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—
Chair

The Honourable Shawn Murphy

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•(1105)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): I think it's now appropriate to call the meeting to order.

I want to welcome everyone here and welcome the witnesses. This meeting is pursuant to Standing Order 108, dealing with chapter 4, "Managing the Coast Guard Fleet and Marine Navigational Services—Fisheries and Oceans Canada". That's in the February 2007 *Report of the Auditor General of Canada*.

We have deputy auditor general John Wiersema with us from the Office of the Auditor General. Welcome, Mr. Wiersema. He is accompanied by John O'Brien, the principal.

From the Department of Fisheries and Oceans, we have the deputy minister and accounting officer, Michelle d'Auray. She is accompanied by George Da Pont, commissioner of the Canadian Coast Guard, and also Charles Gadula, the deputy commissioner.

I want to extend, on behalf of the committee, a warm welcome to each and every one of you.

What I plan to do is to take this meeting until 12:45 p.m., and then we're going to deal with Mr. Wrzesnewskyj's motion. We are now going to—

Mr. John Williams (Edmonton—St. Albert, CPC): I have a point of order.

The Chair: Mr. Williams, go ahead with your point of order.

Mr. John Williams: Thank you, Mr. Chairman.

I'm glad you pointed out that at 12:45 p.m. we're going to deal with Mr. Wrzesnewskyj's motion. At the last meeting, the clock ran over the normal adjournment time for the meeting, and yet you wanted to continue dealing with these motions.

Now, what is the policy of this committee? Do we go on until the business is finished, as you said at the last meeting? Or do we have a standard hour of adjournment so that we have to deal with these motions within a specified period of time? The only way we could get the meeting stopped was through a tabling motion by Mr. Sweet.

The Chair: Mr. Williams, the procedure is that the committee remains in session until we adjourn. I've allocated 15 minutes to deal with the motion. I think that's sufficient time. I'll limit the discussion. I think we can conclude by one o'clock, but if it goes over one o'clock by a minute or two, I don't think that's a major problem.

Mr. John Williams: But it was 1:05 p.m. and you were just going to start entertaining debate.

The Chair: But it was a motion for adjournment, and it—

Mr. John Williams: No, I'm talking about when you went into Mr. Wrzesnewskyj's motion. I pointed out that the clock was past the normal hour of adjournment, and you said the committee continues until the business is finished.

Now, as I've pointed out, I could have continued on with the witnesses forever because of the nature of the debate. So I think committees have a two-hour period, at which time is the normal hour of adjournment—we just had to wait until the previous committee exited the room—and I come here with specific intentions of being here for two hours; I've other commitments, and I can't juggle them at the last minute.

So I just want to know, Mr. Chairman, does the committee adjourn at the normal hour of adjournment or at some other time, at the chair's call?

The Chair: The committee is master of its own proceedings, so I'll be guided by the committee's decision. I think we should be able to get Mr. Wrzesnewskyj's motion in before the committee in 15 minutes.

Mr. David Christopherson (Hamilton Centre, NDP): Mr. Chairman, on that point—just as an insurance policy—one of the reasons that might be getting clarified is a desire on the part of one caucus to run the clock. If that happens again, I would strongly suggest we need to put this at the beginning of the meeting. It may not happen.

I wouldn't want to cast aspersions, but based on what happened last time, it was all about using the clock as a tool, and that's fine. For the majority, let's recognize that and not allow that to derail the majority will of this committee.

The Chair: I plan to deal with the motion the same way as I dealt with the motion last time—

Mr. David Christopherson: That's what I'm concerned about, Chair. If they just start ragging the puck, then we never get to an end.

The Chair: I don't think that'll happen, Mr. Christopherson.

I'm going to call upon Mr. Wiersema. I believe you have an opening statement.

The floor is yours.

•(1110)

Mr. John Wiersema (Deputy Auditor General, Office of the Auditor General of Canada): Good morning, Mr. Chairman.

Thank you for this opportunity to discuss chapter 4 of our February 2007 report. As you indicated, joining me today is John O'Brien, the principal responsible for our office in Halifax.

In this status report, Mr. Chairman, we concluded that Fisheries and Oceans Canada, in particular the Canadian Coast Guard, had not made satisfactory progress in implementing recommendations from two of our previous audits. Those audits were chapter 31, on fleet management, of our December 2000 report, and chapter 2 of our December 2002 report, on contributing to safe and efficient marine navigation.

Mr. Chairman, I should point out we completed our detailed audit work for this chapter in 2006. As a result, our ability to comment on developments in the coast guard since then is somewhat limited.

The coast guard plays a number of important roles. It provides marine navigation services, such as aids to navigation and marine communications, to mariners in Canadian waters. The coast guard also uses its fleet of large vessels to deliver its own programs, such as icebreaking and offshore search and rescue. These vessels also support other programs within Fisheries and Oceans Canada, such as science and fisheries management, and provide assistance to other government departments.

In our earlier reports, we concluded that Fisheries and Oceans Canada had not managed its fleet and its marine navigation services cost-effectively. We made 13 recommendations in our 2000 and 2002 reports, 12 of which remained the department's responsibility. The department accepted all our recommendations and made a commitment to take action.

The following are our key findings from our February 2007 report. First, the coast guard was having limited success in developing a national approach to managing its operations. Modernization of marine navigation services was proceeding slowly and the fleet was aging, and reliability and rising operating costs were going to continue to be issues.

After concluding that progress in implementing our recommendations was unsatisfactory, we focused our attention on identifying the underlying causes.

[Translation]

We found that the coast guard started, but did not complete initiatives, many of which were designed to address issues that we previously raised. We identified three reasons for the coast guard's lack of progress. First of all, the coast guard accepted assigned duties even when there was no realistic way for it to fulfill them. For example, the coast guard developed a plan for a special operating agency, even though it did not have the resources it needed to implement a plan. Not surprisingly, we found that many elements of this plan were unfinished well after the expected completion date.

Secondly, the coast guard did not prioritize its actions. For example, the coast guard attempted to address all of our recommendations to improve management of its fleet at once. These initiatives stalled at various stages of completion. Finally, while the coast guard made commitments to resolve management problems and complete initiatives, it lacked both the organizational and individual accountability needed to achieve them.

You will note that we have made only one recommendation in this chapter. We did this because the coast guard has limited resources and must focus those it has on key issues, including those we have previously reported. Therefore, we recommend that it establish its priorities for improvement, set clear achievable goals for each priority, allocate sufficient and appropriate resources to each priority, and ensure that managers and organizational units are accountable for achieving expected results.

[English]

Shortly after we completed our audit, the coast guard developed its first three-year business plan. The plan included a long-term approach to address the challenges, including those we reported. It established priorities, allocated resources to these priorities, and identified accountable managers and organizational units.

Subsequently, the coast guard provided your committee with a copy of its mid-year review of its business plan. We are pleased to see the coast guard is monitoring and reporting its progress and that it has shared its plans and progress reports with your committee and other interested parties.

We have reviewed the coast guard's plans and progress reports. However, as I indicated previously, we have not done audit work in this area since 2006, so our ability to comment on the plans and the results achieved is limited.

In conclusion, Mr. Chairman, I encourage the committee to review the coast guard's business plan and mid-year review and inquire about its future plans to address the issues we have identified.

Mr. Chairman, this concludes my opening statement. Mr. O'Brien and I would be pleased to answer your questions.

• (1115)

The Chair: Thank you very much, Mr. Wiersema.

Madame d'Auray.

Ms. Michelle d'Auray (Deputy Minister, Department of Fisheries and Oceans): Thank you, Mr. Chair and members of the committee.

[Translation]

I appreciate this opportunity to come before you today to answer questions and address the issues raised in the Auditor General's report of February 2007.

[English]

You have introduced my colleagues, but with me are commissioner George Da Pont, and *la sous-commissaire, Monsieur Charles Gadula*.

Let me start by indicating that both the commissioner and I fully accept the findings of the Auditor General. I will also state that Minister Hearn has given us clear direction to deal with these issues. He has asked that we develop a realistic plan for responding, assign clear responsibilities and timeframes for the follow-up actions, and that we provide him with regular progress reports. The coast guard has done this through the development of an integrated and comprehensive business plan that establishes the priorities, sets clear accountabilities and timeframes, and allocates the resources required to ensure the commitments can be implemented, not just for dealing with the issues raised by the Auditor General, which are important, but also for the full range of its programs and services.

In addition, the coast guard will provide the minister with a detailed progress report on its business plan twice a year, one in the fall as part of the mid-year review, and one in the spring after the close of the fiscal year.

[Translation]

Mr. Chairman, as Mr. Wiersema has said, the coast guard business plan and its first mid-year review from last fall have been tabled with this committee. They have also been shared with the Standing Committee on Fisheries and Oceans, the Office of the Auditor General, the Treasury Board Secretariat and the main users of coast guard programs and services. In addition, both are available to the general public on the coast guard website.

The minister, the department and the coast guard are all committed to full transparency and accountability both for the programs and services that the coast guard delivers and for addressing effectively the issues raised by the Auditor General. The general feedback that we have received so far indicates that we are on the right track and that the plan provides a good framework for responding to the Auditor General's findings, within a reasonable timeframe.

This is clearly indicated in the overview that is provided in the status report. What has been done is in green, what is to be done is in yellow, and the deadlines or outcomes that have only been partially completed are identified in red. We are, in fact, very transparent.

[English]

Addressing the findings of the Auditor General will take time, as many of the management measures, especially those relating to the standardization of business practices, will require, and are requiring, significant cultural change within the agency. In fact, we anticipate that it will take three to four years to fully address all the issues that have been raised. However, progress has been made on a number of fronts, and the commissioner and his management team and I are committed to the coast guard becoming the strong national institution that Canadians deserve.

Commissioner Da Pont will now briefly set out some of the key initiatives that are under way to respond to the Auditor General's report.

[Translation]

Commr George Da Pont (Commissioner, Canadian Coast Guard, Department of Fisheries and Oceans): Thank you, Deputy Minister. I appreciate the opportunity to address the committee briefly.

Naturally, I was disappointed with the findings of the Auditor General. I wish that we had done better. However, I was not surprised. The findings fairly closely resemble some of the main conclusions that had arisen from an A-base review that we conducted in 2006, and we had already started to act on some of the key issues. I would like to comment briefly on four areas.

• (1120)

[English]

First, one of the most important challenges is to come to grips with the observation that we operate as five coast guards rather than one. I do not dispute the finding. In almost every area of activity we do seem to do things differently from one part of the country to another.

A significant first step was taken in 2003 when it was announced that the coast guard would become a special operating agency within DFO. This put in place the framework for the coast guard to operate as a client-focused national institution. Our business plan sets out a number of specific measures tied to this objective. Specifically, we have begun an engagement with our clients to ensure consistent application of our levels of service. We have set up structured advisory bodies to get feedback and establish accountability for our service delivery. We have begun to standardize our organizational and service delivery structure, the management of our fleet, our business practices, and our administrative procedures.

