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—
Chair

The Honourable Shawn Murphy

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•(1100)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): I'd like at this point in time to call the meeting to order.

I want to extend a welcome to everyone.

We have a big crowd here today, colleagues. This meeting has been called pursuant to the Standing Orders, to deal with chapter 1, "Management of Fees in Selected Departments and Agencies", of the May 2008 report of the Auditor General of Canada.

We're very pleased to have with us today, from the Office of the Auditor General, assistant auditors general Douglas Timmins and Clyde MacLellan, and Rona Shaffran, director of audit operations.

From the Treasury Board Secretariat, we have the Comptroller General, Rodney Monette, and assistant comptroller general, John Morgan.

From the Department of Foreign Affairs and International Trade, we have the associate deputy minister, Stephen Rigby; Mr. William Crosbie, assistant deputy minister, consular services and emergency management branch; and Francine Côté, director general, corporate finance, planning and systems bureau.

Again, I want to welcome you.

We are now going to opening remarks. I understand, Mr. Timmins, you are giving the opening remarks on behalf of the Office of the Auditor General.

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

Thank you for this opportunity to present the results of our audit from the May report of the Auditor General on management of fees in selected departments and agencies.

Joining me today, as you've mentioned, is Clyde MacLellan, assistant auditor general, and Rona Shaffran, director, who were responsible for the audit.

In this audit we looked at 13 fees established by six federal organizations that are responsible for a major portion of the fee revenue reported by the government. In addition, we looked at any related government policies or guidance on the fees that the Treasury Board of Canada Secretariat provided to organizations. We also looked at the scope and application of the User Fees Act.

There are two categories of fees. The first category includes fees for goods, services, or the use of a facility, such as the purchase of a

government publication. For these fees the amount that is charged normally cannot exceed the cost of what is provided. The second category includes fees for rights or privileges, which mainly involve the authorization to use publicly owned or publicly managed resources, such as commercial fishing licences. For these fees the amount that is charged is normally related to market value rather than cost.

•(1105)

[Translation]

Departments and agencies are not required to charge the full cost or value of the good or service provided but need to know this information. Other factors must also be considered when determining the amount to be charged. For example, consideration should be given to the proportion of the cost or value that should be borne by the fee payer.

As a result, we expected to find that departments and agencies had appropriate systems and practices in place for managing fees and establishing a reasonable relationship between the fee and its cost or value. A clear accountability mechanism was also a critical component of our audit criteria to ensure that Parliament, fee payers and taxpayers receive fundamental information about fees.

[English]

For the cost-based fees we audited, we found that organizations varied from those with systems and practices that captured the full cost of fee-related activities, such as Parks Canada, to organizations that did not know the cost.

The rationale for the amount charged for fees also varied, from fees based on a comprehensive analysis of the amount charged to fees based on factors unrelated to cost or value of what was provided. We concluded that some organizations do not have all the necessary information to determine what amount to charge for the fee or to determine whether there is a reasonable relationship between the fee and the cost or value.

As previously mentioned, the total amount collected as a fee for a service should not exceed the cost of providing that service. For the consular service fee in particular, we found that Foreign Affairs and International Trade Canada allocated to the fee included in the cost of an adult passport costs for activities that were not outlined in the Treasury Board approval of the fee. These additional costs were for activities performed on behalf of other government organizations.

The department reported a deficit for this fee in its departmental performance reports. However, our audit work and recalculations by the department showed there was actually a trend toward surpluses. In other words, the amount collected through this fee was more than the cost of providing the services. The department therefore is at risk of not having determined fees in a way that is consistent with cost recovery, as its own legislation requires.

Foreign Affairs and International Trade Canada has acknowledged it needs to review the impact of the surpluses on the amount charged for the fee, as well as related issues. The department also agrees that the costing methodology for the consular service fee, including its time reporting system, needs to be reviewed. The committee may wish to ask the department to outline its specific actions to resolve this matter as well as how it intends to amend its reporting to Parliament.

We also found that many accountability provisions of the User Fees Act cover only fees that are new or have been increased since the act was introduced in 2004. This means, for the vast majority of fees that were set before the act was passed, that the related organizations are not required to publicly report costs, performance standards, or performance information, nor are they required to reduce fees when service standards are not achieved.

[Translation]

The Treasury Board Secretariat has agreed that there have been challenges in the interpretation and application of the User Fees Act and has agreed to provide the President of the Treasury Board with an analysis of the issues raised in our report by November 2008. The Committee may wish to ask the secretariat for its plan and timetable for its report on the User Fees Act.

• (1110)

[English]

Mr. Chairman, this concludes my opening statement. We would be pleased to answer any questions the committee may have.

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

We're now going to hear from the Comptroller General, Rod Monette.

Mr. Rodney Monette (Comptroller General of Canada, Treasury Board Secretariat): Thank you, Mr. Chair. Good morning. And also good morning to members of the public accounts committee.

I'm here today with John Morgan, assistant comptroller general for the financial management and analysis sector. We are pleased to appear before you this morning to discuss user fees.

Having recently returned to the Office of the Comptroller General after a few years, I have noted the significant change in how user fees are managed. In particular, the User Fees Act of 2004 has had a real impact. The transition from what was previously a Treasury Board policy to the legislative provisions of the User Fees Act has brought about some important changes.

[Translation]

Managing user fees requires that departments do a number of things, including stakeholder consultation, impact analysis, costing, dispute management, and setting service standards.

[English]

Last week I spoke with the chief financial officers of the six departments included in the Auditor General's report, with the purpose of discussing action plans and how to share best practices. We agreed that an interdepartmental committee would be struck, focusing on issues such as costing and service standards. I believe this step will help advance user fee management.

As noted in our response to the Auditor General's chapter on the management of user fees, the Treasury Board Secretariat is supportive of her observations and recommendations.

[Translation]

Continued improvement is the ongoing objective both for TBS within its role of providing central guidance, and for departments in terms of strengthening the practices I just mentioned.

[English]

The Treasury Board Secretariat action plan to address the recommendations is as follows:

Firstly, in March 2008 we effectively fulfilled one recommendation by releasing a revised guide to costing. Our plan for the next period is to promote its use across government.

Secondly, by November 2008 we will provide the President of the Treasury Board with an analysis of challenges in implementing the User Fees Act.

[Translation]

Thirdly, by March 2009 we will update our guidance to departments in setting fees.

[English]

And fourthly, over the course of the upcoming months we will work with the six audited departments regarding the Auditor General's recommendations directed their way. We will also engage other departments.

Before closing, may I bring to your attention some improvements worth mentioning.

Departmental performance reports now contain more user fee information than ever before. Cost, revenue, and performance information is widely available, and more departments are committing to these kinds of improvements.

In 2004 Treasury Board introduced a policy that asked departments to develop service standards for all external user fees. Today, 85% of user fees have service standards. Before 2004 this was not mandatory and only a few departments had service standards.

[Translation]

Since 2003-2004, TBS has conducted an annual review of the user fee information departments reported in their Departmental Performance Report.

[English]

This past year we have included the results of our reviews in the management accountability framework exercise, as part of the department's rating in relation to financial management and control.

Thank you. I look forward to your questions and comments.

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

We're now going to hear from the Department of Foreign Affairs and International Trade, and the associate deputy minister, Mr. Stephen Rigby. Mr. Rigby.

Mr. Stephen Rigby (Associate Deputy Minister, Department of Foreign Affairs and International Trade): Thank you very much, Mr. Chair, honourable members of the committee, and ladies and gentlemen.

I am joined this morning by Bill Crosbie, the assistant deputy minister of the consular services and emergency management branch, and my colleague Francine Côté, who is the director general of corporate finance, planning and systems within our chief financial officer branch.

The Auditor General's report on the management of fees in selected departments and agencies included a review of the \$25 consular services fee that is collected from adult passport applicants when they apply for a new or renewed passport.

The Auditor General has made two recommendations with respect to that fee. Paragraph 1.58 of the report has recommended that the department review its time-reporting practices and the allocation of costs and activities to the consular services fee to ensure that they remain consistent with the authorization for the fee, and exclude costs of any services provided by Canadian missions abroad on behalf of other departments and agencies that are not part of the consular services fee.

It also recommended that the department amend our reporting to Parliament to take any necessary action to adjust the fee in view of the trend toward surpluses, which is indicated in the report.

In addition, the Auditor General recommends that we—along with other departments—take steps to improve the transparency of the fee by providing more complete public reporting of financial and non-financial performance information.

The Department of Foreign Affairs and International Trade agrees with the recommendations of the Auditor General, and we will be implementing these recommendations as we outlined in our response contained in the report.

• (1115)

[Translation]

Mr. Chairman, if I may, I would like to give a short history of the Consular Services Fee in order to explain to committee members how the Auditor General and the Department have come to an agreement on the recommendations contained in her report.

In 1995, as part of Program Review, the Government decided that the Consular Program should be self-financed through the imposition of a fee levied at the time passports or other travel documents were issued. This shifted the cost burden to those Canadians who hold Canadian passports.

[English]

The fee was fixed at \$25, as at that time approximately 1.5 million passports were issued annually and the estimated cost of the consular program was \$47.9 million. However, instead of providing the funds directly to the department to manage the program, the funds from the consular services fee were deposited into the consolidated revenue fund.

As was noted in the original Treasury Board submission, the consular services fee is in the nature of an insurance fee that will support services delivered abroad to Canadian citizens as per the Vienna Convention on Consular Relations. These services provide protection and assistance to Canadians who travel abroad and find themselves in distress as a result of an accident, illness, crime victimization, arrest or detention, natural disaster, and civil unrest. Because of the nature of insurance, not all passport holders will require consular services.

The types of the consular services provided have not changed significantly since the fee was introduced in 1995. However, the nature and complexity of the cases has increased substantially, particularly since 2001. For instance, demand for more complex services, including cases of arrest, child custody, and medical evacuation, increased by some 39% between 2004 and 2007, and this trend is expected to continue.

