about something. I'm referring to the Canada Border Services Agency. You're familiar with my experience in this area.

Currently, there is a shortage of IRB members, as well as a shortage of decision-makers at the Immigration and Immigration Appeal divisions. Your report singled out people who have problems with the law. As a rule, these individuals are entitled to a hearing before the Immigration Appeal Division. Right now, it's impossible to get an appointment or hearing scheduled.

I'd like you to comment further on the reasons for the delays encountered. People are entitled to be represented before the Immigration Appeal Division. However, if there is a shortage of decision-makers, the delays will cost the provinces and everyone else money.

Ms. Sheila Fraser: We did not focus on this issue during our audit. Our focus was really on removals and detentions.

However, we are currently conducting an audit of the federal government's overall appointment process. Our office is looking at Crown corporations and some commissions. We expect to table our report to Parliament next February. We'll have more information to share with you about these matters in less than a year's time.

• (1005)

Ms. Meili Faille: Some people have told me about cases that are excluded from the process under the Immigration and Refugee Protection Act. However, the individuals in question may be entitled to an appeal because false information was provided or additional evidence came to light.

The problem is that these individuals wait indefinitely. Several years ago, it was possible for them to have their case heard fairly quickly, but today, that's impossible. They have no idea of when they might go before a judge.

The Chair: Thank you, Madam.

[*English*]

Mr. Merrifield.

Mr. Rob Merrifield (Yellowhead, CPC): Thank you very much.

Thank you for being here and for the opportunity to question you, because it's quite timely. Tomorrow morning a group of members of Parliament go to Santa Fe, New Mexico, to talk to our counterparts with regard to significant issues. Particularly the border issue will be the paramount issue.

Your report actually speaks to something that was all over the American media, which is the 41,000 who supposedly were asked to leave this country and yet we don't know exactly where they are. That's something we have to try to counter now, that kind of communication. I'm not blaming you at all, or saying you shouldn't do what you're doing. As Canadians, we certainly don't like to have people asked to leave and not know where they are. The interesting part about it is that Americans don't really realize that they have 600,000 of their own who have been asked to leave, which proportional to population is much higher than ours.

I'm wondering about the 41,000 and if your investigation took you to the place where you could discern whether they're actually in the country or they've actually left the country and we don't know it. I think that's something we have to address some place along the line.

Ms. Sheila Fraser: Thank you.

I would like to point out that actually we gave the agency credit for the fact that they actually do have this database now, which does indicate the 63,000 people. The last time we looked at this, they didn't have that. They didn't know how many people had warrants outstanding against them. As well, they hadn't really focused their resources on the highest-risk individuals. So they have actually made

improvement in that area. And as the member pointed out, the number of 41,000 is likely high, because there are no exit controls, so some people may have left voluntarily and not informed the agency.

I believe over the last year the agency did go through an exercise where they kind of cleaned up their database. They did cancel a fairly significant number of warrants that had been outstanding for a very long period of time and it would indicate that the person had probably left the country. I believe they are trying to do more work and more analysis to be able to get a better sense of what is a possible number of people who might have left. So they will be refining that analysis over the next year, I believe.

Mr. Rob Merrifield: I appreciate that, and I'm pleased to hear that, because it's really quite important with our relationship with America.

Secretary Chertoff commented about border issues in January and suggested in his statement a number of problems he had with Canada and the 49th parallel. In that document, the sixth paragraph, it was actually a statement on 1,512, let's say, illegal people, potential terrorist-types, who presented themselves at the border, in a document that talked about the 49th parallel.

We did a little bit of looking, to find out... Well, that seems ridiculous that we'd have that kind of a problem in Canada, wanting to go to the United States. The Canadian embassy tells me that they found 20 of the 1,500. So the rhetoric becomes really extreme. The rest were all from the southern border.

It really is important that we have our facts right on this, if we're going to fight the battles that we have with regard to educating our southern neighbour, who seems to be very phobic about the attack of 9/11 and the changing dynamics of what's happened there. I appreciate what you're doing, and I applaud you for it, because it's going to stimulate more work on our side to be able to get the right data.

There is something else I wanted to talk about in the report, which is public health. This takes me to a past life. I was chair of the health committee. SARS should have taught us more lessons than any other country in the world with regard to making sure that we know who's in charge when an incident of pandemic or a serious situation happens. I'm a little disturbed that your report shows that we still haven't got the communications right between the provinces and territories and the federal government. Can you tell me where the roadblock really is? I know Mr. Kramp went down this line a little bit, but this is startling to me.