In each of these areas we have identified specific yearly commitments and we are tracking and monitoring progress against those commitments. We are at the start of these processes, and as the deputy minister had noted, it will take us several years to complete all of them.

[Translation]

Second, we have also made progress on the renewal of our fleet. In the last three years we have seen investments of well over \$1 billion to acquire 17 new vessels, including the announcement in the recent budget of the replacement of the Louis S. St-Laurent, our largest and most capable icebreaker.

While this is very welcome news, it will be several years before the first of these new vessels arrive. In the meantime, we recognize, as the Auditor General has noted, that we have to improve the maintenance of our existing fleet. We have started by putting better planning and money into this activity, including conducting structured vessel condition surveys, and we have launched a maintenance review to recommend how best to deal with the maintenance issues raised by the Auditor General. I expect the results of that review by the end of the month. In taking this approach, I sought the comment of the Office of the Auditor General before I established the terms of reference for that review.

[English]

Third, with respect to our modernization initiatives, we have grouped them under one umbrella, which we call aids to navigation for the 21st century. We have made some progress in this area. For example, we have converted close to 90% of our lighted floating aids to light-emitting diode technology, up from 34% in 2002. We have also converted nearly 75% of our buoys from steel to plastic, up from 51% in 2002, thereby greatly reducing handling and maintenance costs in both areas.

Our business plan sets out specific and measurable initiatives to ensure that we continue to make steady progress. A key piece of the AToN21 initiative is to develop the vision for e-navigation in consultation with our clients. A draft has been completed, and we intend to consult industry on it in the coming year.

Finally, we have put a very concerted effort into how we manage our human resources. The strength of the coast guard is its dedicated and professional workforce. We have made this a key priority in our business plan. The most significant commitment is to develop, for the first time, a strategic human resources plan for the agency that will help us focus on effective management of our people, on their training and career development, and on meeting the significant recruitment challenges we will face over the next few years.

Some of the most challenging human resource issues raised by the Auditor General concern the management of our sea-going personnel. Our ships officers and ships crew are represented by two bargaining agents with different philosophies, priorities, and goals. We are working with the Treasury Board, through the collective bargaining process, to get common language for similar provisions of their respective collective agreements and to work toward equal application to both groups working on the same vessels.

In addition, the coast guard will finalize a standard regional organization by the end of the month and will implement that standard model in the coming years.

Before I conclude, I would like to note the pride that I have in all of the employees of the coast guard who serve Canadians. We deliver essential services on all coasts, often in challenging conditions and in remote areas. Many of those services are delivered 24 hours a day, seven days a week. Most of the observations noted by the Auditor General relate to our internal management and administrative practices. I would hope they are not taken to reflect on the professional and dedicated men and women who work in the field and who have established our proud tradition of service excellence.

• (1125)

[Translation]

Mr. Chairman, this concludes our prepared remarks. We would be pleased to answer any questions that you or the members of the committee might have.

[English]

The Chair: Thank you, Mr. Da Pont. *Merci beaucoup, Madame d'Auray.*

Mr. Hubbard.

Hon. Charles Hubbard (Miramichi, Lib.): Thank you, Mr. Chair.

I was taken aback when I read the Auditor General's report on the coast guard. It casts some troubling doubts on a proud agency. When you follow the history, you find long-standing differences between what the Auditor General expects the agency to be and what it actually is.

The change from Transport to Fisheries was significant in the administration of the coast guard. Are some of these problems reflective of the change from one department to another? Has Fisheries not been able to cope with the coast guard? That was a major change that the government made. Do you think this is part of the problem? Is Fisheries and Oceans just too involved with other issues to be able to cope with the coast guard?

Mr. John Wiersema: No, I don't think that is a big cause of the problem. Many of these issues are long-standing. I'm not sure they're related to which government department the coast guard is with.

The issues are serious. They are long-standing. I think the coast guard has a good business plan for addressing these issues on a strategic basis. It will take time to deal with the issues.

Hon. Charles Hubbard: On the second point that Mr. Da Pont made, resources were a major factor. You can't maintain a good fleet if you don't have the money. You can't buy new vessels if you don't have the money. Did they have sufficient resources to realize your vision of what the coast guard should be. Was the money available for them?

Mr. John Wiersema: We did an audit on whether the government and Parliament had voted sufficient resources to the coast guard. We note in our report that the coast guard is facing funding challenges—particularly with regard to replacement vehicles for its fleet.

Hon. Charles Hubbard: Do you think such drastic conclusions were fair to them? There's hardly a good paragraph in your report. If there's a good one, there's a bad one following it. Do you think it's fair to them to make these critical observations without recognizing that it was a money problem? Do you think that was fair?

Mr. John Wiersema: I'm absolutely convinced our report was fair.

Hon. Charles Hubbard: I'm not asking about your report but the observations. How big a factor was money in the difficulties the coast guard is having?

Mr. John Wiersema: There is no doubt that funding is part of the issue. But I'm convinced that our report was fair. These are important management challenges. I'm also convinced that we now have the attention of the deputy minister and the commissioner, which we need to deal with these important management challenges in a thoughtful, strategic way, as outlined in their business plan.

•(1130)

Hon. Charles Hubbard: Mr. Da Pont, have you been with the coast guard for a long time?

Commr George Da Pont: I've been with the coast guard since my appointment in 2006. I had been acting prior to that for several months. I've been with Fisheries since 2000. In my earlier jobs in Fisheries, I worked closely with the coast guard on a number of their key issues prior to my appointment.

Hon. Charles Hubbard: So in respect of the administration of the coast guard, we have not had administrators who have stood on the decks, travelled the ocean, been on the lakes. I think it's important to have people with some personal experience in what the coast guard does.

With people who come up through the ranks, who have started off in the training schools and come up through human resources, who have had their feet on the decks and have had experience at sea, what level have they attained in your administration?

Commr George Da Pont: Mr. Chairman, a great example is sitting right next to me. The deputy commissioner, Mr. Gadula, has spent 41 years in the coast guard.

Hon. Charles Hubbard: So for the best answers to some of these questions, we may have to turn to Mr. Gadula.

As you watch the coast guard being changed and you see these demands being met, these observations go back to 2000 and before, apparently. I suppose I can put you on the spot. You must feel very uncomfortable in participating and seeing an agency that you spent so long with....

When we go back to the clients—you mentioned clients in this—you probably have some desk that people complain to. I haven't seen a lot of that, but I hear people talking about aging vessels and so forth. Are the people out there being served by the coast guard? Do you get many complaints from the clients that have to be answered?

Commr George Da Pont: We don't get very many complaints. In fact, in this past year we've conducted what we've called a structured level of service review, where we've sat down with the users of our service—shipping industry, recreational boaters, fishers—in an organized fashion to get exactly their feedback on our performance, on our levels of service. There are issues that they raise. We get very few complaints about what we do. A lot of what has come out of those discussions have been requests for extended services, greater services, for the most part.

Of course, from time to time there are issues that come up, and hence we have our selected issues in terms of specific complaints. I find very few of those sorts of issues get to my desk. I think we have a good relationship with the users of our service and general satisfaction with what we deliver, obviously within the resources we have.

Hon. Charles Hubbard: So we get this cost-effectiveness. You're not offering a cost-effective operation. When you got that report from the Auditor General, what did you think had to be done to make things more cost-effective? You have great responsibility. You have foreign vessels approaching our coasts. You have fishermen out there who are hoping for your service. You have the Great Lakes. I was on one of your ships last summer, where I thought they were

doing a very good job of monitoring between the American side and the Canadian side.

Where would this cost-effective thing be analyzed in terms of your receiving the report and trying to be more cost-effective? What would you have to do?

You mentioned LED lights. You mentioned different types of navigational devices. What else can you do to be more cost-effective?

Commr George Da Pont: I would say there are probably about three areas of significance.

One area is the one you mentioned in terms of implementing and taking advantage of new technologies that can allow you to do things in a different way and often with a lesser cost. For example, we know and we've seen that the technologies now in terms of global positioning and so forth have taken the search out of a lot of search and rescue cases. So there are a variety of areas like that where we can be more effective.

The second general area is probably the one noted in terms of how we do some of our crewing. One of the observations, which I do agree with, is that from one part of the country to another, for similar vessels, we have different crewing postures for different arrangements, with different cost structures. I think it is reasonable to look at those sorts of arrangements and look at the best efficiency.

The third area is, I think, extremely difficult for us. As the Auditor General has noted, we have more shore-based infrastructure than we actually need to support the operations. We've had a great deal of difficulty in terms of shedding the unnecessary infrastructure, for very legitimate reasons. Some things, like lighthouses, are seen as having very important heritage and local considerations. Others relate to jobs in small communities. Those are very legitimate reasons, but at the same time we have had to invest more in our shore infrastructure—not being able to rationalize some of these things—and that does affect our cost-effectiveness.

•(1135)

The Chair: Thank you.

Monsieur Laforest, sept minutes.

[*Translation*]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chairman.

My question is for Mr. Wiersema.

There is a rather harsh statement in the conclusion to the Auditor General's report. Please note that I am not saying that I do not agree with it. This is what you said:

In conclusion, the February 2006 Budget provided \$39 million for the Coast Guard, but the organization's inability to understand and control its costs does not provide us with confidence that this is a permanent solution.

When you say « the organization's inability to understand and control its costs », that is a very strong statement. Are you wondering if something can be done? You say that the organization cannot understand and control its costs. Is that not like just throwing in the towel? What can the organization do better? Is this decision cast in stone? Can anything be done? Can the situation change?

[English]

Mr. John Wiersema: Yes, Mr. Chairman, I think so.

Fundamentally, the coast guard needs to have the accounting systems to understand and analyze its costs and to be able to make the convincing business case to the Treasury Board Secretariat, and ultimately the Treasury Board and Parliament, to secure the funding it needs. It needs the information, on a national basis, to really understand the costs, the drivers of those costs, and how they change in response to change of circumstances.

For example, I have no doubt that right now the coast guard is facing significant challenges dealing with increased fuel prices. The recent spike in fuel prices is going to have a significant impact on the coast guard's ability to keep its fleet operational and at sea. The coast guard needs to understand those costs, what's driving those costs, the impact they will have on its operations, and where it has flexibility to curtail operations in order to live within its budget.

It is a harsh judgment, but we think it's particularly important for an operational department like the coast guard to really have an understanding of its costs and to explain how they change in response to a change in circumstances.

[Translation]

Mr. Jean-Yves Laforest: You also say that the coast guard has to better understand and control its operating costs, because there could be possible overruns. You mentioned the cost of fuel. Does that not simply mean that they are underfunded? The government is not providing enough funding for a coast guard operation. That is what I read between the lines of your answer.

•(1140)

[English]

Mr. John Wiersema: I don't know that it's for me to determine whether the coast guard is properly funded. The point we're making in our report is that the coast guard itself has to understand its costs, the cost drivers, the impact of changes in those drivers of costs on its operations and mandate, and to identify the need to seek supplementary funding if and when that's necessary.