As we noted in our response to the Auditor General, we have also faced a general increased demand for consular services, increased expectations from Canadians abroad for more services, and must provide services to larger communities of Canadian citizens who are permanently resident abroad. The evacuation of Canadian citizens from Lebanon in 2006 is the most visible example of how the complexity of consular services has evolved over the last decade.

At the same time, the number of passport applicants has increased dramatically in the last few years, particularly and principally due to the U.S.A.'s western hemisphere travel initiative. When the fee was established in 1995, an estimated 1.5 million passports were issued, whereas for the year ending March 2007, over three million adult passports were issued. The result has been both increased revenues and increased workload.

The original approval for the consular services fee required that the cost of the program to the department and the revenues from the fee would be reviewed annually. If there was a significant difference between the costs and the revenues, we would seek Treasury Board's approval to adjust the fee. The department prepared a costing of the fee on an annual basis and compared it to the revenues generated. Based on our original assumptions at that time and as reported in the departmental performance reports, we believed the costs exceeded the revenues generated by the fee.

When the Auditor General reviewed the original documentation on the calculation of the fee, it was determined that the department was incorrectly interpreting the original Treasury Board submission. The department calculated the full cost of the consular program and subtracted the revenues received primarily from Passport Canada to determine the costs to compare with the revenues generated.

However, the Auditor General determined we should not be deducting the revenues received. Rather, we should have been deducting the cost of the activities related primarily to passport issuances abroad. Since the revenues for these activities are much lower than the costs, the change in interpretation from deducting the revenues to deducting the costs of those services resulted in moving from a deficit to a surplus for some of the years audited.

[*Translation*]

As a result of the Auditor General's observation, we reviewed our data and report and we performed a second recalculation which was accepted by the Auditor General. The calculation excludes the time spent on passport issuances and includes other passport services performed by consular staff abroad. The Department's new calculation shows a similar trend of surpluses. However, over the five-year period, it shows a cumulative deficit.

• (1120)

[*English*]

Even with this deficit over the five-year period examined by the Auditor General, the department agrees it is important to review the costing methodology. We believe this is an opportune time, as budget 2008 announced additional funding of some \$32.4 million in 2008-09, rising to \$95 million ongoing, to improve the delivery of vital consular, business, and diplomatic services abroad. A significant portion of this will be directed at improving consular services.

It also announced that the government would be instituting a ten-year passport by 2011. Therefore, spending on consular services will increase, while the consular fee will be collected half as often.

The department is committed to working with the Comptroller General, the Treasury Board Secretariat program sector, and the Department of Finance to resolve the outstanding issues related to the consular services fee and to ensure the department is in compliance with the recommendations of the Auditor General.

Mr. Chair, thank you very much.

The Chair: Thank you, Mr. Rigby.

Before we go to the first round, colleagues, I want to formally table before the committee a letter and enclosures that we received from the Office of the Auditor General. It's a lengthy document, and I believe you all have copies. It sets out the executive summary of the internal audit on hospitality. Second is the management letter from the external audit auditor of the office's financial statements. And third is the relevant briefing notes and policies regarding the communications principles issued from the Treasury Board Secretariat. So they are formally tabled before the committee.

Also, I should point out we'll go until a quarter to one, when we'll deal with Mr. Wrzesnewskyj's motion.

First round. You have seven minutes, Mr. Wrzesnewskyj.

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

It appears that fees set by contract allowed departments to avoid the User Fees Act. Do we know how many situations of this sort are out there? The medicinal marijuana was listed as one, but how many other cases out there are you aware of?

Mr. Douglas Timmins: We only examined that case; we didn't do an exhaustive study. I think we have tabled with the committee the long list of fees that are collected, and we did not examine all of those to determine. So the only one we are aware of is the medical marijuana case at this point.

Mr. Borys Wrzesnewskyj: So we really don't know how many departments may be setting fees and avoiding the User Fees Act by using this contract method.

Mr. Douglas Timmins: That would be true, Mr. Chairman. Equally, I would point out that as I mentioned, all fees existing in the past that have not changed are also avoiding the User Fees Act similarly, so it's not just the contracting. But we point out that by using a contract you can avoid the User Fees Act indefinitely.

Mr. Borys Wrzesnewskyj: And these would be the new ones, as opposed to the fees that have been grandfathered and not been changed in the meantime.

What were the specifics of the user fees with medicinal marijuana? Why did they take this route? You must have looked at it in some detail. What was it that spurred them to work around the legislation?

Mr. Douglas Timmins: Mr. Chairman, I'd ask Mr. MacLellan perhaps to respond to that.

Mr. Clyde MacLellan (Assistant Auditor General, Office of the Auditor General of Canada): In the case of the medical marijuana fee, what would have happened in that particular case is that the department would have needed to get the fee set very quickly to respond to an increasing demand that there be a safe source for that particular product. It was that situation that dictated that they respond or have a mechanism to respond very quickly, and contract was the easiest way in which to do so at the time.

Mr. Borys Wrzesnewskyj: On a somewhat related topic to this, if a person ends up having to pay this sort of fee, is it a fee that would be covered by provincial health plans, and how expensive would the fee end up being? You said, I guess, that there was the impetus to move quickly on this, and perhaps some of the details hadn't been fully worked out.

• (1125)

Mr. Clyde MacLellan: In respect to the first question, about whether or not it would be covered by provincial legislation, we did not examine that particular aspect in the performance of our audit work, so I would not know whether or not a provincial plan would cover such a cost.

The fee itself is \$5 for a gram of dried marijuana or \$20 for a pack of 30 seeds. That's the fee that's established in accordance with the arrangements.

In our audit, we simply looked at the issue of how the costs for a particular fee in this particular case related to the particular sources of revenue, to determine whether or not the department had a good understanding of the costs. What we identified was that there was not a good understanding of the costs at the time to meet the increased demand to have the fees set and the product delivered. It was only when our audit began that the department undertook a study of the costs in relation to the fee and produced a consultant's report that indicated that the fees at that time were in excess of what they needed.

Mr. Borys Wrzesnewskyj: Thank you.

Moving on to the Department of Foreign Affairs, it appears that prior to the Auditor General's report, Mr. Rigby stated that it appeared that consular services were costing more than the various fees you were bringing in, but that you had incorrectly defined what should be included in those costs. Could you clarify that? It's hard to believe that the department would have thought that all sorts of consular services—you referred to Canadians getting into trouble abroad, then you referred to the situation in Lebanon—that all of those types of services would have been covered by passport fees. Could you clarify what the department's thinking was, when those were the parameters it was using?

Mr. Stephen Rigby: Generally speaking, the services that are appropriately billable to the consular services fee are true consular services provided by our staff abroad. Those would be the sorts of things I've described in terms of assistance to Canadians abroad in cases of disaster or crime, or similar situations.

What are typically not appropriately billed to the fee are the passport services that we provide abroad for the issuance of passports. At the time the fee was originally instituted, the interpretation made by the department was that the cost should be deducted from the gross costs of our consular program, where the actual revenues that we received from agencies like Passport Canada.... The assumption that was made by the department was that those revenues represented fair value for the services we were providing on their behalf.

After having the opportunity to discuss it with the Auditor General, it became clear to us that it was an unreasonable expectation. So you see the recalculated or corrected calculation in the report. We are continuing to do a range of things to try to clarify the extent to which the surpluses pointed out by the Auditor General suggest there is a need to adjust the fee forthwith.

The Chair: You have time for one more question.

Mr. Borys Wrzesnewskyj: Thank you.

You referenced that there are an additional 1.5 million passports issued recently because of the new regime. By how much do you estimate those 1.5 million Canadians overpaid on their passport fees?

Mr. Stephen Rigby: On the basis of the information that we have in this report?

Mr. Borys Wrzesnewskyj: That's correct.

Mr. Stephen Rigby: If you take the information in the report as final, the adjustment on the consular fee might be somewhere between—and this is a very preliminary estimate—\$2 and \$8, depending on the year in question.

• (1130)

Mr. Borys Wrzesnewskyj: Thank you.

The Chair: Just before we go to Mr. Laforest, in your last answer you said that if we “take the information in the report as final...”, but I take it that you and the department have signed off on this report.

Mr. Stephen Rigby: We have signed off on the report.

The Chair: So we're not going to get into another debate as to whether it's final or not?

Mr. Stephen Rigby: No, no.

Let me just clarify my answer. We have signed off on the report; we're not debating these numbers at all. There are a few questions, in my mind, as I examine our action plan, as to what costs should be appropriately billed to the consular services fee as we go forward and we look at the fee level that should be adjusted or not.

[Translation]

The Chair: Mr. Laforest, for seven minutes.

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

Good day to all of the witnesses.

I have a question for you, Mr. Timmins. In your opening remarks, you draw a distinction between the various categories of fees. On the one hand, there are those fees for which the amount charged normally cannot exceed the cost of what is provided.

On the other hand, there are fees such as those charged for commercial fishing licenses, tied to the use of resources. With respect to the latter category, you stated the following: “For these fees, the amount that is charged is normally related to market value rather than cost.”

I nonetheless have some serious concerns about the cost of these types of fishing licenses. Consider, for example, the cost of a crab fishing license which is now approaching \$24,000, or approximately 10% of a fisher's income. The cost of the license hasn't really changed, whereas crab prices have fluctuated a great deal. They have dropped from 90¢ to 45¢ per pound over a period of ten years. So then, while the price of crab has declined, the cost of a license hasn't changed. This amount represents an important share of fishers' income. How do you explain this situation? Basically, you're saying that fees should be related to market value, but at the same time, the cost does not decrease when prices drop.

In the case of the example that you gave in the report, the opposite is true. You wondered why prices do not increase when the market value of catches increases, as in the case of crab. However, there is no logical explanation possible for that happening.

Can you tell us why you failed to mention this fact?