• (1010)

Ms. Sheila Fraser: Again, we really think it important that there be the formal agreements in place. This is an issue we've been raising since 1999, so we would have expected to see much more progress, certainly, and we raised it again in 2003. So in four or five years we would have expected more than one agreement to be in place with the provinces and territories.

We do recognize that there was a fair bit of effort expended on establishing the agency and getting that going, but we also note in the report that there appears to be a real lack of priority-setting and strategic planning, so that could, I think, be one of the factors. Obviously it does take time to do these things, but we would have expected to see much more done by now.

Mr. Rob Merrifield: Can you tell us where the roadblock might be, though? This is the issue. Is it a will or lack of will by the provinces to say “Get out of our backyards—our obligation is to deliver health care, and we’ll do that”? Or is it that we don’t have the right data to be able to put it into a central database?

Ms. Sheila Fraser: We don’t see necessarily an unwillingness on the part of the provinces. In fact, they are giving the data on sort of a voluntary basis. There have been a number of issues raised by the provinces. One of the key examples is privacy concerns, how much information they can share. Those are the kinds of things that are really important to work out and that it be clear and that they be addressed. You know, I think these things can be done. They’re done in other areas.

We weren’t expecting all the agreements to be in place, but we were certainly expecting more than one. I think it’s really simply making this a priority for the agency. I would say, though, they are getting most of the data they need, most of it, but again it’s based on the goodwill of the provinces, and all of the roles and responsibilities, the clarity around the standards, all that is not in place.

The Chair: I happen to agree with you. As a former Minister of Health, the challenges in dealing with the provinces on issues such as this.... There has to be a bigger focus put on it. I think it’s important for the country.

Mr. Rob Merrifield: We have to get this right before another incident happens; and we’re told it’s not a matter of “if”, it’s a matter of “when”. So delay becomes a scary situation.

The Chair: Part of what happens is you tend to forget. The person who is there at the time of the crisis wants to do something, but then there are changes and it sort of gets pushed over. I’ve seen it. And I’m glad the Auditor General points it out on a fairly regular basis, because it does help to focus the mind.

Mr. Silva.

Mr. Mario Silva (Davenport, Lib.): Thank you, Madam Chair.

I actually had a question on the issue of accessibility, but before I get into that question, I want to ask the Auditor General if she has any figures in terms of the numbers of people who have been deported in the last two to three years. The reason I ask for that is because there has been some concern in the last year or two that in fact there has been a larger number of people deported out of the country. I was wondering if you could actually share those numbers with the committee.

Ms. Sheila Fraser: Yes. In fact, on page 15 of the report we note that the number of removals has increased. In 2002-2003, it was about 8,700; in 2003-2004, 11,000; 2004-2005, 12,000; 2005-2006, 11,362; and in 2006-2007, 12,600.

So it has, from 2002-2003, gone up close to 50%.

Mr. Mario Silva: The reason I ask that question is because of the fact that when I was raising issues in the House related to undocumented workers, the Minister of Citizenship and Immigration at that time repeated over and over again that there was no increase in numbers. But in fact you’re stating by the numbers you have reported here to this committee that the numbers have gone up in the last few years.

Ms. Sheila Fraser: The number of removals has gone up, yes.

Mr. Mario Silva: That’s an important statement, because it certainly flies in the face of the statements made by the minister when I’ve asked this question over and over again in the House. So I thank you for that.

I want to ask you another question. There has been a lot of discussion about the aging of our buildings and the maintenance of the buildings. Unfortunately, we don’t see the historical significance.... Really, part of the patrimony of this country lies in these buildings, whether it’s Parliament, whether it’s the Prime Minister’s residence. I think there’s not attachment as there is in some countries in Europe. I find that very unfortunate, because if we don’t have these national symbols we don’t really have much then to offer Canadians in future generations.

In terms of the repair and the state they are in, I’m also concerned about whether our buildings are accessible to those who have mobility challenges. How do we make sure that when we do make the repairs, those issues are properly addressed?

• (1015)

Ms. Sheila Fraser: Thank you.