[Translation]

Mr. Jean-Yves Laforest: Mr. Da Pont, you also said in your opening statement: "I wish that we had done better. However, I was not surprised."

What does that mean? Does that mean that you were aware that problems existed and that your organization would be underfunded?

Commr George Da Pont: Yes. After I was appointed, I began a review of coastal services in order to get a clearer picture of our current management process and our financial situation. The review ended in 2006 and was made available to the Office of the Auditor General. What was found through this review is identical to the

observations in the Auditor General's report. That is why I was not surprised.

Mr. Jean-Yves Laforest: Do you think that your organization will require extra funding?

Ms. Michelle d'Auray: Mr. Chairman, Mr. Da Pont explained that the coast guard and department undertook quite an in-depth review of budgets and expenditures in light of priorities. It was this business case that in fact convinced Treasury Board that the extra funds that we were allocated in 2006 did indeed compensate, for the shortfall, particularly as concerns the management of what I would call fixed assets, both for the Department of Fisheries and Oceans as well as for the Coast Guard. The bulk of the increased funding—the \$99 million—was allocated for infrastructure, whether it be for the fleet, maintenance or the department's capital assets, because the gap had been pointed out in our own work plan. This largely echoed the points that were raised by the Office of the Auditor General. We were therefore in agreement.

Mr. Jean-Yves Laforest: Before the meeting, you were telling me that you had not been the deputy minister responsible for the coast guard at fisheries and oceans for very long. As the report had already been tabled, did you have the feeling that you were getting on board a ship that was taking on water?

Ms. Michelle d'Auray: No, but I realized that there were significant challenges that needed to be faced. Having said that, the efforts that my predecessor and Mr. Da Pont have made to restructure the coast guard have been significant. We are carrying on with the work and will ensure there is extensive follow-up, given the specific objectives and deadlines. These were established before I arrived, but we are carrying on with them because it is the only way to deal with and chip away at the challenges that were identified over several years.

[English]

The Chair: *Merci beaucoup, Monsieur Laforest.*

Mr. Williams, seven minutes.

Mr. John Williams: Thank you, Mr. Chairman.

In going through this report, it saddens me to think the senior administration at coast guard seems to be sitting there looking out the window rather than doing what they were supposed to do over the last number of years. This is a serious condemnation for the third time, fourth time, that you still aren't serious about getting the job done, and I'm getting a little bit upset about this.

I happened to read in the Auditor General's report, in paragraph 4.19, where it said, "A 1983"—25 years ago—"Auditor General's report raised a number of the same issues we raised in our 2000 and 2002 reports." Here we are in 2008, and you can't get the job done. What's going on over there? Who's taking this job seriously?

•(1145)

Commr George Da Pont: Mr. Chairman, we are taking the job very seriously. I accept your comments. I have some of the same reaction in terms of disappointment.

But I would like to underline one very important thing. As I said in my opening statement, a great majority of the issues noted by the Auditor General go to our internal management and administrative practices—

Mr. John Williams: And that's your responsibility.

Commr George Da Pont: It's certainly my responsibility. They're very serious issues. I accept that. But I would hope there's recognition that we are doing, in my view, an excellent job with service delivery in the field. Our service is one of the best in the world. Our icebreaking service is effective.

The point I want to make, without diminishing the seriousness of what was noted—and I fully accept those issues and the responsibility to deal with them, but I would take issue that we're not.... I think the men and women in the coast guard are doing the job. I think there are management issues—

Mr. John Williams: No. Mr. Da Pont, the Auditor General has pointed out that it's a management problem. I'm certainly glad to hear that the men and women who are out at sea defending our coasts are doing a great job, but Mr. Chairman, they seem to be out at sea because management isn't following along in knowing what's going on.

I take a look at exhibit 4.1 of the Auditor General's report, where you don't get one single credit for a satisfactory performance, not one. On every one of these, in the Auditor General's report of 2000 and the Auditor General's report of 2002, on the progress in implementing the recommendations, which the government accepted, satisfactory progress has not been made—not on one of them.

So how can you pat yourself on the back and say you're doing a great job when this is in the report? It seems it takes the landlubbers from the Auditor General's office to go out there and kick your derrière to get some progress.

So what's the problem? Why is it taking so long, and how can we be assured that things are going to be better from here on in?

Commr George Da Pont: I can assure you that we've taken this extremely seriously. We have, for the first time, developed an integrated business plan that covers everything we do: we've identified clear accountabilities and timeframes for completion, we've allocated resources to ensure that it gets done, and we're tracking and monitoring on a regular basis. We are sharing all of this with the committee, central agencies, the users of our services, and the general public.

Mr. John Williams: And you put this in your departmental performance report, right, Madam Deputy Minister?

Ms. Michelle d'Auray: That's correct. As we mentioned, the mid-year review we tabled has been made available to this committee. It clearly sets out where we are making progress and—we're transparent about this—where we are falling behind, where we are going to have to put extra effort. We've reviewed this on a regular basis. We are serious about it.

Mr. John Williams: Mr. Wiersema, in your opening remarks, you say that when the coast guard made commitments to resolve management problems and complete initiatives, it lacked both the organizational and individual accountability needed to achieve them.

We're hearing wonderful words about how they're going to roll up their sleeves and the management is going to be absolutely top-notch from here on in. But you have said it lacks the organizational and individual accountability to achieve this wonderful progress. How do you feel about those statements?

Mr. John Wiersema: I think Mr. Williams raises a valid point. Many of the issues are long-standing; they go back many years. Previous administrations in the coast guard have agreed with our observations and voiced a willingness to act on them. I trust I'm not being naive or unduly optimistic here, but I am convinced, and I'm sure Mr. O'Brien is as well, that the coast guard is now approaching these long-standing issues in a sensible manner.

As we indicated in this report, we didn't spend much time on this report going over all the problems. What we tried to do in this audit was to get to the underlying causes.

● (1150)

Mr. John Williams: Which were management problems.

Mr. John Wiersema: Yes, but why were they not successful in the past in dealing with some of these management problems? This is what we tried to focus on.

Mr. John Williams: So you're saying there are some serious managerial accountability, organizational, and structural problems that caused them to be unable to run the department properly. Have you determined that these organizational or accountability structures are in place now, so that they are going to work from here on in?

Mr. John Wiersema: What we see now is a thorough, comprehensive business plan for dealing with these things over a three-year period. There is a great deal of reporting, accountability, monitoring, and transparency associated with this. The proof of the pudding is always in the eating, but I am optimistic and positive.

If the coast guard, as I'm sure they're committed to do, delivers on that business plan, with all the monitoring and transparency associated with it, it bodes well for the future. I think that the coast guard is now proceeding to address these long-standing issues in a sensible strategic manner.

Mr. John Williams: I could keep on going, Mr. Chair.

The Chair: I'm sure you could, Mr. Williams. You're just getting warmed up.

Mr. John Williams: Yes.

The Chair: Thank you, Mr. Williams.

Mr. Christopherson.

Mr. David Christopherson: Thank you, Chair. I'll be sharing my time with my colleague Mr. Stoffer.

Thank you all for your presentations today.

I have to tell you, it's been a long time since we've had one this bad. For a while they seemed to come in fast and furious, and then we went off on something else, and now we're back again with this kind of absolutely unacceptable...well, there are lots of words that could be used.

I want to revisit where we were on exhibit 4.1 again. I haven't heard satisfactory answers. I appreciate what's being said about going forward, and we're going to hold that to account. But in terms of accountability, I want some held right now. I want to know why these things were not done. It's not good enough just to say that what you did before wasn't acceptable and that it's going to be okay in the future. I want some accountability right now from the commissioner or the deputy. I want them to take responsibility for why 12 out of 13 items in two previous audits have not been done. Why is this?

Commr George Da Pont: Maybe I could start, Mr. Chairman.

The first point I would like to make is that a lot of work was done on all of these things; none were completed. We tabled with this committee our business plan with a status report, as of February of last year, of what had been done on the items and what remained to be done. It was not a case of not moving on any of the items; a significant amount of work was done on all of them.

I think there are probably three things I would say. It risks sounding like an excuse, and I don't want it to, but I do think the Auditor General was right in observing that we made a fundamental mistake at the beginning in trying to work simultaneously on all the recommendations.

A number of those recommendations were very significant. They required a great deal of work, and they required a significant amount of cultural change within the organization. We tried to do everything at the same time. We did a lot of things; we didn't finish anything. I think that is one factor.

Second is that during that period the coast guard was also undergoing other significant changes, which took a significant amount of management time. The coast guard became a special operating agency within DFO; a portion of responsibilities for navigable waters and the Office of Boating Safety was transferred to Transport Canada.

As I think the committee appreciates, executing those sorts of issues does take a fair bit of time. We also were involved in significant internal review processes, particularly the expenditure review committee process.

I don't want to offer these as excuses, because they're not intended to be, but they are explanations for why management was not as focused on some of this as it should have been.

• (1155)

Mr. David Christopherson: Who's at fault? Which one of you two is going to take responsibility today? Are you going to point to someone who is accountable? Who is responsible for managing all the processes that started and didn't get finished? That's really bad management, so who's taking responsibility for that?

Ms. Michelle d'Auray: As the accounting officer, I will take the responsibility for that.

As Mr. Da Pont said, it's not an excuse. There is work under way on every one of these. There is significant work under way. As we said at the outset, we have noted that the progress, as indicated by the Auditor General, is not satisfactory, but it's not that no work has taken place. There has been quite—

Mr. David Christopherson: But work started and not finished on virtually everything is as bad as not doing anything, would you not agree? If you don't have the result, you don't have the result; both roads lead to no result.

Ms. Michelle d'Auray: I would agree, Mr. Chair, that is the case. However, I would also point out to the members of the committee that we have tabled a business plan. We have indicated our status report against that business plan, and we have been very clear about the areas we have met.

One of the comments the Auditor General made to us, very rightly—and as Mr. Da Pont has indicated—is that when we try to do everything at once, which we have been told is something the coast guard has as an attitude, we can do everything, but it means that we often do everything halfway.

We have now established some pretty clear benchmarks, some achievable elements, and we are working towards them. It's perhaps not as fast as everyone would like; that's correct as well. But changing the responsibility elements within an organization, for example, having everybody in the regions report to the commissioner, was a significant change. There is a line authority now that was not there before.

Mr. David Christopherson: Thank you. I appreciate that.

Mr. Stoffer.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Chairman, when I read a report like this, I always think of Fidel Castro's famous words, that if you can't shoot them, you have to educate them. Somebody in the coast guard has to be educated.

When I hear a report that says the Auditor General identified three examples of poor maintenance and lost or badly written manuals that resulted in over \$8 million wasted.... If they can't handle this simple task, how can they handle complex tasks like guarding our coast? When the general public hears that, they get very, very nervous, and so does our largest trading ally, the United States. That's just a comment.