[English]

Mr. Douglas Timmins: Thank you.

First of all, I would say that we have indicated that the value has to be taken into consideration in establishing a fee of that type. That doesn't mean that has been the case in all cases. We have reported in the chapter that for the commercial fishing licence there have been a number of studies over time of the changes in the market value and the fact that the fees should be adjusted, but they have not been adjusted.

I don't know, Mr. MacLellan, if you want to add to that.

[Translation]

Mr. Clyde MacLellan: If I can just point something out, as far as the department is concerned, market value and cost are just two of the factors that must be taken into account when establishing fees. Mr. Timmins mentioned some guidelines that must be followed, but the department must also consider the other factors listed in the report.

Mr. Jean-Yves Laforest: I have a question for Mr. Monette.

You stated that over the course of the next six months, you will be working with the six audited departments and that you will also be engaging other departments.

Can you tell us which departments you are working with and what type of fees are involved?

Mr. Rodney Monette: Thank you, Mr. Laforest.

I think it's very important to have a good overview of the six departments. Last week, I attended a meeting along with representatives of the six departments and the chief financial officers. The goal was to put in place some sound plans to address the comments of the Auditor General.

I think we need two groups. Directors need to revise their action plans every six or eight weeks to clarify directions and issues. Occasionally, I need to meet with the chief financial officers, simply to ensure that there is transparency and a genuine effort on their part to improve the situation.

Mr. Jean-Yves Laforest: Can you list the six audited departments? You also mentioned that you would be engaging other departments. How many in total? I'm also curious about the type of fees that these departments charge.

Mr. Rodney Monette: The six departments profiled in the report...

• (1135)

Mr. Jean-Yves Laforest: We know who they are, but what about the others?

Mr. Rodney Monette: Well, there is the CRTC, the Canadian Food Inspection Agency, the Canadian Nuclear Safety Commission...

Mr. Jean-Yves Laforest: Would it be possible to forward to the committee a list of all of the departments that charge user fees, along with the amount they charge?

Mr. Rodney Monette: Yes, of course.

Mr. Jean-Yves Laforest: Thank you, Mr. Monette.

I also have a question for Mr. Rigby.

In your opening statement, you say this: "As was noted in the original Treasury Board submission, the Consular Services Fee is in the nature of an insurance fee [...]"

Is that fact public knowledge? Prior to the tabling of the Auditor General's report, I had never heard anything about the fact that Treasury Board or Immigration Canada considered this fee to be in the nature of an insurance fee. Is that in fact true, or is it more a case of the fee being collected because of the risks involved? Is this fee in fact a hidden tax that people are unaware of? I don't quite understand what this fee entails exactly? People should know why they are being charged a fee.

Mr. Stephen Rigby: Initially, the insurance program was described as a concept for formulating principles on which fees would be established. In most cases, when a Canadian receives a passport, there is no guarantee that he will turn to consular services for assistance.

[English]

So in some cases you're going to have a situation where Canadians will receive much more than the \$25 value they pay in their consular fee; in some cases they won't receive anything, perhaps for the period they hold a passport. I think that fact is well recognized by Canadians.

When you look at the total program at any given time, as well as over the years, there are going to be times when we're in a slight surplus or slight deficit position. When we looked at the original costs we had calculated and disclosed to Parliament and saw original calculations showing increasing deficits, we didn't move initially to seek an increase in the fee under the User Fees Act because we wanted to see whether that was a trend or that was a momentary fluctuation in the costs.

The Chair: Thank you, Mr. Rigby.

Mr. Williams, for seven minutes.

Mr. John Williams (Edmonton—St. Albert, CPC): Thank you, Mr. Chairman.

I'm looking at the beginning of the Auditor General's report here, page 2, and if I can quote, it says:

For the cost-based fees we audited, the organizations varied from those with costing systems and practices that captured the full cost of fee-related activities to organizations that did not know the cost of related activities.

So we have the whole gamut there, Mr. Monette, from departments doing a good job to departments not even aware that they have a job to do. Where is the uniformity?

Mr. Rodney Monette: Mr. Williams, clearly in some cases there hasn't been the right work done on costing. I got together last week with the six big departments, and they account for about three-quarters of these fees. There are a couple of others, and when you add them in, you're covering off a very high percentage of the fees. I don't have the exact percentage.

If we can get together and look at the action plans, see if they have systems issues... Is it that the systems aren't producing the information, or is it that the information is there but they're not properly factoring it in? I think we need some stronger oversight review and coordination with these departments.

Some are doing it well. For example, Parks Canada is doing it well. The Auditor General found that they are doing it well. How is it they can do it well and the others can't?

• (1140)

Mr. John Williams: That's my question precisely, and I'm asking you. Why is it that some departments don't feel any responsibility for following the rules?

Mr. Rodney Monette: Some departments, when it comes to cost accounting, are just doing a better job than others.

Mr. John Williams: Then where does the buck stop? Does it stop with you?

Mr. Rodney Monette: As Comptroller General, I am accountable to make sure that there is proper costing and that people are paying attention to that. Last week when I called the six chief financial officers together—I don't know if they've been called together on that issue before—I told them we were going to get together regularly to talk about the costing systems and so forth.

Mr. John Williams: Were they apprehensive that you were now engaged, or did they just figure this is more bureaucracy?

Mr. Rodney Monette: No. In fact some of them welcomed it, because they felt there were some issues here that needed more visibility and reporting so that if things need a government decision or need to be cleared up, they can be cleared up.

Mr. John Williams: Mr. Morgan, what about the Treasury Board? Are they going to police the rules that they are supposed to police as a central agency, or are they just going to throw these rules out there and say we hope you follow them?

Mr. John Morgan (Assistant Comptroller General, Financial Management and Analysis Sector, Treasury Board Secretariat): Clearly, we have to monitor for compliance with policies, and we do that through our management accountability framework. I believe Mr. Monette referred to that in his opening remarks, that we will be commenting on the degree to which departments have been complying with our guidance. One key thing we've issued just recently is the updated guide on costing, which outlines in detail the tools that can be used in costing the full cost of programs, and with that better information departments will then be able to set their user fees appropriately.

Mr. John Williams: You use words like "we're going to monitor", and Mr. Monette, you say you're going to have discussions and you're going to engage.... Where does the buck stop? Who is calling the shots to ensure that the rules are followed? Is it the department to the deputy minister? Is it the central agency? Is it the Comptroller General? Where do we go to press the button and say this is going to get fixed?

Mr. Rodney Monette: I guess, at the end of the day, Mr. Williams, every deputy minister and accounting officer has to make sure that they've put all the right policies and practices in place, and at the end of the day, if that isn't happening, it would be that accounting officer who would have the ultimate responsibility for the systems and so forth in their—

Mr. John Williams: So you're saying it's not you.

Mr. Rodney Monette: Well, I have a pretty important role to make sure they have the tools and in getting the right people together

and giving the issue visibility. And I feel accountable to this committee to come....

Honestly, I haven't spent a lot of time on this issue. I have since the Auditor General's report came out, but it is important for me to be able to come to this committee at some point down the road and say where we are in the action plans. If there's something across government that's preventing people from doing this right, what is that? If there's something that needs to be fixed.... We're going to report to the president in the fall if we find some more general, broader kinds of issues.

I have the responsibility to bring that forward and give it a profile.

Mr. John Williams: Mr. Rigby, you mentioned that the consular service, in essence, is an insurance fee that you charge. Then you mentioned in your opening statement about the Lebanon situation. What did the Lebanon evacuation cost us?

Mr. Stephen Rigby: I would ask my colleague, Mr. Crosbie, to comment on that.

Mr. William Crosbie (Assistant Deputy Minister, Consular Services and Emergency Management Branch, Department of Foreign Affairs and International Trade): The overall amount for the Department of Foreign Affairs is approximately \$65 million that we were reimbursed.

Mr. John Williams: No, I asked what it cost you. I don't want to know how much you got reimbursed, because there seems to be a difference between how much you got reimbursed and what it cost you. My question is what it cost, within a few million. I don't need it down to the last nickel or dime.

Mr. William Crosbie: The cost was \$65 million.

Mr. John Williams: That was significant. That would have eaten a big chunk of the insurance surplus you had built up on the \$25 per application.

The other thing, of course—and I'm trying to get my mind around this, Mr. Chair—is that you had a very large increase in volume because of the cross-border issue with the United States. I'm trying to figure out, if we have a rule saying you can't make a profit at this and the volume doubles, what they are supposed to do.

So I think we have an onus ourselves, Mr. Chairman, to try to answer that question and give some direction to departments if this type of situation happens again, because we can't just dump on them if all of a sudden revenues go up without any anticipation and the costs remain the same. They're going to move into a profitable situation, and I think we have a responsibility to meet that as well.

I'm concerned that some departments don't seem to care.

• (1145)

The Chair: You can ask one more question.

Mr. John Williams: I remember a little while ago, a few years ago, Mr. Chair, I think it was the Department of Agriculture or CFIA that was charging fees according to the cost. This was for approvals to manufacture animal feed. If they had ten applications a year, then the cost was spread across ten applications, and if they had 150 applications, then they would spread the cost over 150.

Not knowing how many applications they would receive, not knowing how many passport applications you're going to receive, do you have a policy or any thought as to how to ensure you can capture the cost without making a profit? Do you have any policy on this issue, Mr. Rigby?

Mr. Stephen Rigby: There are a couple of things.

On the volume increases for passports, obviously as the number of passports in circulation goes up, the amount of revenue goes up, but so does the burden on the consular program, because while not everybody who gets a passport travels extensively, a lot more do, even under those who are getting them by dint of the western hemisphere travel initiative.

We have a couple of challenges. Number one is that we have got to be able to clearly capture the increased burden on the consular program, and that is one of the things we're doing in response to the Auditor General's examination. We have a system today for time capturing, but as I've looked at this, I think there are improvements that can be made to make sure we're capturing all the costs.