That is a consideration of the National Capital Commission, and you will see in the listing of the work that has to be done—there’s a schedule in the report on page 15—that many of them do have to have work done to ensure universal access. These of course are properties that are quite old and were not designed at the time for universal access, and that is something that needs to be done, quite frankly, on just about all of them. So that is on the list of work that must be completed.

Mr. Mario Silva: Thank you very much.

The Chair: Mr. Brown, and then Mr. Albrecht.

Mr. Patrick Brown (Barrie, CPC): Yes, we’re going to share this slot.

I have a question, Ms. Fraser. In your report, in regard to official residences, one thing I noted was that there has been a great deal spent on official residences over the last few years. I understand that since 1999-2000 and 2004-2005, there have been allotments made for the official residences. Could you comment on—in your review—to what degree was the work significant, and in what areas did they improve the official residences?

And also, going forward—and looking at the hefty figure we saw that was needed for the Prime Minister’s residence—do you know if any of that contained greening elements to the official residences to make them more environmentally friendly?

Ms. Sheila Fraser: That is correct, and in fact there have been quite significant funds given to the National Capital Commission. There was an initial six-year funding program from 1999 to 2005. Before that, the funding that had been given for renovations and restorations had been quite limited. From 1997 to date, the National Capital Commission has spent about \$37 million on the official residences. And in fact a good chunk of that—I'd say the majority of that—probably has gone to Rideau Hall. But there have also been expenditures made to improve the conditions of many of the other residences, such as Stornoway, and The Farm and Harrington Lake. There is additional work that is needed at Rideau Hall, and of course 24 Sussex.

I'm not sure that we looked at it specifically, but there has been work done in areas of conservation and in greening—for example, changing the windows, heat loss, and those kinds of things. That has been one of the major expenditures in certain residences and is still one of the major expenditures that has to be made in several. With 24 Sussex, the windows are very old and there is significant heat loss because of that.

Mr. Patrick Brown: I was just talking to my colleague Mr. Warkentin, who is getting a new roof, and he was telling me it is going to cost him \$7,000. And I realize these buildings are a lot bigger and more significant. And Chris isn't doing the work himself, either.

From a taxpayers' perspective, you always get a little concerned when you see figures that large. When you hear that \$36 million has already been spent, and looking at the cost.... Why are these figures so significant? Is there extra cost because of the historical nature of the buildings, or security costs? Maybe you could expand upon that a little bit.

Ms. Sheila Fraser: There are a couple of elements to it. One is, of course, the size of the properties. Rideau Hall—for people who like to deal with these kinds of things—has 300 windows and 4,000 square metres of roofing. Mr. Warkentin can probably tell us a whole lot more about what all this means than I can, but they're very large. And there is not just one residence, of course. There are many buildings on that property, and many of them are in quite bad condition. So the costs, just because of the size of the properties.... As well, because they are historic properties, there is a certain rigour that has to be followed in the renovations there, so it does require skilled tradespeople.

And the other main issue is that the systems are very, very old, and all need to be replaced. So when you have to replace all the heating.... There is no central air. If you want to put in central air, I presume that means opening up all the walls. There is asbestos in there that has to all be taken out. The kitchens aren't functional. and the laundries aren't functional because it's not just a family of four or five people who live there; there are all the official functions that go on, so they have to have much more elaborate installations than any of us would have in our house. But any of us who have done repairs know that it always ends up costing more than we ever thought. So it is an expensive proposition.

•(1020)

Mr. Patrick Brown: Thank you.

The Chair: Mr. Albrecht, you can have a very short question.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): I can wait until the next round.

The Chair: You want to wait until the next round? Okay.

[*Translation*]

Go a head, Ms. Bourgeois.

Ms. Diane Bourgeois: Thank you, Madam Chair. I still have some questions.

As I listened to you speak, Ms. Fraser, an image popped into my head. There is a saying in Quebec that when a structure is either too old or has been abandoned, it's time to bulldoze it to the ground and rebuild. No one raises a fuss about it and a new structure is erected. It's just something to think about.

I'd like to focus on two areas examined in your report. First of all, I want to talk about passports. You state that as a rule, departments should operate on a cost-recovery basis. Is that correct? You note the following:

The fee charged for a good, a service, or the use of a facility must take into account the cost incurred by the department or agency.

Ms. Sheila Fraser: Departments need to consider cost, but they do not necessarily need to charge the full amount. They need to have a clear idea of the cost and to take this into account when they set their fees. However, the revenues collected must not exceed the cost of providing the service.