I have a copy of the Conservative platform of 2006. It says that they will establish the Canadian Coast Guard as a stand-alone agency. Madame d'Auray or Monsieur Da Pont, have you been given instruction by the government that you will now become a stand-alone agency? Since the 1995 merger with DFO, the people I speak to at the Dartmouth base and bases across the country have indicated that although it was different merging the two cultures together, in many cases it has been nothing but an unmitigated disaster. The Auditor General report has proven that.

So have you been given instruction to become a stand-alone agency?

Ms. Michelle d'Auray: The coast guard, Mr. Chair, is in fact a special operating agency.

Mr. Peter Stoffer: Oh no, excuse me—

Ms. Michelle d'Auray: It is so within DFO.

Mr. Peter Stoffer: Right, but it's not a stand-alone agency.

Ms. Michelle d'Auray: Not at this point, no, it is not.

Mr. Peter Stoffer: So you haven't been given instruction on that.

Ms. Michelle d'Auray: That is the position, that the agency is within the Department of Fisheries and Oceans.

The Chair: I apologize. I do have to interrupt you. Your time is up. I know it's difficult.

Mr. John Williams: Could we complete that statement, Mr. Chairman? It seems to be a little bit political, so we could get a little political debate going on here. Stand-alone agencies and special operating agencies seem to be the same thing.

The Chair: Mr. Wrzesnewskyj, seven minutes.

Mr. Borys Wrzesnewskyj (Etobicoke Centre, Lib.): Thank you, Chair.

When the men and women of the coast guard look at this report and read the transcripts of this committee meeting, I think they'll be quite disappointed. So I thought I'd just take a quick moment off the top and express what I think are the views of most committee members, who are all tremendously appreciative of those men and women on the front lines of the coast guard. They do very difficult work, and they try their best, at times in very hostile or difficult environments.

What we don't expect is that the internal structures would create a difficult, hostile environment in which they're expected to do their work.

The coast guard is facing three major challenges: rust-out of its ships; inability to provide timely and accurate information on fish stocks, and that has huge repercussions; and a new challenge, a very serious challenge. Our biggest coast is in the Arctic, and with the melting ice cap, there is going to be a huge coast and a large territory to patrol. From my reading of this report, it's difficult to envision how your agency will be able to meet those particular challenges.

Perhaps what was most interesting in your opening address was that you noted that a cultural change within the agency was necessary. That's perhaps getting at the real substance of things. And you anticipate that it will take you three to four years for this cultural change. Do you have an action plan on this particular aspect of the challenges you face? And if you do, could you please table it with this committee?

● (1200)

Commr George Da Pont: Mr. Chairman, everything we are planning to do is in the business plan we tabled. And for the very specific items of standardization and so forth, we have identified the specific commitments.

We will be tabling with this committee, I would expect by mid-May, our updated business plan for 2008-09. One of the initiatives you will see in that business plan, which is a new initiative, is to spend probably a year or two within the agency on revisiting our mission, our mandate, and our values. That exercise is intended to get at the issue you're raising, quite legitimately, of looking at beginning to get the cultural change within the coast guard, to have people look at the coast guard more as a national institution rather than one focused entirely on their region, or their vessel, or their part of the coast guard.

I think that's one of the most significant issues, because the coast guard does have a very strong can-do attitude. It needs—and it

would be a mistake not to have—a lot of operational flexibility in the field, and it is balancing it with that national outlook and standardization.

Mr. Borys Wrzesnewskyj: I'd actually challenge you on one thing you've just stated. Perhaps on the front lines there's a can-do attitude, but what I think this report clearly demonstrates is the exact opposite. Perhaps there's an attitude to say the things that higher-ups expect to hear, but when it comes to actually getting things done, the report seems to indicate the exact opposite.

It sounds as if it's just going to be a warm and fuzzy approach in terms of addressing cultural change. Is there something a little more substantive that we're looking at there? It almost sounds as if the whole administrative structure needs a serious shaking up.

Commr George Da Pont: I guess what I would say is that I think there has been significant change. Becoming a special operating agency was very significant. Becoming a line operation as part of that was very significant. Having policy and regulatory responsibilities move to Transport Canada so that the coast guard could focus exclusively on service delivery was very significant.

We have seen, in the past three budgets, an investment of almost a billion and a half dollars in the coast guard. I think that's extremely significant. It begins to provide some improvements in terms of getting new vessels and so forth.

So I think it is more than just the cultural change. It's been accompanied by very significant organizational changes. It's been accompanied by very significant investment in the last few years.

The final thing I would say is that beginning next year, we're going to implement a standard organizational structure across the coast guard. That also is a very significant change.

So I do think there are a lot of concrete elements, not just the cultural change part.

● (1205)

Mr. Borys Wrzesnewskyj: We look forward to seeing the updated business plan, especially the cultural change portion of it.

Mr. Hubbard.

Hon. Charles Hubbard: In terms of other coast guards and other countries providing similar services, have you attempted to analyze what other nations have done? You talked about, for example, your collective agreements. If you do a comparison with the navy, most people on the fleet certainly have a much better collective agreement than the people who are joining our navy. So have you looked at other countries?

Secondly, how did we get into this box about a month on and a month off in terms of the people who are on the fleet?

D/Commr Charles Gadula (Deputy Commissioner, Canadian Coast Guard, Department of Fisheries and Oceans): Mr. Chairman, we have looked at comparisons with other coast guards around the world, and we have regular meetings in both the north Atlantic and the north Pacific.

Going specifically to the crewing systems we have, they're all negotiated on our behalf by someone else, as you know. We ended up with the lay-day system, with a 2.1 clause in it. As a result, we now get 18 weeks' work out of an individual.

It's a problem for us, and it's an issue we're looking at now from a strategic point of view, trying to clarify, with those who bargain the collective agreements, the need to have a lay-day system that's comparable with other organizations but that, in the end, would result in a true day-on/day-off scenario. But we are burdened at the moment with the four different operational systems that we use.

In response to your question, in the late 1960s and early 1970s, for instance, when I first went on board our ships, we had only conventional manning. You got your annual leave of three weeks a year and you were away the rest of the time. Times are different now. We are trying to build collective agreements strategically, for both ships' officers and crews, that are fair, that allow us to recruit the professionals we need, but that at the same time don't tie our hands with respect to the availability of crew and the ability to operate 24/7 operations where required, and as well to have seasonal operations that make sense in the areas of Canada where we do have seasonal operations.

The Chair: Thank you, Mr. Hubbard.

Mr. Sweet, seven minutes.

Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC): Thank you, Mr. Chairman.

I think you certainly hear loud and clear, from the entire committee, that this kind of report is more than troublesome. This isn't a 6.9 or anything; absolutely no satisfactory performance has been made.

My real concern, as it goes back to 1983, is that the cultural change you mentioned is an endemic problem. I guess the overall question...and maybe I'll save that as the last question I have you answer.

We really need to know what is different today when this department has repeatedly come back, report after report, and said they were going to make it happen. The last year an action plan was actually submitted was 2002. What's going to be the difference today, over all the rest of those times, so that progress is really going to be made?

Before you answer that, as maybe a closing statement for my round, on pages 10 and 11 there's the sad tale of some seriously flawed maintenance. It not only cost millions and millions of dollars, but it also risked the lives of crew on these vessels. Is the maintenance scheduling—I'm hoping, actually, you're going to tell me that the manuals are in place—a key priority? Is making sure these vessels are kept up to date, not only mechanically but safety-wise out of concern for the crew, one of the key priorities in your plan going forward?

Commr George Da Pont: Let me start with the issue of the manuals. We do have manuals on all of our vessels.

• (1210)

Mr. David Sweet: Are they all up to date?

Commr George Da Pont: No. As the Auditor General has noted, some are not up to date. There are varying reasons for why that's the case, which I won't bother to go into. But we have made that a significant priority, and we are looking at that comprehensively.

Each of the incidents on page 10 and 11 were investigated. There were recommendations, and the recommendations were implemented. But I launched an internal maintenance review, because beyond these specific incidents there may be some structural, fundamental issues. I've been briefed on the progress of that.

One of the issues, in fairness to the people doing the work and with regard to some of the observations, is that in the last number of years, after program review, we cut significantly the number of people on the vessels, the number of people engaged in these activities. That was happening at the same time as the vessels were getting older and as the requirements for maintenance—the workload—were rising.

So beyond the very specific issue of manuals and so forth, I think there's probably a more fundamental issue we need to come to grips with. I'm beginning to wonder whether we may not have enough people on those activities, given the workload and the increased workload because of aging vessels.

Mr. David Sweet: Okay. Well, that's one of the places where you could actually persuade us that it's going to be different. Do you have the resources to get to a place where you have enough people who have the expertise to do it?

Commr George Da Pont: I don't have the resources in place at the moment. But this is one of the key things I will be discussing with Treasury Board if the final result of our maintenance review confirms, which I think it will, that this is a priority issue we have to address if we're going to make fundamental improvement.

Mr. David Sweet: The other big one in this report—it's really big, and I think it's a very serious issue—is the fact that you have an organization you're trying to make a national institution. And I commend you for that. But you have these five regions that are acting as if they're autonomous. Are you making some headway on that so that the coast guard is the coast guard is the coast guard, no matter what base you're at or what region you're in?

Commr George Da Pont: I feel that we are making headway on that. I feel that the management team and the assistant commissioners of the coast guard are fully behind this. Becoming a national institution, though, will raise local issues as you move to standardize things, because it means that you have to change things. And changing things in some of our smaller centres is not always easy.

So I think it will take time, but I think the commitment is there and I think we're making progress.

Mr. David Sweet: There is an old saying that the only one who likes change is a wet baby.

You mentioned something about lighthouses. Are you suggesting that you operate lighthouses not because they're actually technically necessary or necessary for navigation but because you're operating them as museums? Have you asked Canadian Heritage for some funds to maintain these?

Commr George Da Pont: I think there are a couple of issues. One is that we do maintain staffed lighthouses. We have about 52 or 53 staffed lighthouses. We're the only developed country in the world that maintains staffed lighthouses. But that was as a result of a clear decision that was taken and direction that was given.

Beyond that, we are looking at trying to dispose of the lighthouses we no longer need. But that is where significant heritage issues come in.

Mr. David Sweet: Good.

I have one last question that I want to make sure I get in here as well. It is on paragraphs 4.50 and 4.51. This is a big issue of cost overrun, in the sense that the Auditor General has pointed out that you're going to need additional money. Is the maintenance information management system part of the ITS strategy? If it is, I see some conflicting dates here. It looks like a review estimated that the system would not be fully implemented before 2011. Then in paragraph 4.48, it says that the ITS strategy project is about two years behind schedule and that the completion date has been changed to March 31, 2007.

First, was it completed? March 31, 2007 is a little bit in the past. And do we have a handle on this escalating cost of the maintenance information management system?

• (1215)

Commr George Da Pont: With respect to the ITS strategy, we have completed that strategy this month, and we're now into the wind-down phase for the next two or three months. So we have completed it, but we're behind schedule.

With MIMS, last year, or a little over a year ago, I froze making any more capital expenditures on the system because we had commissioned an external review that raised some significant issues on whether or not we were on the right track. I don't want to make further expenditures on it until I'm convinced we have a realistic plan that we can implement before 2011, and at a cheaper cost.