What we have seen over the last few years—and this goes back to one of the questions I was asked earlier—is that increasingly the consular cases are getting much more complex. So it's not just a question of the consular officers who are being burdened with this, but there are other officials in the department who also have to work on consular cases.

One of our challenges is to make sure the data capture we have encompasses all of that.

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

Thank you, Mr. Rigby.

Now Mr. Christopherson, then Mr. Cullen. Mr. Christopherson, you have seven minutes.

Mr. David Christopherson (Hamilton Centre, NDP): Thank you very much, Mr. Chair.

Thank you all for your attendance here today.

Mr. Monette, in your opening comments you said that on your return to the Office of Comptroller General after a few years, you noted the significant change in how user fees are managed. I assume from the way you worded this that you stumbled on this independently, not even being aware that the Auditor General's office was looking at this.

Mr. Rodney Monette: Mr. Christopherson, I think what I meant to say there is that the last time I was in the Comptroller General's office, which was 2001, there wasn't the same focus on service standards, and now 85% of the fees have service standards in performance information. There is more of a focus on costing and providing information, and so forth.

I have been on the job for about six months now. When this issue came up through this spring and I looked at it, it struck me—

Mr. David Christopherson: Sorry, when it came through this spring—that would be how?

Mr. Rodney Monette: That would be when we were preparing this spring for the Auditor General's report.

Mr. David Christopherson: You knew that the Auditor General was....

Here's my concern. I read this, and I thought that if this came in cold, if this is a guy who got into the department, started looking around, and is raising an issue.... It's a small matter, but it was the AG that raised this issue. You were responding to it. It wasn't your brilliant findings that suddenly brought this to light. That's my point, because this wording suggests that.

Mr. Rodney Monette: That's right.

I'm sorry, I didn't mean to suggest that.

Mr. David Christopherson: Thank you.

My second question is for the Auditor General's staff, for Mr. Timmins. Paragraph 1.15 on page 6 in chapter 1 of the Auditor General's report refers to the Supreme Court of Canada decision. Could you or somebody please outline, in layperson's terms, what that decision was and what the implications are for the matter we're dealing with here today?

Mr. Clyde MacLellan: Mr. Chair, that refers to a decision called the Connaught decision. It's a particular case that was recently ruled on by the Supreme Court of Canada. It's an obviously long decision, but to try to simplify, for any fees found to be part of a "regulatory scheme"—that is the phrasing used—the fees cannot exceed the cost of providing that regulatory scheme.

What does that mean in terms of implications for different departments? Generally, when we performed our audit, as Mr. Timmins indicated in his opening statement, we classified fees into two categories: those that were cost-based fees and those that were essentially value-based fees. This particular case could challenge that thought process by arguing that if any fee, regardless of whether it was cost-driven or value-driven, was found to be part of a regulatory scheme, the fee could not exceed the cost of providing that scheme.

We obviously did not have time to relook at all the fees, because this decision was very late in the performance of our audit. We simply raised it as being something that has recently happened and that must be considered by all departments and the central agencies in terms of their role in providing guidance.

• (1150)

Mr. David Christopherson: Okay. Thanks. That's helpful.

I don't expect a detailed answer, but how might one go about measuring something that doesn't have a clear cost in terms of the time it takes or in terms of being value-added? You're probably going to say to me that this is our problem, but I'd like to hear how one even begins to do that. I really don't know. What are some of the procedures to measure something that is almost esoteric in nature?

Mr. Clyde MacLellan: Clearly, that is not an easy question to answer.

One way is to simply try to do some type of benchmarking that may be present in other jurisdictions, whether they be domestic or international, to see if similar fees are charged and what those fees may be. That's one way of looking at determining a value-based fee that is, as you say, somewhat intangible in terms of trying to determine how to approach it.

You could look, speaking in very broad conceptual terms, at what the market will bear. Sort of auction-type concepts are used somewhat in government to try to determine a value for a fee that is not otherwise easily determined.

Those are a couple of examples. They are very general in terms of how one can go about that. Obviously this is specific to the particular case you asked about earlier. That question will become even more complicated than it currently is now.

Mr. Douglas Timmins: If I could just add, the auction example is being used by industry right now in terms of spectrum and the licensing we did touch on, but there is further spectrum licensing they're doing now.

Mr. David Christopherson: Okay. Thank you.

Next, I want to get into the issue that has been touched on, which is the question of whether there's a deficit for consular service fees, and I'm a little unclear about the chronology.

The Auditor General's office went in and did the analysis. There was a response from the department, from the ministry, and if I'm reading correctly, there is still a concern on the part of the Auditor General that there is some disagreement as to whether the trend line is deficit or the trend line is surplus. Or did they answer?

What happened after the department answered in a way that was inconsistent with the Auditor General's original findings? Where do you go from there?

Mr. Stephen Rigby: I'm not sure that there's an inconsistency between the Auditor General's view and ours. I think, generally speaking, that the Auditor General said that we're not properly applying the right deductions to the gross charges to bring down to a net charge the amounts that are properly comparable to the fees. We agreed with that.

The only difference, and the reason you see two lines of presentation in the report, is that we suggested to the Auditor General that some of the costs borne by our consular officers abroad for passport services are properly consular fees and consular services, so we built those back into our calculations. You see a slight discrepancy in calculation. But fundamentally, there is no disagreement in the conclusion.

Mr. David Christopherson: Okay, we'll leave the "fundamentally". We're in agreement. How much disagreement is there?

Mr. Stephen Rigby: I would defer somewhat to my colleague from the Auditor General, but I think you see two sets of calculations there. I believe the Auditor General has agreed with the calculations we made but has made the point that we should take steps to make some enhancements to our performance information capturing system before we reach conclusions on how we might adjust the fee.

Mr. David Christopherson: Can I hear from the Auditor General's side on that?

• (1155)

Mr. Douglas Timmins: There are two columns of calculations. We believe our calculation is a legitimate calculation on the basis of the time reporting system within DFAIT.

The recalculation by DFAIT was on the basis of a time allocation in the original approval of the fee. As Mr. Rigby has stated, there are some concerns as to whether the time reporting system is adequately capturing the time charges. Therefore, if those time charges were off, our calculation would be off. So the default was that we presented the second calculation as the one based on the original time study in 1993, and we believe in both cases they need to be looked at. The time study done in 1993 could be out of date, and the time reporting system may not be correct.

But in both cases, the point is there was a trend of surpluses on both calculations at least three years in a row, and the final year that brings it back into deficit is because of something that was unique, the one-time cost of Lebanon.

So I think the message is that there is an issue that needs to be looked at. Multiple aspects include looking at the time reporting system, perhaps doing another study of that, and finally, some consideration of whether they want to revisit entirely the basis of calculating the fee and the approval of the fee.

The Chair: Thank you, Mr. Christopherson.

Mr. Cullen, seven minutes.

I should point out that Mr. Cullen is the author of the User Fees Act.

Welcome to the committee.

Hon. Roy Cullen (Etobicoke North, Lib.): Thank you, Mr. Chairman. Thanks to the presenters, and thank you for the indulgence of my colleagues.

I'm familiar with many of the aspects of Bill C-212, so I thought I'd come here.

First, I want to congratulate the Auditor General for taking on a review of this particular matter. It was overdue, and I am as frustrated as I'm sure many others are.

I saw the process as being more evolutionary rather than revolutionary, but evolution should have a pace to it as well. And I must say, I'm very disappointed in the way the government has responded. That's a general statement. Some departments are doing better than others, but....

I had a couple of questions. In the Auditor General's report, you say Bill C-212 does not apply to existing fees, it applies only to new fees or increases in fees.

I was surprised I wasn't included in your interview list when you did this review. Nonetheless, that's just an aside.

I know all the lawyers of the departments and agencies were briefing the deputy ministers or whoever they briefed to say it didn't apply to existing fees, which I debate. In fact, there would be lawyers who would argue it does apply to existing fees.

We know for sure that it applies to new fees and increases in fees, but I don't think it's as absolute as you say in your report, that it doesn't apply to existing fees. You're aware that following the proclamation of Bill C-212, Treasury Board came out with the guidelines to clarify in case there was any ambiguity about the application of Bill C-212 to existing fees. Treasury Board guidelines said that the word, the letter, the intent, the spirit of Bill C-212 applies to all fees; there must be performance standards, there must be accountabilities, etc., in reporting.

Presumably, hopefully, you didn't rely on legal counsel for the departments and agencies, because departments and agencies are uncomfortable with the requirements of Bill C-212. I think there's no question about that.

Did you get independent legal advice that would lead you to conclude that Bill C-212 does not apply to existing fees?

Mr. Clyde MacLellan: Mr. Chair, the answer to that question is yes, we did obtain independent legal advice. For the interest of the member, we have our own lawyers on staff, who advised us carefully in the performance of this chapter and in the interpretation of the legislation and how it was to be applied. Yes, I think it is fair to say that it's not a clear-cut case, but in writing our report we also wanted to reflect what was happening in terms of the application of this legislation within the departments and in reality. And that's why we chose, in terms of the wording, to very much focus on the fact that it is being picked up only for new and amended fees and not for existing fees.

•(1200)

Hon. Roy Cullen: Yes. Well, I know that certainly the departments and agencies are interpreting it that way, but notwithstanding that, even if you take that legal interpretation, the Treasury Board issued some very clear guidelines that there should be performance standards, that there should be.... I forget the exact wording—I don't have it with me—but the President of the Treasury Board was fairly clear that the spirit and intent of Bill C-212 would have been applied to all of them.

I must say that if you look at the reporting annually, it's been a pretty sad commentary. I've looked through some of the reports. In terms of benchmarking or whether performance standards have been met, I saw that one department wrote in, "Well, we haven't had any complaints", and this sort of thing. I mean, it's really an affront to Parliament that people would actually do things like that.