Ms. Diane Bourgeois: In your opinion, are current passport fees fair?

Ms. Sheila Fraser: The matter we looked into is the \$25 fee charged for consular services. These are included in the cost of the passport, which is \$87, I think. When the government approved charging a fee for consular services, it set out clearly what that fee should cover.

Ms. Diane Bourgeois: Wait a minute, do not go too fast. A passport costs \$87 and consular fees are \$25. Are they included in the \$87?

Ms. Sheila Fraser: Yes.

Ms. Diane Bourgeois: Is that normal? Not everyone needs those services.

Ms. Sheila Fraser: The \$25 fee applies to adult passports. Some say that it is a bit like insurance. If something happens to a person when they are overseas, consular services can help.

Ms. Diane Bourgeois: But not everywhere has a consulate.

Ms. Sheila Fraser: Maybe not, but...

Ms. Diane Bourgeois: And you do not need that kind of service each time. I understand that it is insurance, but, without these fees, the passport would cost less.

Ms. Sheila Fraser: It would.

Ms. Diane Bourgeois: In some places, Canada Post reviews passport applications before sending them to Passport Canada. The passport and the consular fees cost people \$87. It costs \$25 more for Canada Post to review the application. Do you not think that that is expensive for a passport?

Ms. Sheila Fraser: I do not think that we looked into all the costs, but I very much doubt that they exceed the cost of the passport.

Ms. Diane Bourgeois: I ask you the question because we are presently studying the way in which Passport Canada manages its services, especially in the regions. Not all major centres have passport offices. As a result, the offices of members of Parliament have to absorb the growing demand, and, in many cases, that causes difficulty. We found out that a Passport Canada mobile unit would come to some towns to provide the services, both because MPs' offices could no longer keep up with the task and because Passport Canada just wants to let the public know that it provides the services.

I do not recall whether you looked at all the services that Passport Canada currently provides. Did you?

Ms. Sheila Fraser: We have conducted at least two audits of Passport Canada. A follow-up audit will be held in February 2010, if I recall correctly. We looked at security and performance indicators, among other things. The department provided a response to the audit. In fact, Passport Canada is presently looking at the possibility of extending the life of a passport from five years to ten.

• (1025)

Ms. Diane Bourgeois: That would reduce the demand a little, but if there is no passport office in a given region, there is an effect on the staff and the budget. I am specifically thinking of the MP in Sherbrooke who does 10,000 of them per year.

I would also like to bring up the subject of air safety at Transport Canada. In paragraph 19 of your presentation today, you say that 74 airline companies and aircraft maintenance companies were affected. You forecast that more than 2,000 small companies will also be affected.

That is a lot, I find; the impact to be huge. How did Transport Canada respond to you? Had it foreseen the effect? What will the consequences be?

Ms. Sheila Fraser: Our main observations were that Transport Canada did not consider all the risks and costs associated with the transition very well. At the outset, that affected the 74 airlines and larger aircraft maintenance companies. But, in the next phase, there will be 2,000 more. These are smaller companies. Of course, the volume is much greater.

We are concerned because the department has not evaluated the impact of reducing traditional inspection activities in making the transition. It has not allocated additional resources to the transition. Of course, traditional inspections have to continue during the transition.

We wanted to see whether it had thoroughly considered the risks and whether it had obtained assurances that inspection levels were appropriate. We are told that it will do so, but we are worried about the fact that, with 2,000 companies to handle, more resources will clearly be needed.

Ms. Diane Bourgeois: I ask the question, Ms. Fraser, because I really want to understand. You are referring to the maintenance and the inspection of the aircraft itself. A number of companies, both small and medium-sized, wanted to do business with Air Canada, among others. Now Air Canada has its maintenance and its inspections done in China.

I imagine that is what you are referring to here. That has repercussions at Mirabel, for a start. There were some small

inspection companies at Mirabel. This has negative consequences at Mirabel and Dorval, but it benefits the west, or China and India. Is that what you are referring to?

Ms. Sheila Fraser: Not really. We were talking about Transport Canada's inspection activities. It is changing the way in which it conducts inspections and ensures the safety of the air system.

Beforehand, inspectors checked aircraft tires and did all the tests themselves. Now, instead, they check which systems the companies have put in place to ensure the safety...

• (1030)

Ms. Diane Bourgeois: Forgive me for interrupting you.

