



House of Commons
CANADA

Standing Committee on National Defence

NDDN • NUMBER 022 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Monday, June 1, 2009

—
Chair

The Honourable Maxime Bernier

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on National Defence

Monday, June 1, 2009

• (1530)

[Translation]

The Chair (Hon. Maxime Bernier (Beauce, CPC)): Good afternoon, everyone.

Pursuant to our agenda, to Standing Order 108(2) and the motion adopted by the committee on Wednesday, May 13, 2009, we are going to review chapter 5 of the 2009 Spring report of the Auditor General of Canada entitled “Financial Management and Control—National Defence”.

We are privileged to have with us Ms. Sheila Fraser, the Auditor General, accompanied by Hugh McRoberts, Assistant Auditor General, and Dale McMillan, Principal.

Ms. Fraser, you have between eight and ten minutes to make your presentation. Thereafter, the members of the committee will ask you questions.

You have the floor.

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

[English]

We thank you for this opportunity to present the results of chapter 5 of our spring 2009 report, entitled “Financial Management and Control at National Defence”.

As you mentioned, I am accompanied by Hugh McRoberts, Assistant Auditor General, who is responsible for our audits of National Defence, and Dale MacMillan, principal, who worked on this chapter.

At the time of our audit, National Defence had an annual budget of almost \$19 billion and managed assets of more than \$33 billion in equipment, inventory, and real estate. It is one of the largest government departments in terms of expenditures, personnel, and assets. In recent years the department has experienced real growth in funding, a trend which is expected to continue.

The department needs sophisticated financial management to allocate and monitor its resources to meet its objectives and priorities. In this audit, we looked at how National Defence's financial management practices support financial decision-making, resource management, planning, and the management of risks. We focused on the activities of senior management, who are responsible for deciding how the department's funding will be allocated and what major investments it will make.

We found that National Defence has some elements of good financial control. The department complies with legislative and government requirements for financial reporting and has kept its annual spending within authorized funding limits.

[Translation]

However, we found that, in 2007-2008, the department did not know until too late in the fiscal year that it had a surplus of about \$500 million. While most government departments can carry up to 5% of unused funds into the next fiscal year, National Defence has a much lower, fixed limit on how much it can carry forward. It must manage its expenditures within a defined \$200 million ceiling, or roughly 1% of its annual operating budget. Since only \$200 million could be carried forward into the next fiscal year, the department was unable to spend \$300 million of the resources that had been allocated to it.

We found that National Defence's two key senior management committees responsible for providing strategic and operational oversight and advice for financial management were not sufficiently focused on this role. In addition, the roles, responsibilities and accountabilities for financial matters between the three senior managers—the Deputy Minister, the Vice-Chief of the Defence Staff and the Assistant Deputy Minister, Finance and Corporate Services—were not consistent with the new Treasury Board policy on financial management.

[English]

Mr. Chair, we expected National Defence to have a corporate business plan that linked defence strategy, corporate priorities, objectives, and risks with short-, medium-, and long-term planning. We found that National Defence does a lot of planning but has no overall corporate business plan. The result is a series of operational plans for each service that are not well integrated from a strategic perspective. Further, these short-term operational plans do not take into account the long-term capital plan that is currently being developed under the Treasury Board Secretariat's investment plan pilot.

A key element of good financial management is the ability to produce accurate and reliable data for reporting. We found that the senior managers in the department do not have timely and accurate information for decision-making. Furthermore, financial information is often derived from operational systems designed to support operational requirements, not financial management. As such, senior management does not have good, high-quality information necessary to support the kinds of corporate decisions that must be made in this complex, decentralized department.

Finally, while the department has started to introduce integrated risk management, it has not been applied consistently in financial and resource management activities. We found inconsistent risk-ranking systems and risk ratings. Further, we could not find evidence that senior decision makers are routinely briefed on the status of key risks across the organization; therefore, this critical information is lacking as plans are being made and resources are being allocated across the organization.

• (1535)

[Translation]

Mr. Chair, I am pleased that National Defence has agreed with our recommendations and has recently announced measures to strengthen financial management in the department. For example, the department has recently established a Defence Finance Committee to provide a formal, strategic structure to provide oversight on resource matters and provide advice to the deputy minister in support of his accountabilities under the Financial Administration Act.

In addition, National Defence has named a chief financial officer in compliance with the new Treasury Board Secretariat policy. These measures were taken after the completion of our audit work, so we cannot comment on them. Your committee may wish to have the department report on its progress and the results it is achieving.