As I say, I accept the fact that it can be evolutionary, but the evolutionary pace is so slow that it's really an affront to Parliament.

I would like to come back to the question of the passport or the consular fees. I haven't studied this as carefully as I might have. Was this an increase in a fee or a new fee? And if so, did the department table it in Parliament, as is clearly required under Bill C-212?

Mr. Douglas Timmins: No, there was no change in that fee. That fee was established before the User Fees Act, and the interpretation, as we've just discussed, has only been relative to changes in fees.

Hon. Roy Cullen: But if there was this one-time charge, the whole intent of tabling the fee would be that the department or agency would be required to explain what costs were being recovered, how this benchmarked against other international norms, etc. And if it had been tabled in Parliament, maybe someone might have asked why you were including this one-time non-recurring—hopefully, or at least certainly it was one-time at that time—fee into this cost recovery.

So you're saying that.... It's this grey area where the departments and agencies interpret it to suit their own needs, where you're saying the fee has been around, but the fee that is being charged is different, right? And it went up?

Mr. Douglas Timmins: No, it hasn't changed. It was introduced in 1995 and it has not changed.

Hon. Roy Cullen: That fee hasn't changed. Okay. Well, I'd better study that a little more carefully then.

Did you find any evidence of any new fees or increased fees that were not tabled in Parliament with the package of information that's required? I know I saw some. I picked up about three, but I haven't done an exhaustive study to determine that all those new fees or increases in fees were actually tabled in Parliament with the required information. Did you examine that?

Mr. Clyde MacLellan: No, we did not examine that particular question. We only looked at the fees that are identified in the report and then determined whether or not those fees were covered by the act, whether they had gone through that process. So we did not do that question of completeness you're referring to.

The Chair: One last quick question.

Hon. Roy Cullen: Okay.

Just coming back, you start out by saying you're covering \$1.9 billion in fees, whereas the number I'm used to is around \$4 billion annually. So you've excluded the contracts, is that right?

Mr. Clyde MacLellan: That would be correct.

Hon. Roy Cullen: That's the only thing you've excluded?

Mr. Clyde MacLellan: We've also grouped in terms of counting numbers of fees. We've grouped a lot of access to information fees within one category. That would be across a number of different departments. We can provide a list, which I think we—

Mr. Douglas Timmins: Mr. Chairman, we have already provided the committee with a full list of the fees that add up to the \$1.9 billion, which, by the way, may already address the question Mr. Laforest asked of the Comptroller General.

The Chair: Thank you, Mr. MacLellan. Thank you, Mr. Timmins.

Mr. Sweet, for seven minutes.

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

I have a number of concerns. Obviously, one is that taxpayers not be charged more than the service being delivered. The other is that we shouldn't put the government in such a situation where a liability has ballooned to such a degree that money has to come out of the operational budget of the crown in order to be able to deal with it. So I want to talk specifically about long-term liability, but I want to get some clarity first.

From the Auditor General's office, is it an oversimplification to say that the framework of your audit was to check the integrity of the process and to ensure that the data put through the process would be accurate, so that they would have a well-founded case in developing user fees in relation to the service or product or experience provided?

• (1205)

Mr. Douglas Timmins: I don't think that's necessarily an oversimplification. I do think that we point to the fact that we were looking for a comprehensive analysis that was providing the rationale, including consideration of other factors, as well as the cost and the value for certain fees.

Mr. David Sweet: Okay.

In the two court cases, the one provincial and the other in the Supreme Court, in their judgments did the courts provide any guidance towards governments, whether provincial or federal, on how to develop a user fee so that it would be defensible in the future and something that would fall within the legal framework of a user fee?

Mr. Clyde MacLellan: Both cases do discuss in broad terms what the courts' expectations were. We did not analyze those cases for the purpose of providing in our report any specific guidance to departments in relation to it. But I think it would be fair to suggest that it's worthy of consultation, especially in the most recent Connaught case, to examine what the implications of those cases will be for—

Mr. David Sweet: Yes, I think it would be.

Maybe while you're looking that information up, I'll address this question on the broader framework specifically to Mr. Rigby.

Given what happened in Lebanon—the world being the unstable place it is quite often these days—my concern is that this would have to be a substantial factor in how you come up with a user fee cost. So I think it's incumbent upon us to understand what the legal ramifications are from these two judgments to really provide you with some good guidance for how long a framework you have to plan for. In other words, how much of a margin can you build up in order to ensure there isn't substantial liability to the Canadian people and at the same time be charging a fair fee? That's my first question, if you want to elucidate on whether or not you agree with that challenge.

Secondly, how many jurisdictions actually have a ten-year passport now?

Mr. Stephen Rigby: Mr. Sweet, on your first point, I think you're bang on. I think we have two issues that we have to resolve quickly. One is the time period over which we examine the fees and charges to see how much accumulated surplus or deficit we should take into account before we recommend to the government a change in the fee

structure. Right now that's part of the discussions we're having with our colleagues at Treasury Board.

The other issue that you pointed out I also agree with. Where there are extraordinary circumstances, such as in Lebanon, where the costs are extreme and arguably outside the ambit of regular consular services, I think there is a question as to whether or not they should be included or excluded from debate in terms of establishing a multi-year trend for surplus or deficit. Again, this is another question that we're trying to take up as quickly as we can.

In terms of other jurisdictions that have a ten-year passport, perhaps I can defer to my colleague.

A voice: I'm not aware of it.

Mr. Stephen Rigby: We're not aware of it, but I can get that information and report it back to you.

Mr. David Sweet: That would be good.

Now, another major concern is really about transparency.

Mr. Monette, I'm aware that you've not been in your position for a long time, but you did say in your remarks today that 85% of user fees have service standards. The problem is that they're not really reported. So you have this extreme case on page 21 of the Auditor General's report, where we have this glowing comment:

As an example of full and balanced performance monitoring and related public reporting, we found that the Parks Canada Agency included full cost information and complete information on standards....

But then for the Department of Fisheries and Oceans, not only do they not make it public and report against the performance standards.... And again, someone who is looking at this critically could maybe surmise, or ask themselves the question, what are you hiding? But the Department of Fisheries and Oceans then does a small-scale survey of 200 and then reports on performance on that.

How does a department continue to get away with that, and is that specifically going to be addressed?

• (1210)

Mr. Rodney Monette: Thank you, Mr. Sweet.

Yes, I think it needs to be addressed. We need to be clear on what the reporting requirements are on performance, and if there is not appropriate reporting, that's something that needs to be factored in when we do our assessment of that department. These are all things that are actually considered when the performance of the deputies and accounting officers are reviewed, so at the end of the day it should be something that departments are held accountable for.

Our job is to make sure that all the reporting requirements are clear. If it's to go up on the web, it should be on the web, and if it's supposed to be in the report on plans and priorities or the performance report, it has to be there. Our job is to make sure that we're pointing out who isn't doing it and giving some visibility to that. I'll very much commit to do that and try to give it that visibility.

Mr. David Sweet: Yes, it looks as though it's long overdue that there be some very clear benchmarking between departments. Some are doing such a great job and others are doing such an apparently abysmal job at reporting and monitoring.

It's too bad the Department of Fisheries and Oceans isn't here, Mr. Chairman, because one of the things that really concerns me is that a review hasn't been done—I'm trying to get the exact number here, but I think it was for over a decade. Now they have actually said they will commit to a review by 2010.

But previous reviews have said that their fees were far too low, and there is no evidence that they're going to have an interim increase while they're waiting for this next review. We have a decade-and-a-half of a fee that taxpayers are paying too much for, because they are not getting the full value for it.

I hope that somehow that will be communicated to Fisheries and Oceans: that they may need to consider an interim fee increase that might be nominal compared to what past reviews have said they should increase it by, while they're waiting for the exact answer in 2010 from their present review.

The Chair: Thank you, Mr. Sweet.

Mr. Bélanger, you have four minutes.

Hon. Mauril Bélanger (Ottawa—Vanier, Lib.): Will it be four minutes for the next round as well, Mr. Chairman?

The Chair: Four minutes; that's it, yes.

Hon. Mauril Bélanger: For a total of eight?

The Chair: No, it won't be, Mr. Bélanger; it's four minutes.

Hon. Mauril Bélanger: You're sure it isn't five, instead of—

The Chair: You're down by ten seconds now, so you'd better get going.

[Translation]

Hon. Mauril Bélanger: My initial questions are for the witnesses from the Office of the Auditor General.

If I understood correctly, you looked at 220 different fees amounting to \$1.9 billion. Of these 220 fees, how many are subject to the User Fees Act?

Mr. Clyde MacLellan: Mr. Chairman, we have not determined exactly how many fees are subject to the User Fees Act, but we looked at three types of fees in the course of our audit.

Hon. Mauril Bélanger: I understand, but if you have done a full review, you should know approximately how many fees, out of 200, are subject to the User Fees Act.

Mr. Clyde MacLellan: Paragraph 1.75 of our report covers a different type of fee than the three mentioned and that fee is subject to the Act. Therefore, we looked at a total of four fees.

Hon. Mauril Bélanger: That is four fees out of 200 in total. So then, 216 fees are not subject to the Act. Is that because there wasn't...

Mr. Douglas Timmins: The act applies in all cases if the amount of the fee changes.

Hon. Mauril Bélanger: I understand. So then, 216 of the 220 fees have not increased since 2004 or 2005, or since the act was adopted. Of the 220 fees, 216 have remained the same. Is that correct?

• (1215)

Mr. Douglas Timmins: Yes.

Hon. Mauril Bélanger: Is it normal, in your opinion, that over the course of three years, about 98% of the fees have not increased? Would you call that normal?

Mr. Douglas Timmins: We noted in the report some problems in terms of the time it takes Parliament to approve changes to certain fees. The departments may not wish to change their fee structure.

Hon. Mauril Bélanger: Would it be fair to say that the reason why virtually all fees have remained the same since 2005 is that the new legislation now requires explanations and status reports? I'm asking your opinion.