Air Canada has a lot of maintenance done in China. The department cannot go to China. What is it going to do?

Ms. Sheila Fraser: It will ask Air Canada how it makes sure that the maintenance is safe and, if it needs to, I assume that it will be able to go and see the companies doing the maintenance. Ultimately, the inspectors should always have access to the companies if they deem it necessary.

That is perhaps a question to discuss with them. We did not look into it in detail.

The Chair: Thank you, Ms. Bourgeois.

Mr. Angus.

[English]

Mr. Charlie Angus: Thank you.

I just want to lay some of the groundwork in terms of some of the things we see in the field, as opposed to—as you referred to it—how the policy works.

I have a wonderful little community—one of my most isolated communities—Peawanuck. Being isolated, it relies on a diesel generator for electricity, and of course everybody knows that fuel prices have gone through the roof. They are paying probably two to three times the provincial average. So at any given time in that community, I have maybe 25% of the population faced with having their power cut off because they either don't turn the lights on or they can't pay.

At the federal level there would be money for a study, so we will get a study and it shows that wind power is actually phenomenally easy to access there. Then you put the proposal in to actually build wind power—so you could move this community out of something that is crippling it—but there is no money.

I worked in another community where we had a fire in February and three families were left homeless. Two of them moved in with relatives and one moved into a shed because there was no money; there was no housing built in 20-some years, and there was no plan for building housing.

My community of Attawapiskat has 400 children with no school and no money for a school.

Yet I look at the reports from last year that the federal government—the Department of Indian Affairs—returned \$109 million from their capital budget back to Treasury Board. These same bureaucrats get paid bonuses for—it seems to me—not doing their job. There is such a dire need in these communities for funding. There are so many reports, they're stacked to the ceiling, and yet every year the bureaucrats send back phenomenal amounts of money that Canadians expect are being spent.

I know this wasn't in the purview of your study, but I don't know of anybody else who has the power to fix this. If you ask a minister, he'll shrug. If you ask a bureaucrat, they'll shrug. There seems to be an incredible inertia around the fact that money is being clawed back from these communities year after year and spent on anything from tax cuts to something else.

Is there something you can do, as the Auditor General, to examine how money is being spent, and why it's not being spent?

Ms. Sheila Fraser: We haven't specifically looked at that in the Department of Indian Affairs. We have looked at what we call the expenditure management system across government, and there have been a number of studies. One of the main conclusions of several studies is that when it is very clear to everyone that government cannot go into a deficit—and you start off with that—you're always going to have a surplus. You are never going to manage so tight to the line that you might go into a deficit, so everyone ends up with a surplus in their budgets. It's kind of the reality of the way government has been operating for several years.

I think it also comes back to planning, to a number of factors. I know we did a housing audit; I suspect they probably don't plan for all of the risks that could be involved. Things can go wrong, and if one project doesn't work, have you sort of over-programmed enough so that if you don't spend the money there, you can spend it somewhere else rapidly? There are issues like that, I would believe, that are probably in there too, but I hesitate—

Mr. Charlie Angus: Well, \$109 million is a staggering amount of money not to spend. From my experience, we negotiate for these plans for years. Indian Affairs doesn't give out money; we have to jump through hoops. Our communities spend phenomenal amounts of money doing every possible evaluation study to get to the point of being told, "Sorry, there is no money." I don't see those kinds of discrepancies in other departments to such a degree.

• (1035)

Ms. Sheila Fraser: There are a couple of things. I believe the budget in the Department of Indian Affairs is probably \$4 billion or more, so \$109 million on \$4 billion is 2% or 3%. I suspect there are a lot of departments that have 2% or 3%.

Mr. Charlie Angus: I think with the capital, it's more than about a billion—

Ms. Sheila Fraser: I suspect too that because of the multitude of the numbers of programs, if you have each one that has a little surplus, at the end of the day it kind of all adds up to a lot of money too.

I really don't have a very good answer, and I don't know if the deputy minister and the officials would either.

Mr. Charlie Angus: I've never received a really good answer. To me, I find it bordering on criminal when we look at the poverty of these communities. In Attawapiskat, I'm told, there are no plans, period, to build a school; it just isn't going to happen, after eight years of negotiations. I mention that because just this May the Kawartha Pine Ridge District Public School Board and the Bluewater District School Board led an initiative all the way to the national school boards of Canada to call on the federal government to put in place a plan.