So the focus of the work has been on developing that plan. It is going fairly well, and I expect that we will be able to resume implementation of MIMS in a much quicker and more cost-effective way.

The Chair: Thank you, Mr. Da Pont.

Colleagues, we're now starting the second round.

Mr. Hubbard, you have three minutes.

Hon. Charles Hubbard: Thank you, Mr. Chair.

We seem to talk about the regions. In terms of the capital itself—Ottawa, right here, in this area—how many coast guard employees are located here, within a small number?

Commr George Da Pont: There are around 300 people, out of about 4,700 in the coast guard.

Hon. Charles Hubbard: Mr. Da Pont, one of the frustrations some members have is that people drift through the system and they never seem to get rated the way they should be. You get performance bonuses, and so forth, but....

You were brought into a very difficult situation, I would think, when you arrived at your desk and you looked at all of these and you said, "My predecessor hasn't really met what the Auditor General has suggested should have been done in a year." I think I know who your predecessor was, but they go somewhere else, and really, you have a major challenge.

Do you feel that you're up to meeting the challenge that the Auditor General has indicated has to be done?

Commr George Da Pont: Personally, yes, I feel that I am up to the challenge. I suspect some of these management and administrative issues were perhaps one of the reasons I was appointed into this particular job, because it's an area where I have had some significant experience in previous jobs.

Hon. Charles Hubbard: I guess what I'm going to say—I have only a minute or two left—is that the next time we're back talking about the issue with you, we can see the name George Da Pont and we can see that significant progress has been achieved.

Commr George Da Pont: I certainly hope that's the case. You'll get the first test when we submit our year-end report on our business plan.

Hon. Charles Hubbard: As one final point, when you need new ships in your fleet, has all that been approved by the Department of Public Works and Government Services; the bids are out, and you fully expect to see the rejuvenation of your fleet in terms of the billion dollars that is available?

Commr George Da Pont: Yes, we work jointly with the public works department on the major procurements of those vessels. Of the 17 new vessels, in fact, we're evaluating the bids for a package of 12 right now. With the other vessels, with the exception of the one that was just approved in the most recent budget, it's my hope that we will have the requests for proposals for those vessels out early next year.

• (1220)

Hon. Charles Hubbard: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Hubbard.

Mr. Williams.

Mr. John Williams: Thank you, Mr. Chairman.

I'm looking at paragraphs 4.52 and 4.53, about the director general of integrated technical services, who apparently reported, "Many of the catastrophic failures that have occurred over the past several years were avoidable." He goes on to say, "while the recapitalization of any asset base is critical, the various failures have not been caused by age alone, but by the lack of even the most fundamental materiel management system."

The next paragraph says that the coast guard is going to have this all fixed up by March 31, 2007, which of course begs the question, has it been done?

Commr George Da Pont: I think significant progress has been made.

Mr. John Williams: I would like to remind you, Mr. Da Pont, that this is the end of March 2008. This is 12 months ago. You made the commitment that this would be completed by 12 months ago. This whole series of questions today is about your starting something but never getting it finished.

Commr George Da Pont: In fairness, Mr. Chairman, that's the observation of the Auditor General. That was the plan we had in place when the Auditor General looked at the situation in 2006. As I indicated a little earlier, we did not complete the ITS strategy for March 2007. We have completed it this month and we are in the wind-down phase. We are about a year behind schedule on that aspect.

On that ITS strategy, the reason I—

Mr. John Williams: Okay, we'll just stop there.

I'm going to move on to the human resources strategy now, because it seems to be just as big a boondoggle. I'm looking at paragraph 4.80, the second bullet. It reads: "The Coast Guard has been working for several years on a human resources plan for its sea-going personnel.... The plan is not finished."

And so on. Do you have anything finished at all over there?

Commr George Da Pont: We have completed a number of the elements. As I indicated in my opening statement, we have completed a strategic human resources plan that covers—

Mr. John Williams: Okay, so you have that completed.

I'm going to ask one final question, Mr. Chairman, because I know my time is very limited.

It seems to me the last time the coast guard commissioner was here he said that every ship that approaches our shores is required to radio ahead telling us that they're coming. Then of course, he went on to say that really these boats that bring in boatloads of illegal immigrants and boatloads of illegal drugs haven't been radioing ahead to say they are coming, and we have no real means of identifying that they're on their way.

Do we now have any means of identifying that boatloads of illegal immigrants and boatloads of illegal drugs are on their way, in case they don't tell us that they're coming?

Commr George Da Pont: We are actually working with the international community on introducing a long-range tracking system. I'll ask the deputy commissioner to provide you with a little detail on that.

D/Commr Charles Gadula: We have been working closely with most of the companies that are involved in the International Maritime Organization. It's an automated identification system that takes intelligence from overseas and allows us to monitor when these vessels come into Canadian waters. It will be completed and fully operational on both coasts and throughout the Great Lakes in 2011. That's in line with the international commitments.

There is a smaller identification system that has been put in place in the Seaway-Great Lakes area, but it's a local system and it's really for the safety side, not the safety and security phase.

The Chair: Thank you, Mr. Williams.

Monsieur Lussier, vous disposez de trois minutes.

[Translation]

Mr. Marcel Lussier (Brossard—La Prairie, BQ): My first question is for Ms. d'Auray.

The coast guard document "Safety first, Service Always - Business Plan 2007-2010" makes no mention of an annual operating budget for each of the five major regions. Could you tell me what the annual operating or investment budget is for each of the major regions? Perhaps this document could be sent to the committee.

Ms. Michelle d'Auray: Yes, Mr. Chairman. I could probably give you some order of magnitude.

Mr. Marcel Lussier: Could you send us that?

Ms. Michelle d'Auray: Yes, we could certainly do that.

Mr. Marcel Lussier: I have another more pressing question.

I am particularly interested in the issue of fleet renewal. We are currently in the process of purchasing 17 ships. It has been noted that the process is very slow, that there may be delivery delays, etc.

We are in the process of buying a ship in Vancouver. We are now on the third set of performance specifications. We want to buy a ship, but we are proceeding through performance specifications. Therefore, we do not have a plan. We are asking suppliers to give us plans and costs. I can understand that the process is slow, if we do not know what we want to buy at the outset and if we are proceeding through performance specifications.

Have you been informed of this process?

• (1225)

Commr George Da Pont: I am not entirely certain what situation you are talking about.

Ms. Michelle d'Auray: It concerns the purchase of a vessel on the west coast.

Mr. Marcel Lussier: It concerns the purchase of a ship in the Vancouver region.

Ms. Michelle d'Auray: Of all of the purchases that we are currently involved with, the first process should cover the first 12. The call for tenders was posted, and we have received bids. This call for tenders includes specifications for the construction of 12 ships. Therefore, if there is a specific case...

Mr. Marcel Lussier: They are not final plans at the outset. You are not making acquisitions from plans. You are making acquisitions from the performance specifications.

Ms. Michelle d'Auray: All right, now I understand what you are trying to say.

The calls for tenders are partly based on plans and specifications and partly on performance aspects. In fact, we based them on a design that had already been approved. It is not as though we rewrote the ships' specifications. We asked for some modifications in order to meet the needs of the coast guard and we also added some performance aspects.

Mr. Marcel Lussier: Thank you very much.

[English]

The Chair: Mr. Sweet, you have three minutes.

Mr. David Sweet: Thank you, Mr. Chairman.

Could you tell me how many research projects from the Department of Fisheries and Oceans are backed up right now because of the lack of vessels?

Commr George Da Pont: I'm not aware of any research project that's backed up at the moment.

Our science vessels, where we've had the greatest difficulty, are among the oldest in the fleet. In the past seven years there have been 90 surveys planned. Of those surveys, only two were not conducted because of issues with the vessels. However, a very significant number—33—were interrupted in some fashion because of breakdowns and were not conducted as originally planned.

So we have had significant issues, but for the most part we have been able to complete the surveys.

Mr. David Sweet: Okay, so presently there's nothing pending that isn't in the queue, so to speak, because a vessel isn't available. Have we had to use any private contractors so far?

Commr George Da Pont: We do hire private contractors occasionally. That is one of the ways we backfill if we have a vessel that can't do the program it was intended to do. You can't do that all the time. It depends on what the program is.

Mr. David Sweet: Please tell me that it's a rarity.

Commr George Da Pont: It is.

Mr. David Sweet: All right.

Paragraphs 4.70 and 4.71 talk about technology again. The St. Lawrence Seaway and many other international jurisdictions already have fully operational automatic identification systems in place. Paragraph 4.71 goes on to say that the coast guard expects the project will be providing information to marine security operation centres by the 2008 deadline.

Is that happening? I think I saw in your opening remarks that is the case. And is it at full capability?

Commr George Da Pont: The deputy commissioner mentioned a few minutes ago the specific local system on the St. Lawrence. We are feeding into the marine security operation centres that are run by DND on both the east and west coasts. So we are now feeding information from our vessel traffic system into those centres.

• (1230)

Mr. David Sweet: Is there still some capability that has to come online?

Commr George Da Pont: Yes, it's still in the development mode. They're operational on both coasts, but there's still further development.

Mr. David Sweet: So there's a significant percentage still to go.

Commr George Da Pont: A similar centre is planned for the Great Lakes to be run by the RCMP. That's in its initial startup phase.

Mr. David Sweet: Mr. Chairman, if I could indulge the committee, I ran out of time the last time as well.

If they have some specifics to convince this committee with, of new resources, training, or whatever, that we should have a new look at this—in attitude, compared to the last—could they have an opportunity to give that now, or maybe as their closing remarks?

The Chair: You could either file it or make closing remarks. Did you get the gist of his comments, Madam? Okay.

Thank you, Mr. Sweet.

Mr. Stoffer, Mr. Christopherson.

Mr. Peter Stoffer: Thank you very much, Mr. Chairman.

Again, on page 14 of the report, one of the biggest concerns is that scientists and the Minister of Fisheries and Oceans are making quota allocations or decisions on fisheries using unreliable information.

Regarding the maintenance concerns of those vessels, opening up a limited fishery in an area that hasn't been properly surveyed and without having the scientific information could be very damaging to fish stocks. So I would hope we don't see something like that again.

But Mr. Da Pont, in a previous committee you and I talked a lot about the moving of the icebreakers from the Halifax region over into St. John's and Argentia. And you have indicated that though there's a certain limited cost in the one area, it won't be much of a cost at all—although people within your department have publicly said that's simply not true.

You issued those reports of the cost analysis to the DFO committee. I was hoping you'd be able to bring one to this committee as well, and that the committee, Mr. Chairman, would ask the Auditor General to look into this prior to the actual move happening in order to ensure that what they say about the cost will definitely be the truth, and that we won't find out six months later, "Oh well, we didn't know about this dredging, or the expansion of a wharf" or something of that nature. We know those things have to happen. But they're being very optimistic that the cost will be almost negligible for the St. John's area.