Mr. Douglas Timmins: Certainly this is a factor that Parliament and the central agencies must consider. That is why we mentioned it in the report. It is difficult to do whatever you want. I'm thinking about Mr. Cullen's interpretation of the act. It's a valid question.

Hon. Mauril Bélanger: Indeed, and this brings me to my next question. If that's true, could it be that the process is too complex or that fees are too high and departments do not really want to be told to lower them?

I have another question on this subject, if you cannot answer my first one, because to be honest, I'm not expecting an answer from you. Do you have the authority to look at the 216 other fees that were not examined? Do you have that authority and are you planning on looking at these other fees?

Mr. Douglas Timmins: Yes, we have selected certain fees that bring in substantial revenues.

Hon. Mauril Bélanger: Do you plan on looking at these fees as part of an audit?

[English]

The Chair: We're going to move on.

Mr. Fitzpatrick, you have four minutes.

Mr. Brian Fitzpatrick (Prince Albert, CPC): I want to focus on the consular fees and try to get some clarification on that point.

It just seems to me if we're really selling an insurance product or we're dealing with an insurance product, any professional in the insurance business says this is a game about anticipating the risk and assessing the risk, and things like September 11 or the Lebanon situation happen. They say these are just out-of-the-norm circumstances, but I think everybody in the insurance business knows that you have to make an allowance for those sorts of events, because they do happen.

Pick up a newspaper any day. There can be earthquakes. There can be calamities. There can be all sorts of disorders that happen in the world, and they may affect Canadian citizens and create quite a liability. So if we're really running an insurance service, I think we have to have a margin of safety or reserve built into that program to allow for these sorts of extraordinary events if they occur.

Do you disagree with that, Mr. Rigby?

Mr. Stephen Rigby: I have a couple observations, sir.

We don't run it like an insurance fund precisely. Conceptually we offer a service in response to a fee that is given. We don't have actuarial analysis in terms of the costs that are borne and the trends that are going on.

I think we do have to get a little bit better at anticipating the sorts of consular impacts that we're seeing right now. We've had 9/11. We've had the tsunami. We've had Lebanon. We had Canadian impacts arising from Katrina. All of these things have tended in the past to be viewed as extraordinary, but increasingly they are less extraordinary and more regular.

I think, going back to my earlier comment, there's a fundamental question we have to deal with as to whether or not those extraordinary events and their costs are properly included in our calculations, because if you look at the figures we've put in across the five years, there are some rising surpluses, but with the Lebanon situation taken into account, you have a cumulative deficit.

Mr. Brian Fitzpatrick: I accept the point you're raising there, but whether we classify it as a commercial insurance operation or not, the fact of the matter is if you don't have a margin of safety built into what you're charging, and one of these major events happens, it becomes a liability for somebody. Somebody might call this margin of safety a profit, but it can become a major deficit in a hurry if people who are managing the thing aren't on top of it. So it's something I think you have to be focused on.

Does the AG's office have any difficulty with the Department of Foreign Affairs making some sort of allowance for a margin of safety, or a reserve for extraordinary events or contingencies that could occur?

• (1220)

Mr. Douglas Timmins: I think the office does not have a position on what the calculation should be. We looked at whether the calculation was done in relation to what was approved in terms of the fee approval. So if it's approved in a way that would include that, then that would clearly be something that would be acceptable when we would review it.

I think the issue from our perspective would be how much that contingency would be. You cannot predict something unique that would cost an amount that would reflect in that fee calculation what actuals may be. You're not going to have a Lebanon situation every year, as history would prove, and I'm not sure how you would predict what it would be or whether it would be a tsunami instead of a Lebanon, but certainly, as I've said, once it's approved, that would be what we would audit against.

The Chair: Thank you, Mr. Fitzpatrick.

Mr. Lussier, *quatre minutes*.

[*Translation*]

Mr. Marcel Lussier (Brossard—La Prairie, BQ): Mr. Timmins, we've already spoken about the table on pages 37 and 38. The fees listed in this table total \$661 million. I asked the following question. Which department, of all those included in the breakdown of the \$1.9 billion in fees collected, but not mentioned in the chart of pages 37 and 38, collects the most in fees? You say you provided a breakdown, but the members of the committee have yet to see this list showing where the \$1.9 billion in fees was collected.

[*English*]

Mr. Douglas Timmins: I'm not sure. I thought we had provided it to the committee.

The Chair: Let me get clarification, Mr. Timmins, for the benefit of the members.

Mr. Lussier asked this question at the lock-up, and it's really not technically a meeting of the public accounts committee. That information was provided to Mr. Lussier. We're going to provide it to the rest of the committee, but the rest of the committee doesn't have it now.

But the \$1.9 million is the user fees.

[*Translation*]

Mr. Marcel Lussier: I see.

If revenues totalling \$1.2 billion do not appear in the table on pages 37 and 38, which departments collect the highest percentage of the \$1.9 billion in fees?

You can give me your answer later.

Getting back to the table on page 37, mention is made of Citizenship and Immigration Canada fees. A breakdown of these fees is provided on three separate lines. Could you tell me to which of these lines visa fees would be charged? Listed here are the right of permanent residence fee, the permanent residence application fee and the right of citizenship fee.

[*English*]

Mr. Clyde MacLellan: There are obviously a lot of different fees within the Department of Citizenship and Immigration, and the visa fee is not within that. The permanent residence fee is a particular fee for the right to become a citizen. Other types of visa fees, like the temporary visa fee, are not included in that list.

[*Translation*]

Mr. Marcel Lussier: So then, it's not included in the overall total revenues.

Mr. Clyde MacLellan: No.

Mr. Marcel Lussier: Then this fee doesn't appear in this table. Correct?

Mr. Douglas Timmins: Not in this table, but it will appear in an upcoming list.

Mr. Marcel Lussier: Fine then.

Earlier, Mr. Monette, my colleague asked a question. The study targets six departments, and in your presentation this afternoon, you mentioned that other departments will be engaged. You mentioned the CRTC and the Canadian Nuclear Safety Commission, which I don't think of as departments. What other departments will be targeted by your recommendations?

• (1225)

Mr. Rodney Monette: Thank you for your question, sir.

I think it's important to contact the largest departments and agencies. In terms of revenues collected, these would be the Canadian Grain Commission, the National Energy Board, Transport Canada, Indian and Northern Affairs, and the Canada Border Services Agency. They are the largest. We're talking about anywhere from 10 and 12 departments and agencies in total.

Mr. Marcel Lussier: Thank you very much.

[English]

The Chair: Merci, Monsieur Lussier.

Mr. Lake, four minutes.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): When I think about the issue we're talking about today, I think about some of my constituents. And on the consular services side of things, I think about balance. I have low- to middle-income constituents who could never afford to travel outside the country, and if the fees aren't high enough, I guess those people are, through their taxes, subsidizing other people's luxuries, in a sense. On the other hand, if the fees are too high you have people overpaying for their services, and money being used for other departmental priorities.

I think we need only look at what happened with EI to see how that works. You have \$54 billion collected under one premise, but then being spent on other priorities—the gun registry, or who knows what in HRDC or whatever the case may be. So it's about accountability.

I'm following up on what Mr. Fitzpatrick was talking about. Should there be some sort of rate-setting mechanism, obviously simpler than EI, within each department to ensure that not too much money is collected? This would be more in the long term, as opposed to looking at it dollar for dollar—maybe in a little bit of a broader timeframe such as one, two, three years, that kind of thing. Has that been looked into at all?

Mr. Monette, you're nodding. Maybe you can answer that.

Mr. Rodney Monette: Yes. In fact Mr. Rigby and I chatted about this the other day. One of the things we need to look at in terms of our best practices is should we have some sort of a calculation that looks at maybe three years or four years for some of these organizations? You might have some minor fluctuations over a couple of years, but you don't want to be adjusting it every time you have a minor fluctuation, so do you average it over three or four years and make an adjustment then? I don't mean to put words in my colleague's mouth, but that was something we talked about that we need to look at in Mr. Rigby's department, for example. So, yes, I think that would be an important tool to have a look at.

Mr. Stephen Rigby: I agree with that. We did indeed talk about it.

As I said earlier, when we made our original erroneous calculations showing us in a deficit position over three years, we did not move to increase the fee because we wanted to see whether or not there was a reasonable trend. I think a conversation that led to a little more clarity for departments in terms of what that time period should be, and what sort of normal versus extraordinary costs should be included in the calculation, would probably be quite helpful.

Mr. Mike Lake: Mr. Monette, Mr. Williams was asking questions about accountability, whose responsibility is what here. It seems to me that obviously the individual departments have to take responsibility for setting these mechanisms, whatever they might be, because each circumstance is unique to the department. But I would think that you do have a role to play, obviously, in terms of best practices, in terms of monitoring, to ensure there is something in place for each of these departments. You would agree with that?

Mr. Rodney Monette: Yes, absolutely.

I know there are experts in this room who are more expert on the accounting officer issue than I am, but it seems to me the deputy ministers or the accounting officers have to make sure their departments have the system, and so forth, in place. But the Comptroller General has to make sure the proper tools are available for them to use, and in terms of looking at an issue across government, to make sure that's understood and there's visibility there, so there's some monitoring and oversight, so if something isn't working across a number of departments, that it's getting some visibility, absolutely.

Mr. Mike Lake: In terms of the shortcomings up to this point, it would be fair to say there are shortcomings with departments themselves in not having the systems in some cases, but I guess the shortcomings for your office would be that you weren't aware of that. You should have been aware of that and helped guide them and demand that they have better systems in place.

Mr. Rodney Monette: I think we need to ramp up our oversight somewhat and make sure we're getting the right people together. Just getting the chief financial officers together and saying this is something we want to work on has a pretty big impact. I agree that we can do more, absolutely.