I don't know of another instance when provincial school boards across Canada say that the failure to service children is to such a degree that as provincial school boards in various provinces we have to write to the federal government to say we need a plan—you simply can't cancel schools like Attawapiskat on a whim. Children have a right to education. That's a fundamental right. And yet—as you said, Mr. Campbell—we deal in the area of policy at the federal level when it comes to first nations, and the provinces deliver services. Well, the federal government is obligated to deliver services to these communities, and they don't.

I just don't understand why, in 2008, we don't have standards that we can examine, transparencies that we can compare, and even basic goals, because any educational institution, any education system, has to have that. Why do we not have that at the federal government?

Ms. Sheila Fraser: I agree with you. And I don't have an answer for it, I'm afraid.

The Chair: Thank you.

Mr. Albrecht.

Mr. Harold Albrecht: Thank you, Madam Chair.

Thank you to Ms. Fraser. My apologies for missing the first part of your presentation; I had another commitment.

I thought we were going to be spending the bulk of our time today on the conservation of federal official residences, but I'm going to assume that my colleagues have covered all of those questions.

I'm going to move to chapter 4, regarding the child and family services at Indian and Northern Affairs Canada. In paragraph 23 you point out that the funding formula dates back to 1988, and I addressed this to Mr. Campbell the other day. It's a 20-year-old funding formula, and my understanding is the funding formula is based on the average usage rate of about 6%. And in the report—although it is not here in front of me right now—I understand there's a range of 0% to 28% in terms of actual experience that's needed here.

I think it's important that Canadians understand and have trust in the fact that your department and other departments are being wise in the way we use taxpayer dollars. That's one concern. But the other part that I think is missing here is the issue of trying to find a way we can replicate, as much as possible, those communities that are under 6% in terms of their experience, to not only save money, but improve the lives of children on reserves.

So I'm wondering if you would have the freedom within your mandate to recommend those kinds of follow-ups to the department and say they could change their funding formula, but perhaps even more foundational than that is the issue of trying to find ways we can reproduce the positive experiences of those first nations communities that are closer to zero, and not up near 27% and 28%. Do you have that kind of freedom within your mandate?

Ms. Sheila Fraser: Absolutely. While we didn't specifically make that recommendation, we did make recommendations to the department about having better information on what these programs were actually accomplishing. So I think that would be the avenue where they could go and see that if certain communities were having more success, what are some of the elements of success there? Can they be replicated? Obviously it's not simply the program itself; there are many, many factors that come into this, as we point out in the report.

I think if the department got better information about what was being accomplished with these programs, it could go a long way to resolving this.

• (1040)

Mr. Harold Albrecht: I applaud the fact that you've brought this to our attention, because I think it's understandable that different first nations agencies will not have a lot of the same percentage needs, obviously, in terms of the children that will need that kind of service.

I just want to follow up on a statement that Mr. Silva made earlier regarding the removal of Canadians who are here illegally and who possibly pose a threat to Canadians. I think we've been clear—at least the reports I've read have been clear—that we have acknowledged that we have removed more in the last couple of years. It's not a matter of getting rid of Canadians; it's a matter of improving the safety and security of all Canadians. The resources, as you point out, are focused on those who are posing a higher risk. There are those at both ends of that spectrum. So I just wanted to clarify that point and thank you for raising it.

I'll share the rest of my time with Mr. Kramp. I'm sure there are about four minutes left.

The Chair: Mr. Kramp.

Mr. Daryl Kramp: I have just a couple of quick questions.

Going back to the issue of health and infectious diseases, SARS, etc., what we're talking about—and it's very important—is \$10 million for the residents, etc. They sort of grab the attention of the public. I am really deeply concerned. I mentioned it briefly, and Mr. Merrifield entered his comments on this adequately as well. This is a major issue, not just from the position of Health Canada, but also as regards public safety, whether it's something like SARS occurring naturally, or a viral agent as a terrorist threat.

I'm wondering if there is an effective level of communication between the Department of Public Safety and the Department of Health. Are you aware of that?

Ms. Sheila Fraser: That is not something we looked at in this audit, so I really can't comment on it.

Mr. Daryl Kramp: Might I make a suggestion regarding your future endeavours? This to me is an issue that is of major concern. The last thing we would want to say is "Oh, well, we just didn't get around to it." As Mr. Merrifield said, this is extremely important to the Canadian public. We have no greater service as parliamentarians than towards the health, safety, and protection of our citizens.