Mr. Chair, that concludes my opening statement. We would be pleased to answer the committee's questions.

Thank you.

The Chair: Thank you very much, Ms. Fraser.

I am now going to give the floor to Mr. Wilfert.

[English]

Hon. Bryon Wilfert (Richmond Hill, Lib.): Thank you, Mr. Chairman.

It's nice to see you again, Madam Fraser. Thank you for coming.

Can you offer some explanation as to why there seems to be a disconnect between DND officials and senior managers that has delayed the sharing of information?

Could you also then talk about the accountability aspects, in terms of senior management not being properly briefed and not providing routine reports on their progress? How are we supposed to make informed decisions, given that scenario?

Ms. Sheila Fraser: As we note in the audit, we looked for evidence that the senior committees at National Defence were actually discussing and were monitoring the financial management of the department. We found very limited discussion in those senior committee meetings about financial management. One of the

findings of the audit is that we really think they should be spending more time on that.

I am and I think we all are aware that they have a lot of other priorities and a lot of other things going on. But with the size of the budget and the complexity of the operations they have to manage, we would have expected to see more discussion at a strategic level. As well, we found that some of the key documents and some of the key pieces of information—for example, the corporate business plan, the integration of risks, and analysis of those risks across the organization—were not in place. There are a number of plans and a number of risk identifications at an operational level, but it all needs to be brought up to a corporate or department-wide level.

One example of key risks that we mentioned in the report is that there are a number of plans done for which there's no assessment around some of the risks to those plans. A major one in all of this is capacity. It's all very well to be planning at an operational level, but does the department as a whole have a capacity to do all of these things? That's the kind of discussion we would have expected to see at a senior level.

Hon. Bryon Wilfert: Asking through you, Mr. Chairman, can I expect that we will get an update on this from the department?

Ms. Sheila Fraser: It's up to the committee, obviously, to ask the department what they are doing, but we have certainly seen from the department officials—the deputy minister, in particular—that they accept the recommendations. I think they're quite cognizant of the recommendations we're making. These are not issues that are going to be resolved in a few weeks or even a few months, but we get the impression from them that they are taking this very seriously and are working on it.

• (1540)

Hon. Bryon Wilfert: Infrastructure and personnel, as you indicated on page 8, have not adequately included long-term planning—in particular, “additional costs and requirements”. Could you elaborate on the potential challenges you see?

Mr. Hugh McRoberts (Assistant Auditor General, Office of the Auditor General of Canada): Thank you very much.

I think the section you're talking about is the element on what's called “capability-based planning”, whereby you develop a series of scenarios—essentially anticipated situations that the department's going to find itself in—then assess the capabilities you need to bring to bear to deal with those, and then what the resources are, financial and material, that need to be brought to bear on them.

What we found is that the department has begun doing this. It has developed eight out of possibly eighteen scenarios that they've more broadly identified as developable, and they are working on developing capability-based planning for those. But they are a long way from being complete and from integrating the results of that work with operational plans and capital plans.

Hon. Bryon Wilfert: How much more time do I have?

The Chair: You still have four minutes.

Hon. Bryon Wilfert: I have lots of questions, but I'll have one more, and I'll share my time with my colleagues here.

How many planned activities are currently susceptible to over-programming, and how much could that amount to over the next fiscal year? I refer to page 12 of your report.

Ms. Sheila Fraser: There is, in fact, over-programming in the department. I'm just trying to remember how much it was. It could be anywhere up to \$500 million or \$600 million of over-programming in a year, which I think could be an interesting question for the committee to explore with the department. While I think we can understand that in any department and any activity there is always a possibility that there will be some delay, you wonder, if you're over-programming to that extent, if you are in fact causing delay because you don't have the capacity to do everything you're trying to do.

So it's choosing the optimal amount of over-programming. That might be something that the committee would wish to explore with the department, how they actually would decide on the amount of over-programming, and whether that is being looked at as well from a strategic point of view.

Hon. Bryon Wilfert: Thank you for that.

A large number of baby boomers in DND, on the civilian side and in the Canadian Forces, will be retiring over the next few years. Could you comment on how this will impact the increased mandate of National Defence, particularly the effect this potential human resources deficit constraint will have on the objectives of the department?

Ms. Sheila Fraser: It is certainly a serious issue that the department has to look at. We did an audit of human resources about two or three years ago and found that they were facing a significant number of departures due to retirements and didn't have the backfill available. They found they had recruited some 20,000 people and ended up with an increase in strength of 500. This was in part because of people leaving and also because of the training period. They have, I think, put in much more active recruiting, but we haven't done any follow-up work to see if that situation has improved.