• (1230)

The Chair: Thank you, Mr. Lake.

Mr. Christopherson, four minutes.

Mr. David Christopherson: Thank you very much, Chair.

My first question builds on the point Mr. Lake was making. You talked about tools just now. My question is around the guide to costing, and I believe that in the AG report on page 27, 1.91, in response to the report, you noted, sir, that you released one in March 2008 and you're going to do an update in March 2009.

Given that the problem is lack of uniformity of applying the rules and the law the way they should be—you have all these different entities doing it differently—in making sure you have the tools, and giving the entity the tools, why would you limit it and leave it as a guide? Why would Treasury Board Secretariat not impose a policy, a directive, something that says they should do it this way? But instead you leave it as a guide, which then leaves the regime and the schemes to be different once again from place to place. Why not make it very clear as to what they do, that you don't want to see it done any other way. Then everybody is on the same page over a short period of time.

Mr. Rodney Monette: Thank you for that question, Mr. Christopherson.

I think at some point we may need to look at whether we need more policy here, but my general experience in departments, having been a chief financial officer in a few of them, is that there usually are a number of differences among departments, and you need to look at how these things apply a little bit differently.

My first instinct on these kinds of things—and we are trying to do our best to limit the number of new policies we're generating, just because there are so many policies out there—is to put out a guide, work with the chief financial officers, sit down and talk about these issues, talk with their staffs, and see if we can work it through. If that doesn't work, I think you need to say that people aren't paying attention and then you need to have a policy. My initial instinct is try to avoid a policy as the first measure.

Mr. David Christopherson: I'm curious, then. Being from the Treasury Board Secretariat, with all the things you're left to coordinate, I'm just surprised that you would take that approach—"let's try this"—a minimalist sort of approach. I understand not wanting to inundate the books with policies—Lord knows, we have policy enough—but given that the alarm has already been raised and we're already into fix-it mode, into repair, into damage control, all those kinds of things, why go halfway; why leave the risk that we're going to have to re-visit this? It seems to me that in a repair job you go a bit further, trying to head off the next repair job too.

Mr. Rodney Monette: It may be that a guide isn't sufficient. I guess all I can say, Mr. Christopherson, is that at this point my instincts are that the most important thing is actually to work with these people, sit down with them eye to eye.

Mr. David Christopherson: I guess time will tell, won't it? When the AG goes back, we'll find out whether this was the right approach or whether we lost a little bit of time.

The last question, because we only have a few minutes, will be to Mr. Rigby, and it's an easy one. I just need a quick civics lesson. What is what you refer to on page 2 of your opening remarks as the "Vienna Convention on Consular Relations"?

Mr. Stephen Rigby: I will defer to a man more expert than I: Mr. Crosbie.

Mr. William Crosbie: It's the only international multilateral framework to govern consular relations. It was negotiated and agreed in 1963. It's the primary legal document that governments use to provide consular services and it has in it, for example, the clear obligation to allow you to provide consular services to your citizens and to notify the foreign government when a citizen is—

Mr. David Christopherson: So this is more about the host country and what they are willing to allow for, for example from our Canadian embassy, as opposed to stating "all governments shall provide *x* services" to their expats.

• (1235)

Mr. William Crosbie: It works both ways. It applies to governments that are the recipients of foreigners and to governments that are trying to provide services to their citizens in another country. But it's very thin in terms of the level of obligation.

Mr. David Christopherson: I'll bet.

Thank you, Chair, very much.

The Chair: Mr. Bélanger, you have four minutes.

Hon. Mauril Bélanger: Thank you, Mr. Chairman.

I want to continue where I was a moment ago.

Given that 216 of 220 fees that have been looked at have not been increased since 2004 when the act came into effect, I'd be curious to

know whether there is an opinion—and I don't need it today—from the Auditor General as to the reason. Is it because the act is too cumbersome, too complex? Or is it because there was initially—and I recall this was a private member's bill, not a government-generated bill—still a built-in resistance to having Parliament issue directives through legislation, which is its mandate, its authority.

I join my colleague Mr. Cullen, who was talking a bit of an affront to Parliament here. I would like an opinion, if there's one to be had, from the Auditor General on that, because it's been four years, going on five. That's on the increase side.

Then, I must admit I'm very surprised that it's you, Mr. Monette, who is here today for Treasury Board. I must admit that I had a different conception of the role of the Comptroller General of Canada from one of your sitting here organizing or setting policy—or at least, if not policy, then methods and best measures and so forth—for fee collection. I've always thought or conceived of the comptroller general function as one that oversees spending and that comes into play where any new spending has to be authorized, as opposed to only involving collection on the fee side. I want to put that on the record. I may have a misconception of the role of the Comptroller General's Office.

I'm sorry, though, that there isn't someone here from the Treasury Board Secretariat, which I don't think you represent—and if it's the case that you do, then really I think we have to explore the conception and the role and the reporting mechanisms and so forth—who can talk about the fact that over four years nothing has been done.

All of what you've said, Monsieur Monette—

Mr. John Williams: He wasn't the Comptroller General.

Hon. Mauril Bélanger: Well, he was the assistant comptroller, Mr. Williams; it falls in the same category.

When I read your Treasury Board Secretariat action plan, I see that firstly in March 2008—I suspect that's because the Auditor General had started to look into this—and secondly, by November of 2008, you'll provide this. And then, by March of 2009....

That tells me that essentially nothing has been done. Do you want to comment on that?

Mr. Rodney Monette: Thank you, Mr. Chairman and Mr. Bélanger.

In terms of role, one of the things the Comptroller General has to do is make sure there are proper financial systems and so forth in place. Looking at costing and at whether or not you're collecting performance data and performance information is something the Comptroller General should do. In having me here, I think there is a recognition that a lot of this issue has to do with whether or not we're getting the right costs or whether the system is producing this information. Then, are people taking it; are they reporting on it properly? Are they being held accountable for it? I think that's a part of what the Comptroller General does.

In terms of the last couple of years, I asked our colleagues at Parks Canada, because they've gone through the system, how long it took them to prepare their submission and go through the consultation and so forth. They told me that it took over a year. I'm told that for others who have gone through the system, it takes one year to two. I've also asked how many of these proposals are lined up, getting ready to go through the system. I'm told there are more than 20, which led me to the conclusion that a number aren't actually taking this seriously and getting ready to go through.

Hon. Mauril Bélanger: That's 10%.

The Chair: Thank you, Mr. Bélanger.

You may have a brief question, Mr. Lussier, very brief.

[*Translation*]

Mr. Marcel Lussier: I have two brief questions for Mr. Rigby.

First, is medical evacuation one of the consular services offered? To my knowledge, all of the costs of repatriating someone who is sick from Florida to Canada are billed to the person in question or to their family. This is the first time I've heard of the consulate providing this type of service.

Secondly, according to your statistics, you issued 1.5 million passports in 1995 and three million in 2007. Do you anticipate that these numbers will increase to five million? What are your projections?

• (1240)

Mr. Stephen Rigby: That would be a question for Passport Canada to ponder, but generally speaking, because of the Western Hemisphere Travel Initiative, it is conceivable that five million passports could be issued in the future. That is only an estimate.

I will let my colleague answer the question about medical costs.

Mr. William Crosbie: Canadians have always been responsible for their medical costs. That is why we always encourage them to take out adequate medical insurance. In terms of arranging medical evacuations, our consular officers must take certain measures to facilitate these evacuations.

Mr. Marcel Lussier: Do you bill for these services?

Mr. William Crosbie: No, we provide these services. For example, we may advise the staff of a local hospital or make some inquiries of the local government.

Mr. Marcel Lussier: I see. Thank you.

[*English*]

The Chair: Merci.

That concludes the questions. I want to thank you for your appearance here today. I'm going to invite any of the witnesses to make any concluding remarks or comments that they want to make at this point in time.

Mr. Timmins.

Mr. Douglas Timmins: Thank you, Mr. Chairman.

First of all, unfortunately Mr. Bélanger has left. He didn't really give me an opportunity to respond to his question. I would like to advise the committee that we do not have the information to give

him the answer to his question. I think it would be speculation on our part.

But I would point out that within the chapter we strongly recommend that the fee should be reviewed on a regular basis, and I think that would start the process whereby they would be naturally going through some update or some change that would put them through the User Fees Act. If that were the case, then I think he would be more satisfied that those fees were being looked at on a regular basis.

I also would like, at this time, to respond to Mr. Lussier's question concerning the larger fees that we did not look at.

[*Translation*]

There are two categories of fees. We looked at some of the fees charged by certain departments. For instance, the fees charged by Citizenship and Immigration Canada total approximately \$250 million. The fees charged by Passport Canada for consular services account for one third of the total fees collected, or for \$230 million. Industry Canada collects about \$300 million in fees.

The remaining fees are collected by departments and agencies that we have not yet audited, such as the CRTC, \$175 million in fees, the Canadian Food Inspection Agency, \$50 million, the Canadian Grain Commission, \$40 million, and the National Energy Board, \$35 million. There are some 220 different fees in all.

[*English*]

The Chair: Thank you, Mr. Timmins.

Does anybody else have a concluding remark?

Mr. Morgan—very briefly.

Mr. John Morgan: I just have a few points to make.

Another relevant legal case has just been.... There's an opinion in the court with CRTC on part II of the Broadcasting Act on broadcasting fees. The Federal Court of Appeal ruled on that just recently, recognizing that the fees the government charges are legitimate.

Secondly, there's been some question as to the applicability of the User Fees Act. Our approach has been that all those fees that meet the definition of a user fee under the act must be reported annually in departmental performance reports, and they are being reported; those 220 clusters of fees are all reported in terms of revenues, performance standards, and so on. Even though the act may not require that they be reported, we have achieved that in fact by issuing guidance and policies to departments. The particular aspects of accountability in the User Fees Act deal with only new and amended fees. So there are some distinctions within the User Fees Act itself.