My question for you is this—and this is all a matter of trust now, Mr. Da Pont and Madam d'Auray. How much money are you going to go to the Treasury Board and ask for? You said you need more resources. You should know the answer of how much money Treasury Board needs to give you in order for you to do your job, so that we don't have a report like this again in the future.

Is it \$10 million, \$20 million?

Commr George Da Pont: We're working right now with the Treasury Board on a very specific submission to offset fuel price increases. Since about 2005 or 2004, our fuel price increase has been \$24 million. So we are working with the board to at least offset a portion of that.

Beyond that, as I indicated earlier, the one area where I personally feel we will have to make significant investment is around some of our maintenance work, where we may just not have enough people. That is something we're still working on. I don't have a number at the moment, but I hope to be going forward with that in the next year.

Mr. Peter Stoffer: And what about the reports to the committee?

Commr George Da Pont: We are certainly quite prepared to table with this committee all of the material that we tabled with the Standing Committee on Fisheries and Oceans.

If I might be permitted, Mr. Chairman, to make one comment in relation—

The Chair: Yes.

Commr George Da Pont: You mentioned the possibility of dredging, and I want to make a comment on that, because I do understand that there were some concerns going around that we would somehow have to dredge St. John's base to accommodate the *Terry Fox*. I want to say that the *Terry Fox* was tied up there earlier this year. We sent divers down to see how much clearance there was, and we're quite confident that there is no dredging required.

The Chair: Thank you, Mr. Stoffer.

Mr. Wrzesnewskyj.

Mr. Borys Wrzesnewskyj: Chair, Mr. Stoffer has had a long-standing interest in the coast guard. I think all parties here are very concerned about this report, and I thought I would pass my time over to Mr. Stoffer so he can continue with his line of questioning.

•(1235)

The Chair: That's very generous of you, Mr. Wrzesnewskyj.

An hon. member: Just in committee, Peter.

The Chair: Mr. Stoffer, you get two minutes and 40 seconds.

Mr. Peter Stoffer: Chocolates are coming your way. Thank you.

Well, I'd like to go back to what Mr. Williams said earlier.

Mr. Da Pont, you have been the commissioner since 2006. In the book it says that a report would be finalized by May 2007, and it's now 2008, a year later. Who did you assign to get that work done?

Commr George Da Pont: I'm sorry. Are you referring to the ITS strategy?

Mr. Peter Stoffer: Yes.

Commr George Da Pont: That was the responsibility of the director general of technical services and his team.

Mr. Peter Stoffer: And how are they doing?

Commr George Da Pont: Well, as I mentioned, the strategy is now complete.

Mr. Peter Stoffer: Okay.

To the Auditor General's staff, Mr. Wiersema, you had indicated that you're hopeful and optimistic that you may not have to write a report like this again. But this is the third one since 1983. Optimism and words are always a nice thing. When do you plan on doing another report on the coast guard? When is your next scheduled audit of the coast guard?

Mr. John Wiersema: Mr. Chairman, at this point—and Mr. O'Brien can correct me if I have this wrong—we have not made any final decisions about when we might revisit the coast guard and do further follow-up. Those decisions might be guided by advice and recommendations from this committee.

Mr. Peter Stoffer: So if the committee makes a request a year from now, you might consider that request?

Mr. John Wiersema: We always take requests from this committee very seriously in planning our work program.

Mr. Peter Stoffer: Mr. O'Brien, you're from the Nova Scotia region, and you've heard a lot about the media reports of the vessels being moved up to Newfoundland. Do you have any opinion to offer?

Mr. John O'Brien (Principal, Office of the Auditor General of Canada): Mr. Chairman, no.

Mr. Peter Stoffer: Hey, you're good. He's good.

I'll pass the remaining minutes to Mr. Christopherson.

Mr. David Christopherson: I have a quick question.

Commissioner, your opening comments speak to trust, so I'd ask you to comment on this. You said today that "a significant first step was taken in 2003 when it was announced that the Coast Guard would become a special operating agency within DFO." If we took that as a stand-alone, that would sound like a good thing. You have used the word "significant" a number of times today.

But the statement made by the deputy auditor general today said that, "for example, the coast guard developed a plan for a special operating agency"—which you took the bow for—"even though it did not have the resources it needed to implement the plan. Not surprisingly we found that many elements of this plan were unfinished well after the expected completion date."

Now, this—because it's your statement—in conjunction with the issue that two of my colleagues have raised about it being a year over date, has happened during your time, sir. We want to have a comfort level that you're actually going to ensure that the promises made this time are really kept. Yet there are a couple of flies in the ointment already. Can you comment on the discrepancy between your bragging about what's done and then the deputy auditor general's saying today—in the same hour—that this was one of the problems? It somewhat speaks to our relationship with you and our trust level.

Commr George Da Pont: Mr. Chairman, I would say, first of all, that I wasn't intending to brag. It was announced that the coast guard would become a special operating agency in 2003. The authorities from Treasury Board to make that a reality came into effect in April 2005. The Auditor General's office was quite correct in saying that when they went back and looked, in the course of their work, at the implementation plan, there were a number of very significant things that had not yet been implemented. Those things are the key items that are referred to in our business plan as some of the key priorities, and we put focus and resources on completing those items to make the special operating agency a reality.

Regarding the specific things that were not completed when the Auditor General looked at them—and which are now completed—we have now set up the advisory boards with both internal and external clients. We have launched a comprehensive review of our levels of service involving the clients. We have worked with Treasury Board to get some of the additional authorities and flexibilities that were envisioned as being part of a special operating status. Two of the most significant that we've received are a grouping and a new authority for how we do our refit. I won't get into the details of that, but it is enormously significant. The second is a new capital carry-forward authority that gives us much more flexibility in managing multi-year capital projects. So that actually became very high priority, and we've actually completed the vast majority of those things that the Auditor General found were not in place when they conducted their study.

• (1240)

The Chair: Thank you, Mr. Christopherson.

Thank you, Mr. Da Pont.

With the last question, we'll have Mr. Williams, for three minutes.

Mr. John Williams: Thank you, Mr. Chairman.

Mr. Da Pont, Mr. Stoffer asked you if you had developed a clear presentation to go to Treasury Board or whomever to say that in order to be a really functional organization through the mandate given to you, this is what you need, and this is what you're going for. You came back and said you were trying to figure out how to accommodate the increase in fuel prices, and you totally avoided Mr. Stoffer's question.

You now, according to the Auditor General and perhaps according to you, know what is required to run the coast guard to the standards determined by the Government of Canada. Have you made a submission to the Treasury Board or to the department—since you are an SOA—saying that this is what you need to do the job they expect of you?

Commr George Da Pont: As I mentioned, we have—

Mr. John Williams: Is that a yes or a no?

Commr George Da Pont: Partly. We have submitted one submission. We're working on fuel. I'm sorry, Mr. Chairman, but that is the reality.

In terms of the larger issue, we are scheduled to go through a strategic review by the Treasury Board in 2009-10.

Mr. John Williams: Yes, but let me take the onus away from the Treasury Board and put it right on your shoulders, Mr. Da Pont. As the commissioner for the coast guard, you know you don't have the resources, or you're saying you don't have the resources. A lot of them are wasted because of incompetent maintenance and so on, but nonetheless, you know you don't have the money. Why aren't you initiating to the Treasury Board, "I need x number of dollars or you can drop the standards; tell me which one it is"?

Ms. Michelle d'Auray: If I may, Mr. Chair, I think Mr. Da Pont did initiate such a request. Fisheries and Oceans and the coast guard received an amount of \$99 million from the Treasury Board because we did put the business case to the board on capital. That was the core element, as indicated by the Auditor General. Part of that also went into maintenance.

As Mr. Da Pont also indicated, we did receive from the Treasury Board, because we had made the request, the capacity for us to be able to manage the capital budget as an entity, and re-profile, because

Mr. John Williams: What about the operating budget?

Ms. Michelle d'Auray: The operating budget is also being looked at, at the moment, and we're building a business case for that. We do not want to, as we have done in the past, go all out and do all kinds of business cases that are half-baked. We want to do solid cases and bring them when they're ready and present them to the board, and to work with the secretariat on those cases.

Mr. John Williams: We can only hope that is not going to take too long, because the coast guard does perform a vital service to this country.

Mr. Da Pont, you mentioned, of course, that the maintenance is a problem because you may not have enough people. I was quite troubled by the word "may", because you've been dealing with this problem for years and years, and you still haven't figured out if you have a shortage of manpower or if you don't have a shortage of manpower, or if they're just ill-trained and ill-equipped and in the wrong place at the wrong time. I don't know what the problem is.

But when are we going to get definitive statements from the coast guard of, yes, we see the problem, we have identified how to fix it, and we're going to get it fixed? When are we going to get that kind of language?

The Chair: Thank you, Mr. Williams.

Go ahead, sir.

Commr George Da Pont: Mr. Chairman, I hope that we are providing that kind of language.

If I use the example of maintenance, I know it's a problem. I sat down at some length with the Office of the Auditor General to try to get a very solid understanding of what the underlying causes of that were. We concluded—

Mr. John Williams: You're the manager.

Commr George Da Pont: They took a look at us, and having an independent observer giving us their advice was very helpful.

What came out of it—and I know you probably won't like this answer—was a need to actually do a structured review of how we do our maintenance. We have been doing that for the past year, in-house, involving mostly our people in the field and the experts on the vessels. I expect to have the result of that by the end of the month.

My view is that I need to understand very clearly to develop the type of business case that the deputy minister was talking about. I need to be able to substantiate it by having gone through a very structured process. As the Auditor General noted, one of our failures has often been that we haven't actually taken the time to do our homework on some of these things, and as a result, we perhaps have not been as successful in dealing with central agents as we should.

What I do want to say is that I'm very committed to dealing with these issues. We have a plan. We are being very transparent. We are reporting consistently against this plan. I do take full accountability for it.

• (1245)

Mr. John Williams: Well, that's a start.

The Chair: Thank you, Mr. Da Pont.

Just before we ask for closing remarks, Mr. Da Pont, this movement of the icebreakers from Dartmouth to St. John's and Argentia is a big issue. Can you file with the committee, so we can use it in writing a report, all documentation, memoranda, and analysis that was done in these particular moves that were made?

Commr George Da Pont: Yes, we can.

Mr. John Williams: Mr. Chairman, be careful. Do you know what you're asking for? You're likely asking for a stack 10 feet high.

The Chair: No, I don't think so. There may not be anything.

We'd like that in two weeks, Mr. Da Pont.

Commr George Da Pont: We've already filed it, actually, some months ago with the Standing Committee on Fisheries and Oceans, so we will be able to provide it quite quickly.

The Chair: Okay.

On behalf of the committee, thank you very much.

Mr. Wiersema, do you have any closing comments?

Mr. John Wiersema: I will be very brief, Mr. Chairman. I think a number of committee members have pointed to the important services provided by the coast guard and the front-line people out

there who are providing those services, and to the importance of recognizing that. I think that's entirely appropriate. Notwithstanding that, there are some long-standing management issues the committee has been quite correct in asking about—being assured about what's different now and why are these going to be fixed.