In this particular case, we want to be more than adequately assured that our different departments cooperate and have an effective plan to be able to deal with this, rather than working simply in isolation. We have seen instances in which the cooperation between the different departments hasn't been extended. That just might be something that you consider for evaluation.

The second point is in regard to the transportation of military goods. I'm very fortunate, in that I live right beside Trenton, which of course is now the air transport capital of Canada. Therefore, I've seen not only our new aircraft in operation, but also the enormous plans for warehousing, for shipping, for storage, for inventory control, for management, and for staffing. While we have some inadequacies in inventory control, overall it's very good, but everything is being shipped out of the country. I think domestically we're doing a pretty good job.

You mentioned that most of our problem appears to be at the point of destination, rather than at the point of origin. But if that's the case, as we move to this much more expanded and capable role of core centralization so that we can have better control, if we've been able to extend that level of efficiency out, I'd like to be able to see us down the road say that we have a benchmark now, and ask whether we have made significant improvement. I really believe our infrastructure spending now will help accommodate that, but it would be good to see that we have some form of documentation on that as well.

Thank you.

The Chair: Thank you, Mr. Kramp.

Before we go on to Madame Faille, I wanted to ask one question of you.

We've been looking at the high turnover of federal employees in certain parts of the country where there is very low unemployment, such as Ottawa, Montreal, and so on. I'm wondering if in any of your plans you have any thought to looking at the impact of the high turnovers in the cost of training and retraining employees, and the impact that it has overall.

Ms. Sheila Fraser: That is not currently in the plans. We do have an audit coming on the whole modernization of the human resource system—that is for 2010—and we are doing some work as well in human resource management at the Canada Revenue Agency, which will be coming this fall.

The Chair: I just thought I'd bring that point up, because it's a fairly recent phenomenon, but I think it's a costly one, and there needs to be more planning where these people are located. I just threw that in.

There is a call to vote, I can see. We need a unanimous motion to continue for a few minutes. This will be a 30-minute bell, so we can allow a few more questions if you wish. The vote will be held at about 11:10.

I have two people who wish to say something—Madame Faille and Mr. Warkentin—and we do have time if the committee is... Okay.

We'll hear from Madame Faille, and then Mr. Warkentin. We'll end at that point, because we'll have to go and vote.

• (1045)

[*Translation*]

Ms. Meili Faille: I would also like to thank Ms. Fraser for talking about the First Nations issue. It reminds us that the government is doing nothing, and in a number of areas, I should add.

If I recall correctly, in 1991, Parliament established the Erasmus-Dussault Commission whose official title was the Royal Commission on Aboriginal Peoples. Mr. Albrecht had a question just now and this is the answer. The government has already studied aboriginal peoples, Mr. Albrecht. Parliament set up the Royal Commission on Aboriginal Peoples in 1991 to look into the status of aboriginal peoples. First Nations chiefs came last year, or two years ago, to complain about the lack of action on this issue.

I just wanted to ask one question just now when my colleague was talking about inspections. Does your report mention that experienced inspectors used to conduct spot checks on airline companies?

Now it is more difficult to conduct those spot checks because the maintenance work is done overseas. Over there, they have to say when they are coming in advance, maybe for security reasons. So they can no longer arrive unannounced to do random spot checks. A number of those experienced inspectors will be retiring soon. So there are a number of problems associated with the transition, which increases the risk.

Ms. Sheila Fraser: Yes, we noted the human resources difficulties. The number of inspectors decreases by about 8% per year. But there is no human resources transition plan. If the method of inspection changes, they have to determine if the skills must also change. The inspectors are going to review the systems. So they will need more training.

This part of the chapter dealing with human resources is quite important; a human resources plan is going to be needed in order to tackle the problem.

The Chair: Thank you.

I give the floor to Mr. Warkentin.

[*English*]

Mr. Chris Warkentin (Peace River, CPC): Thank you, Madam Chair, for giving me these last couple of minutes.

There are several things I'd like to get into with you. Maybe if we get some time, we'll talk about renovations at the buildings.

I want to talk to you about your relationship with the Parliamentary Budget Officer. Actually, my predecessor advocated for this position for years and years, so I'd like to pay tribute to Charlie Penson at this point, because his work has now come to fruition.