My last point concerns the guide on costing. That is something we've been working on for a couple of years. We had it issued as a draft for more than a year, getting feedback. It's a very detailed document, with lots of tools for departments. It was only finalized recently. We will be supplementing that kind of guide with a suite of financial management policies that indicate the principles for good costing. One of those will be a policy on resource management.

So we are trying to strike the policies at an appropriate level and give more detailed guidance, which can then be used as a tool.

Thank you.

• (1245)

The Chair: Thank you.

Mr. Monette, Mr. Rigby, do you have anything?

The committee has one final issue. It has to do with a motion from one of our colleagues.

On behalf of the committee, I want to thank you for your appearance today. We will be writing a report and filing it with Parliament. Again, thank you very much.

Members, we are now going to deal with Mr. Wrzesnewskyj's motion. The motion has been circulated. Mr. Wrzesnewskyj has indicated to the clerk that the date "May 29" is to be replaced with "June 10" instead.

What I propose is to allow Mr. Wrzesnewskyj two minutes to present his motion, allow up to eight interventions of one minute each, then go back to Mr. Wrzesnewskyj for the final minute, and then put the question.

Mr. Wrzesnewskyj, you have two minutes.

Mr. Borys Wrzesnewskyj: Thank you, Mr. Chair.

Colleagues, we heard testimony about the issue of the contract for \$122,000 to Mr. MacPhie, a gentleman with deep Conservative connections and ties. We heard from departmental officials and we saw communications that red flags were being raised through the process. We heard admissions from Mr. Flaherty that rules were not followed, that Treasury Board rules were broken.

When we tried to find out who was at fault in this particular situation, one person kept being mentioned. Unfortunately, the person did not have an opportunity to appear as a witness before this committee to give insight. But more importantly, when blame is being laid at one person's feet, it's incumbent upon the committee to provide that person with the opportunity either to say "Yes, it was me; I am the one at fault, as the minister said. I'm the one who made these decisions" or to provide added insight. But it's clearly not fair to the individual to be blamed for something as serious as this situation.

The other person who was mentioned a number of times was Mr. Bill Horrigan, the budget director in the minister's office. His name was mentioned a number of times as the coordinator, the one who set up not only Mr. MacPhie's contract but other contracts with individuals with Conservative ties. I think this gentleman could also provide additional insight into what transpired.

The Chair: Okay, thank you very much, Mr. Wrzesnewskyj.

Mr. Poilievre, one minute.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): By the end of the last round of hearings we had on this, I thought we'd all agreed the committee was totally out of gas. There was nothing more to explore. We had some committee members asking questions about unrelated—although important—matters because there was nothing more to discuss on this. There was an administrative error in the

issuance of one contract, and that has been acknowledged for months. We didn't learn anything new when Minister Flaherty came. All we heard was the same thing we already knew. We've already had an apology from the Liberal finance critic on this. I'm not sure there's any more to add.

But in closing, I know Mr. Wrzesnewskyj has expressed some real concern about giving Mr. McLaughlin the ability to defend his reputation. I would say, Chair, if Mr. McLaughlin asks to come to do that, then maybe we should reconsider, but to my knowledge he has not asked. So Mr. Wrzesnewskyj is seeking to grant a favour that has not been sought.

• (1250)

The Chair: Mr. Williams, one minute.

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

I understand where Mr. Wrzesnewskyj is coming from, but we are an institution of accountability. We have a protocol of accounting officers. We had the Deputy Minister of Finance here. We had the Secretary of the Treasury Board here. We had the Minister of Finance here. They accepted full responsibility for the breaking of the rules. We had a clear commitment from the Minister of Finance that it's not going to happen again.

I think about the witnesses we've just had here. None of them were directly involved in the administration of the fees, but they accept responsibility.

I really don't know what Mr. Wrzesnewskyj would hope to achieve by virtue of this, but remember we're talking about a \$122,000 contract. Three very senior people in the Government of Canada acknowledged responsibility. I don't think there is anything to be gained by bringing in the minister's staff to beat them over the head.

If we think of the time we spent on a \$122,000 contract, we have multi-million and multi-billion-dollar issues that need to be addressed seriously, and I think we're far better to focus our efforts on that to benefit the taxpayers of Canada rather than going after a headline of something that maybe wouldn't even get a headline by virtue of the fact it's already been disposed of.

The Chair: Thank you, Mr. Williams.

Mr. Fitzpatrick, one minute.

Mr. Brian Fitzpatrick: I disagreed with the call to have a minister called before this committee. It's appropriate to have the minister appear in other committees, and that happens regularly. But as Mr. Williams pointed out, we deal with the department heads and what goes on in the departments and we hold them to account. Ministers have their own responsibilities and accountability measures. It's not our job; other people do that.

Last year we got behind on the RCMP thing. I think we've been fighting all year to try to get caught up, and I think we can see the end of pipe. And lo and behold, here's a motion to bring up something I think was cleared up adequately at the last meeting. The minister has accepted responsibility.

My comments on this thing are that it seems to me that somebody is looking for big game here, but they're following rabbit droppings, if I can quote a famous person. And I really don't know where we're going here with \$122,000 out of a \$220-billion-plus budget.

And we've got lots of work ahead of us. The Auditor General keeps us busy, and we've got reports to get sorted out. So I don't know where this thing is going, and I think it would be a waste of our time to spend another minute pursuing this.

The Chair: Mr. Sweet, one minute.

Mr. David Sweet: Mr. Chairman, a lot has been said. Obviously our workload is substantial. It's important that we oversee every penny in a \$122,000 contract as far as taxpayers are concerned, but we also have a duty as far as the amount of time invested and all the other priorities we have.

I think we should do exactly what Mr. McCallum said, and wait for the Ethics Commissioner if we want to do anything else. Right now this is the only time I can remember in the two and a half years I've been here when we've summoned somebody to this committee and they've said they were responsible and it wouldn't happen again. And it's a \$122,000 contract. We have the minister already saying he's going to take responsibility and make sure it doesn't happen again. Let's call it a day.

The Chair: Thank you, Mr. Sweet.

Mr. Christopherson, one minute.

Mr. David Christopherson: Thank you, Mr. Chair.

Needless to say, I've been lobbied heavily by both sides, and given there's a possibility that once again I'll be the swing vote, I've given this a lot of thought.

I don't think anybody here is going to accuse me of being shy in terms of jumping on things that I believe need to be jumped on, but I have to say that discretionary call we already made when we brought in the minister was a big step. There would have been a legitimate argument for this committee to say no, we're not going to go down that road. They could have done that and stood by that with a credible argument. But instead we went the other way, in large part because the opposition controls the committee when it comes down to crunch votes. But we did it, we held the thing.

The minister did come and acknowledge that a mistake was made. Now he calls it an administrative error. I reject that as being just a little too cute by half. But the question remains, after a minister comes in and says there's been a \$122,000 mistake—his chief of staff made the mistake, he didn't know about it, he's been properly admonished, he's not even in the office any more, he's gone—is this a hanging offence? Are we going to call for a minister's resignation?

Personally, I think the climate has gotten away from ministerial responsibility and needs to come back that way a little more, but in the current climate I just don't see that. To me, at best this is another fishing expedition; at worst, it's a witch hunt. I'm not comfortable. I don't think there's enough here to warrant the next step, so I will be voting against.

• (1255)

The Chair: Monsieur Laforest, one minute.

[*Translation*]

Mr. Jean-Yves Laforest: Mr. Chairman, we also feel that the two parties are trying to win our support, but we intend to vote in favour of this motion. Admittedly, we did call in the minister to testify. As Mr. Christopherson said, we did seek some answers from the highest authorities, but these answers didn't satisfy me. We specifically put some questions to the minister and to the person hired by the minister or by the department, at a cost of \$122,000, to write a speech. Earlier, the Conservatives said we were focusing our attention on a \$122,000 contract. It's not the amount that's important, but rather the principle here. We need to know more if we are to understand what transpired in the case of this important departmental contract.

The minister said that because we were dealing with a budgetary imbalance, certain important elements had to be properly presented to the public. We did not get all of the answers that we were looking for. We need to know why a small company operating more or less out a basement was awarded the contract to write this speech. Something is fishy here.

[*English*]

The Chair: Merci, Monsieur Laforest.

The last minute belongs to you, Mr. Wrzesnewskyj.

Mr. Borys Wrzesnewskyj: Thank you, Mr. Chair.

We also see a disturbing pattern here. Unlike what was said, the minister did not take responsibility for it. As Mr. Christopherson said, it was shifted to his political staff and a staffer who has moved on but never had the opportunity to address the issues.

It's not whether or not he's made that request. It's incumbent on a committee of accountability, when blame for this type of error or when rule-breaking occurs, especially when it becomes quite clear it was being placed on one individual, to find out whether it was this one individual or were others involved. The same person was named in a similar and continuing pattern of contracts. It's disturbing to see a pattern of people with deep ties to the Conservative Party receiving contracts that are just below what the rules allow.

So it would be incumbent on us to find out what happened in this case, and perhaps that would prevent it from happening in the future.

The Chair: You have all seen the motion with a slight amendment. Everyone is aware of it. I'm going to ask the clerk to conduct a recorded vote.

The Clerk of the Committee (Mr. Justin Vaive): A recorded vote on Mr. Wrzesnewskyj's motion.

(Motion negated: nays 6; yeas 5) [See *Minutes of Proceedings*]

The Chair: Mr. Williams has a point of order.

Mr. John Williams: Mr. Chairman, you said you called for a recorded vote, but your job is to maintain order in the committee. If the committee wants a recorded vote they will ask for one. Your job is to maintain order. You can maybe get a ruling from the clerk, but as the chair I don't think you have that prerogative. You can check it out and let us know in the future.

Thank you.

•(1300)

Is there anything else?

The Chair: The clerk indicated before I asked, Mr. Williams, that I could record.

The meeting is adjourned.

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