Just to summarize what I said earlier on that, Mr. Chairman, I do believe that the commissioner and the deputy minister have produced a sensible business plan, have been more strategic about this, and have established priorities. Mr. Da Pont has indicated his personal commitment to the delivery of that business plan. There's good transparency and reporting to the minister and to the committees on that business plan.

I think the one remaining issue the committee has touched on—and I believe it needs to be fully addressed—is the security and stability of the funding required to provide these services in order for the coast guard to move forward. We all have to have a clear picture of the funding that's required to deliver the services that are expected.

That's it, Mr. Chairman.

The Chair: Thank you, Mr. Wiersema.

Ms. d'Auray, do you have any closing remarks?

Ms. Michelle d'Auray: I will be very brief, Mr. Chair. I have two comments before I go into the closing remarks.

The first is that one of the members requested the regional breakdown in the business plan, and it is actually on page 66, so that the costs, the regional spread, are there.

With regard to the lighthouses and their divestiture, I believe there is a bill that will be going to the Standing Committee on Fisheries and Oceans with regard to lighthouse divestitures and heritage protection as well.

In closing, I think a number of members have rightly asked us if we are accountable, and the answer is yes. Will we take the responsibility? We do. Do we take it seriously? Absolutely. Is it easy? No. Are the changes that have been identified to be made significant, to use that term? Yes, they are. Are we making progress? Yes.

Is it satisfactory according to the report of the Auditor General, which was done in 2006 and reported in 2007? No. Have we made progress since then? I would absolutely say yes. Do you have our commitment for that progress to continue? Yes. What are the changes we have seen? We have seen the organization become a special operating agency. Yes, it is within the department, but with its own fenced-in budget.

We have seen changes in terms of our ability to move capital money forward and re-profile as necessary. We've seen changes in terms of the maintenance capacity and understanding of the issues. We have a more focused mandate; a lot of the policy issues have been transferred to Transport Canada. We are now clearly focused on the key operational elements.

We have line reporting, which we did not have before. We now have the capacity to replace 17 of the 40 vessels, again a major issue that had been identified. And we are actually at the point of reporting on a regular basis, in a very transparent fashion, on the goals we have set ourselves, the results we seek to achieve, and whether or not we're making them.

• (1250)

The Chair: Thank you very much.

I want to thank you all on behalf of the committee. We have a motion to deal with. We want to thank you for your appearance. All the best.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): I have a very quick inquiry to make. Shall I just wait?

The Chair: Just before we go to Mr. Poilievre, what I propose to do here, colleagues, is give Mr. Wrzesnewskij two minutes to talk about his motion. I'll entertain six interventions, up to a maximum of one minute. Then I'll go back to Mr. Wrzesnewskij for the last word, and then I'll put the question.

Mr. Poilievre.

Mr. Pierre Poilievre: About a week ago, I raised the concern that we should be returning to the RCMP question, even though our report is done, for the purpose of reflecting on where the personnel changes have gone, and I thought maybe fall would be a good time period. There seemed to be consensus around the table that that might be a useful exercise.

I'm just wondering where that ended up. I'm not sure if I actually...

The Chair: [*Inaudible—Editor*]...if you want to bring it forward next week. You did present a motion, but it was never brought forward. We can deal with that, if you want.

Mr. Pierre Poilievre: I'm sorry, I thought I had brought it forward.

The Chair: Mr. Wrzesnewskij.

Mr. Borys Wrzesnewskij: Thank you.

I think the motion is self-explanatory. Perhaps I could add a couple of words to the motion.

The Honourable Jim Flaherty, Canada's Minister of Finance, is not a rookie politician. In fact, he's quite the opposite. He's a very experienced politician. That's why it's quite worrisome that there was this violation of Treasury Board guidelines.

Even more perplexing and worrisome is the explanation that this was fine because there was value for money. We know that Mr. MacPhie, a long-time Conservative stalwart going back to the time of Mr. Harris, obviously got tremendous value for the money he received. Perhaps there's a long-standing relationship with the minister. Perhaps there was value for money for the minister. But I'm

not convinced that this renders value for money for the Canadian taxpayer.

Secondly, even more worrisome is that after an admission of violation of Treasury Board guidelines, we've seen through access to information documents that there has been a series of these contracts just below the \$25,000 limit. This is something similar to what we saw in the RCMP investigation of pension insurance funds, when we talked about the rigged contracting system. We saw a similar pattern of nudging just below the limit.

Instead of addressing this violation thoroughly and making sure that in the future these sorts of things do not occur, we've seen a new manner in which to circumvent Treasury Board guidelines. This is why I think it's incumbent upon us to bring the minister before us.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): I have a point of order. Borys said he was going to make an amendment to his motion, but he hasn't actually made an amendment yet. He was going to add two words to amend his motion, he said, at the beginning of his preamble.

Did you actually make an amendment?

Mr. Borys Wrzesnewskij: I didn't say I was going to make an amendment.

Mr. Mike Lake: You said you were going to add a couple of words to amend your motion.

Mr. Mark Holland (Ajax—Pickering, Lib.): No, he said he was going to add a few words to speak to it.

The Chair: You may comment, Mr. Williams, for one minute.

Mr. John Williams: Thank you, Mr. Chairman.

I appreciate where Mr. Wrzesnewskij is coming from. First of all, Mr. Flaherty, the Minister of Finance, apologized not to the committee but to the House of Commons for breaking the Treasury Board guidelines, in that there was a contract for well in excess of the \$25,000 limit for untendered contracts. Not only did he apologize, but he made a clear, categorical statement that he wouldn't do it again.

I'm not sure what Mr. Wrzesnewskij wants beyond an apology and a commitment that it will not happen again. I don't know what he intends to do.

With regard to the Treasury Board guidelines of \$25,000 for untendered contracts, that is the rule. If the contract is awarded for less than \$25,000, that is not breaking Treasury Board guidelines; that's living within the guidelines.

Now, some people may say there's a perception of abuse, in that it's close to the limit, though not in excess of it. Let's remember that this is not breaking the guidelines. Therefore, it is very strange to call in the President of the Treasury Board to ask him why he didn't take any action against the Minister of Finance. What's he supposed to take action against? The Minister of Finance lived within the Treasury Board guidelines.

The first point I want to make is that I cannot understand why the President of the Treasury Board would be called before the committee other than to reaffirm what the rules are. Well, we already know what the rules are.

•(1255)

The Chair: Thank you, Mr. Williams.

Mr. John Williams: Mr. Chairman, let me continue. I have a second point. This is serious and I'm speaking on behalf of our members. We have a clear guideline at this committee that we do not call ministers before us. If we have a problem, then we call the departmental officials.

I want to make a third important point, namely that there is no detail here. He has just said that untendered contracts for \$24,900 were offered to Conservative Party supporters. How many? To whom? When? I have no detail. If he had a list of a hundred long, I could say maybe there was something. But there's no information.

How can we support this motion? It's just a witch hunt by the Liberal Party based on an apology by the minister in the House and a commitment not to do it again. Here we have a motion at the public accounts committee. We can't support this.

The Chair: One minute.

Mr. Laforest, you're up after him.

[Translation]

Mr. Jean-Yves Laforest: It seems to me that I put my name on the list a long time ago. I did so at the outset.

[English]

Hon. Charles Hubbard: I can let him go first.

The Chair: No, you go ahead, Mr. Hubbard.

Hon. Charles Hubbard: Thank you, Mr. Chair.

I take the opposite point of view. I know speeches are valuable, and I listened to that speech in the House. When I heard later that the writing of that speech cost that much money, I just wonder what value we did get. What was the cost per page? It seems like a very significant cost to have someone write a speech.

I know we have speakers in this country who come and deliver speeches at great conventions and they're paid \$50,000 or \$100,000. I know certainly the government has great support for the presenter, the so-called minister. To think it cost that much to write him a speech seems extraordinary.

The fact that it was done, Mr. Williams, without any tendering process certainly shows that one of the senior ministers in our government is not able to follow the accountability and the high standard that the present government has for how it deals with business.

The Chair: Mr. Laforest, for one minute.

[Translation]

Mr. Jean-Yves Laforest: Mr. Chairman, this motion was tabled at the Standing Committee on Finance, on which I also sit. One of the reasons why we did not agree that it be studied at the Standing Committee on Finance was that we were convinced that it should come under the Standing Committee on Public Accounts.

I therefore agree on the substance of the question. However, some components of the motion are very different from the motion that was tabled at the other committee. That was much less accusatory, in part. I would like to propose a friendly amendment to

Mr. Wrzesnewskyj, if he agrees. In the second paragraph, I would delete the part that talks about contracts "valued at \$24,900 to Conservative Party supporters in order to bypass Treasury Board guidelines". If we want to find out if that is what was done, we must hear from the witnesses in order to ask them, before stating it in the motion. I will read the motion as it was tabled at the Standing Committee on Finance. It said:

Furthermore, Access to Information requests have shown that the Minister of Finance awarded a disproportionate share of untendered contracts valued at between \$24,000 and \$24,900 and therefore falling just below the level at which contracts must be subject to competitive tendering.

Everyone knows that. I would delete the entire third paragraph. At the end of the fourth paragraph, where it says: "to appear as witnesses in order to further study these violations of Treasury Board guidelines", I would delete the words "these violations of Treasury Board guidelines", and say: "on these situations that appear to be contrary to Treasury Board guidelines".

I do not know if Mr. Wrzesnewskyj will agree, but I propose this friendly amendment.

•(1300)

[English]

Mr. Borys Wrzesnewskyj: Chair, I accept those changes as friendly amendments.

The Chair: Would you move those amendments, Mr. Laforest.

[Translation]

Mr. Jean-Yves Laforest: Pardon me, Mr. Chairman?

[English]

The Chair: That is a motion to make that amendment.

[Translation]

Mr. Jean-Yves Laforest: I ask Mr. Wrzesnewskyj to change the motion himself.

[English]

The Chair: You can move that amendment, and Mr. Wrzesnewskyj has already moved his motion, so we're dealing with the amendment.

[Translation]

Mr. Jean-Yves Laforest: Mr. Chairman, this is a friendly amendment that I am asking him to include in his motion.

[English]

The Chair: Do you agree with that, Mr. Wrzesnewskyj? But we're going to vote on the amendment also.

Mr. Lake, you have a point of order.

Mr. Mike Lake: This is obviously going to take more time than we have. It's past one o'clock now. I have to go. I literally do have to go. I have some other things I have to do right now, and this is obviously going to take more time to discuss.

We're going to need to actually go over the amended motion and hear from the clerk on exactly what that amended motion says, and then we're going to have discussion on that. We have an amendment that we might move as well. This is going to take more time.

I suggest we come back and do this at the beginning of our next meeting.

The Chair: No, Mr. Lake, unless there's a motion to adjourn—moved and adopted—the committee will continue. I don't think this will take too long.