I'm wondering about the relationship between you and him. Is there anything that you would recommend to our committee to recommend to him to be ever vigilant of? I guess from us he's looking for some help in creating the mandate and the things he's going to continue to work on. But is there anything specific, which, if he paid attention to it, would serve Canadians well?

Ms. Sheila Fraser: I have already met with the Parliamentary Budget Officer. We have discussed ways we could probably collaborate together in the future on some of the work we're doing, especially to make sure that we don't duplicate work.

I gave him one piece of advice. He has a very large mandate. I asked him how he is going to deal with requests from members of Parliament. He needs to be very clear with parliamentarians about what requests he will accept and what requests he may not, about priorities, and about how he is going to deal with all of that. That can become a very slippery slope for anyone in that position. I think that would be good.

I know he's already talked about how he's going to plan his work. He's discussed with us how we do ours. I think he'd like to use a similar approach. So we are going to collaborate and certainly show him how we handle those sorts of issues. I said that the best thing for him would be to understand how he wants to do this, and then to be quite transparent, and have good discussions with members too, as to how he's going to approach this.

• (1050)

Mr. Chris Warkentin: Thank you.

Now, to put something more on your plate, because as members of Parliament we're always asking folks in positions like yours to look into different things, I'd like to echo some of the concerns that were brought up by our chair with regard to the efficiencies within the civil service.

We're quite concerned within this committee when we hear about 40% of the civil service having moved from one position to another in the past year. That seems to be a growing trend within the civil service. And there may be factors contributing to that. But we're also concerned about the aging population and how it's going to affect our civil service. I'm sure you're going to keep an eye on this as you look several years down the road and look at studies. We would just like to perhaps direct you in that. If in fact something catches your eye, we're concerned about the government's attention to it. Whoever is in government is going to have to deal with the aging population and with the turnover within the civil service, and how the two may relate. So take that for what it's worth.

Ms. Sheila Fraser: I very much agree with you. We have been doing it on a kind of case-by-case basis. We did an audit last year on the Department of Foreign Affairs and all the human resource issues there, and we noted that there were a significant number of people who were eligible for retirement, a lot of vacant positions, a lot of people in acting positions for very long periods of time, and no real human resource planning.

It's hard to generalize from one or two audits, but I think that this is probably pretty common across government, so it is a preoccupation of ours.

Mr. Chris Warkentin: Thank you. That's good to hear.

If I have just a couple of minutes, I'd like to venture into this whole issue of renovations and the cost. I think generally Canadians look at the number. I think the one that was highlighted was almost \$10 million going to 24 Sussex, and you've outlined in your report the necessity of the specific upgrades.

We're talking about a 9,000-square-foot building. We're talking about \$10,000 per square foot to bring in heating, ventilation, air conditioning, and all these things. If we were going to build a new house, we would build it for maybe \$500 or \$700 or \$1,000 per square foot, but not \$10,000 per square foot.

I'm wondering if you, in your position as Auditor General, would ever consider—and I'm not thinking so much of 24 Sussex, but I'm thinking of maybe The Farm and some of these buildings that were never constructed for the quality of life that we expect today—at any point that it might be time for the construction of a new residence.

Obviously we would maintain the old one for museum purposes, but with the cost of renovations and upkeep, I can speculate from my

experience within the construction industry that it's much more expensive to retrofit a building for the official purposes than it would be just to maintain it as a museum. For new construction to go forward... Obviously as we consider, there are some of these buildings that I can imagine will never be able to be upgraded to the point where they will be as efficient as something that was newly constructed.

I'm wondering—and this is irreverent of me, I'm sure, to contemplate that we would move and change an official residence—at what point we have to consider that in terms of efficiencies.

Ms. Sheila Fraser: Madam Chair, I think it is really up to the National Capital Commission, which manages this, to make that assessment and to bring forward the various options that could be available. I think it would really be up to them.

Mr. Chris Warkentin: So within your mandate, you wouldn't see it as a recommendation that you—

Ms. Sheila Fraser: No.

Mr. Chris Warkentin: I appreciate that. Maybe this committee should speak to the National Capital Commission.

The Chair: Before we adjourn, I just want to remind the committee that we will be hearing, I believe, from the ombudsman for small business on the procurement issue on May 27.

Have a good break week.

Thank you, Madam Fraser, for coming before us. We'll have to go and vote now.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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