Mr. John Williams: I move we adjourn, Mr. Chairman, because after our normal adjournment time, there's nothing that allows us to continue on.

The Chair: We'll have a recorded vote on the motion to adjourn.

(Motion negated: nays 6; yeas 5)

The Chair: Read the amendment, please.

The Clerk of the Committee (Mr. Justin Vaive): I'll read the amendment from Mr. Laforest from the start, in French.

[*Translation*]

On February 4, 2008, the Honourable Jim Flaherty, Minister of Finance, admitted that he violated Treasury Board guidelines in awarding a contract to Hugh MacPhie for work provided in relation to Budget 2007.

Furthermore, Access to Information requests have shown that the Minister of Finance awarded a disproportionate share of contracts valued at between \$24,000 and \$24,900 that were untendered, falling just below the level at which contracts must be subject to competitive tendering.

The third paragraph has been completely eliminated and the fourth paragraph reads as follows:

The Public Accounts Committee calls the Honourable Jim Flaherty, Minister of Finance, the Honourable Vic Toews, President of the Treasury Board, Rob Wright, Deputy Minister of Finance, Wayne Wouters, Secretary of the Treasury Board, Hugh MacPhie and Sara Beth Mintz to appear as witnesses in order to further study these situations which appear to be contrary to Treasury Board guidelines.

●(1305)

[*English*]

The Chair: Okay. We're on the amendment.

Mr. Christopherson, you have one minute.

Mr. David Christopherson: I'll hold off and speak to the main motion.

The Chair: Mr. Lake is next on the amendment.

Mr. Mike Lake: I'd like some clarification on this amended motion.

We've taken out the reference to the Honourable Vic Toews, President of the Treasury Board, but we have him still being called before the committee in the fourth paragraph.

It's my understanding that ministers are accountable to Parliament and not to the Treasury Board. I'm not sure that the minister in charge of the Treasury Board is responsible to apply sanctions to the finance minister. I'm not sure what the rationale is here to have Minister Toews come before our committee, given the amendment that has been accepted by Mr. Wrzesnewskij.

Perhaps Mr. Wrzesnewskij can give some rationale for that. I'd like to hear that.

The Chair: We'll come back to Mr. Wrzesnewskij.

Mr. Fitzpatrick.

Mr. Brian Fitzpatrick (Prince Albert, CPC): I have an observation or comment I want to make on this.

Not too many years ago I was on the other side, and there was a strong reluctance on the public accounts committee to be hauling ministers in here. I never once supported doing that. I don't recall that happening in my experience on public accounts, including being on the opposition side.

I think it's an unwise practice because of the point that Mr. Lake just mentioned. Ministers are accountable to Parliament. We're dealing with the administrators of departments, and so on, and their accountability. We can deviate and throw this committee off course by turning it into that kind of a committee, but I don't think it's a good thing to do.

The Chair: Mr. Poilievre, you have one minute.

Mr. Pierre Poilievre: First of all, I think the amendment improves the motion dramatically and brings it more in line with the reality of the situation. To punish a minister or ridicule him because he came close to reaching the maximum but didn't reach it would be the equivalent of giving someone a ticket because they almost reached the speeding limit, but not quite.

Flowing from that, we really don't have much reason to bring in the police officer who, according to this motion, would be the President of the Treasury Board. He is not accused of having broken any rules whatsoever. The only administrative rules that were not followed were on the one contract with regards to the budget speech, and the Minister of Finance has already apologized for that. I fail to see why the President of the Treasury Board would have anything to do with our discussion.

I would be more inclined to support the motion if Mr. Wrzesnewskij would accept a friendly amendment that Mr. Vic Toews be removed at this time, and he could be called later if we find that there's something in some of his conduct that would require greater scrutiny later on.

I would offer that as a friendly amendment, that we remove President Toews from this motion as a witness.

●(1310)

The Chair: Mr. Poilievre, I accept your comments, but we're going to have to follow this procedure. We're going to have to deal with the first amendment. I take it that's a subamendment or the next amendment.

I'm going to ask the clerk to call for a recorded vote on the amendment only. Not the motion, but the amendment only.

Mr. Pierre Poilievre: Mr. Chair, I don't mean to interrupt the proceedings—

The Chair: We'll then turn the floor back to you for your amendment, which I think you want to make.

Mr. Pierre Poilievre: I understand the procedure is that first the subamendment amends the amendment and then we vote on the—

The Chair: I'm going to ask the clerk for a recorded vote on Mr. Laforest's amendment.

Mr. Mike Lake: On a point of order, further to what Mr. Poilievre is saying, are you making a ruling that Mr. Poilievre's amendment is a separate amendment? If it is, that makes sense, but if what he's doing is a subamendment, we should be discussing the subamendment first.

An hon. member: It's a subamendment.

The Chair: If it's a subamendment, then I'm going to give the floor back to Mr. Poilievre for his amendment.

Mr. Mike Lake: He's proposing to be making a subamendment.

The Chair: Mr. Clerk, we'll have a recorded vote on the Laforest amendment.

Mr. Williams, on a point of order.

Mr. John Williams: It's the committee that calls for a recorded vote. It's not the chair that calls for a recorded vote. I haven't heard any call for a recorded vote from the floor.

The Chair: I thought I did, but maybe I didn't.

There's no recorded vote. I will put the question. It's sometimes easier because a lot of people don't raise their hand.

All in favour of the amendment moved by Mr. Laforest, please raise your hand.

(Amendment agreed to [See *Minutes of Proceedings*])

The Chair: I'm going to now go back to Mr. Poilievre, because I believe he has a subsequent amendment.

Mr. Pierre Poilievre: Again, I haven't heard anyone even make the allegation that Minister Toews has done anything wrong here or that he has failed either by commission or by omission. There's no evidence whatsoever of that, and there's not even any allegation of that.

The only reason he was included in the first place was because of the suggestion that the numerous contracts just under the limit might represent a violation of the rules and therefore he should have been enforcing the rules. That was the rationale for having him in the original motion. We've now removed that from our study and we've made the point that we can't criticize someone for almost exceeding a limit. So the President of the Treasury Board really has no link to this matter whatsoever, and therefore I would ask that he be removed.

On the other contract, related to the budget speech writing, regardless of what you think of that, the Minister of Finance has acknowledged that the administrative rules were not followed, and he has apologized for it. I'm not sure what more the President of the Treasury Board could do in that case.

The Chair: Mr. Poilievre, once again, the amendment is that the reference to the Honourable Vic Toews, President of the Treasury Board, be deleted in its entirety.

Mr. Pierre Poilievre: Yes, that he not be asked to testify before this committee.

The Chair: I think that's pretty obvious.

Mr. Pierre Poilievre: I'll just summarize in one final sentence.

We have two separate issues. One is a contract that apparently did not follow the rules, for which the Minister of Finance has

apologized, and then we have these other contracts that do follow the rules and for which no apology is required. In neither case does the committee require testimony from the President of the Treasury Board. He is totally extraneous to this issue. I would ask that he be removed, and I would be more inclined to support the motion if that were to happen.

The Chair: Mr. Williams, one minute.

Mr. John Williams: Can I turn it around? Mr. Poilievre says it is in fact the Secretary of the Treasury Board who accounts for the rules of the Treasury Board, not the President of the Treasury Board. Mr. Wouters is in here, has been called. He is the person who comes to the public accounts committee and explains the rules; it's not the president.

•(1315)

The Chair: I'm going to Mr. Wrzesnewskyj, and then I'm going to put the Poilievre amendment.

Mr. Borys Wrzesnewskyj: In terms of ministers appearing, I'll quickly deal with that particular issue. The historic record will show that ministers have appeared on many occasions before public—

Mr. John Williams: On a point of order, Mr. Chairman, they have not appeared on many occasions.

The Chair: It's not a point of order.

Keep going, Mr. Wrzesnewskyj, you've got 45 seconds.

Mr. Borys Wrzesnewskyj: Thank you.

I would like to put a question to Mr. Poilievre.

The Chair: It's debate, Mr. Wrzesnewskyj. Please make your point, and we'll move on.

Mr. Borys Wrzesnewskyj: I would consider this a friendly amendment if I had assurances that in fact the motion would be supported by all parties.

Mr. Pierre Poilievre: I can't support it. I can't speak for everyone at the table here. That wouldn't be fair.

The Chair: Okay, the clerk has just informed me you can't make it contingent on another.

I'm going to put the subamendment, which is very clear.

The amendment moved by Mr. Poilievre is to delete the reference to the Honourable Vic Toews, President of the Treasury Board, from the motion.

(Amendment agreed to)

The Chair: The amendment is carried. The reference to Mr. Toews is deleted from the motion.

Mr. Borys Wrzesnewskyj: On a point of order—

The Chair: Now we're going to go back to the motion, as amended twice.

A point of order?

Mr. Borys Wrzesnewskyj: Yes. I believe the amendment was that he be removed from this motion, with the consideration that he may be—

The Chair: No, the amendment speaks for itself. He's removed from the motion. And that's not a point of order.

Mr. Williams.

Mr. John Williams: Mr. Chair, the first two paragraphs—the third being deleted by the first amendment—are the preamble to the actual motion itself. The motion is that we study the situations that seemed to be instances where the Treasury Board guidelines were violated—I'm not exactly sure of the terminology—but we're dealing here with government administration and Treasury Board guidelines. That's what the motion actually says, and I can't imagine why we'd bring Hugh MacPhie and Sara Beth Mintz here to tell us about Treasury Board guidelines.

Also, Mr. Chairman, as I said, the Minister of Finance has apologized as well.

Therefore, I would move, Mr. Chairman, that the reference to Mr. Flaherty, the Minister of Finance, Mr. Hugh MacPhie, and Sara Beth Mintz also be removed, and that we bring in Mr. Wayne Wouters, the Secretary of the Treasury Board, to explain what's going on here.

The Chair: Mr. Williams has made an amendment that reference to the Honourable Jim Flaherty, Mr. Hugh MacPhie, and Sara Beth Mintz be removed from the motion.

Perhaps I'll allow you a minute, Mr. Wrzesnewskyj.

Mr. Borys Wrzesnewskyj: I don't consider that an amendment.

The Chair: We've heard the amendment proposed by Mr. Williams; it's pretty straightforward. The amendment is that the reference to the Honourable Jim Flaherty, Hugh MacPhie, and Sara Beth Mintz be deleted from the motion.

(Amendment negatived)

The Chair: Now we're going to go back to the motion, and I'm going to put that to a vote.

Mr. Hubbard has requested a recorded vote, so I will turn it over to the clerk.

(Amendment agreed to: yeas 6; nays 5 [See *Minutes of Proceedings*])

● (1320)

Mr. Borys Wrzesnewskyj: A while back we had officials from DND appear before the committee, and they had been obligated to provide information in a timely fashion with set timelines.

The Chair: We'll deal with that at the next steering committee.

I'm now going to adjourn the meeting. I want to wish everyone a very happy Easter.

The meeting stands adjourned to the call of the chair.

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