But certainly human resources is a major challenge, and many of our audits point also to shortages in certain technical and skilled-labour areas, where people need to have quite specialized training before they are operational. We've noticed that in some of the work we've done on various missions and things too, that there were challenges in that.

Hon. Bryon Wilfert: In terms of the joint support ship program, which was cancelled last year, can you explain the process of these types of large contracts at the financial management level, and how much longer you anticipate this kind of process will take to repeat, in order to put it out?

• (1545)

Ms. Sheila Fraser: I'm afraid we haven't looked at that specifically. We are beginning a series of audits on procurement in National Defence, so we can perhaps have some better answers after we do some of those.

Hon. Bryon Wilfert: I'm sure my colleagues will have lots of questions.

Can I get one more?

The Chair: Take 15 seconds.

Hon. Bryon Wilfert: On the issue of emergencies and setting financial resources aside for a crisis—for example, General Leslie has indicated the need for an operational pause in 2011—when it comes to the impact on our long-term strategies, is there any work on that?

Ms. Sheila Fraser: No, we didn't look at that specifically, but those are certainly some of the things that we would expect them to do on the risk management and in the whole strategic planning going forward—that those types of things would be taken into account.

Hon. Bryon Wilfert: Thank you very much.

[Translation]

The Chair: I now give the floor to Mr. Bachand.

Mr. Claude Bachand (Saint-Jean, BQ): Thank you, Mr. Chair.

I too would like to welcome Ms. Fraser and her team.

Ms. Fraser, I have in front of me the overall budget for the Department of National Defence, which is about \$19 billion. I have looked at the way in which it is broken down. On page 7 of the French version, operational and maintenance costs take up \$6.4 billion, or 34% of the pie. Personnel costs are \$8.2 billion, or 40% of the pie. Capital costs are \$21 billion. My discussion with you is about that last point.

I asked the translators and they told me that *comptabilité d'exercice* is translated as “accrual accounting”. Several people tell me that there is a problem in the department, at deputy minister level. Currently, of the \$4 billion that has to be spent on procurements, much too much money is being spent on the air force. The first contracts that have been announced—the C-17s, the C-30s, the Chinooks...It looks like the accrual accounting curve on the \$4 billion is so high that there is nothing left for the navy and precious little for the army. That is what makes people say that the department's planning is bad.

Do you agree with me? Should the minister be saying that things are moving too fast with the air force and that they have to save some room for the navy and the army? Are my figures and my thoughts correct?

Ms. Sheila Fraser: Mr. Chair, we did not specifically look at the distribution of capital expenses in the different services. But we do note in the report that planning for the three services together is not sufficiently long-term. Longer-term planning would let them see when capital expenses are going to be needed, for which services, and how those plans can be integrated, so that all capabilities of the Department of National Defence can be considered together.

The key is longer-term planning and a needs analysis in the context of the national defence strategy. The strategy, the long-term planning and the operational plans must be aligned.

Mr. Claude Bachand: The person primarily responsible is Deputy Minister Fonberg, but there is also Admiral Rouleau, who is Vice-Chief of the Defence Staff, and the Assistant Deputy Minister of Finance and Corporate Services. Those are the three people who decide the distribution between the different sectors or environments, or whatever they are called.

• (1550)

Ms. Sheila Fraser: I am told that the Chief of the Defence Staff is the person primarily responsible for capital expense planning.

Mr. Claude Bachand: What is the relationship between the two deputy ministers? Does the Chief of the Defence Staff develop the original plan and send it to the other two for study? Is that how they do things?

Ms. Sheila Fraser: We did not specifically look at that. But we did look at the governance structure because a number of financial responsibilities fall under the mandate of the Vice-Chief of the Defence Staff. But government policies designate the deputy minister as the senior accounting officer. There was a little confusion, not to say incompatibility, in the two roles. We are told that this was subsequently changed.

Mr. Claude Bachand: That is my concern. I am not sure that the role of each of the people we have just listed is clearly defined.

Who does the defining? The department? The Treasury Board? Who has to say that each of those roles is not clearly enough defined?

Ms. Sheila Fraser: The policy on financial management is very clear: the deputy minister is the senior financial officer, the accounting officer. We noted in the report that changes were necessary because there was no senior financial officer. Quite honestly, there was perhaps a little too much military control over civilian matters.

We are told that was changed after the audit. You could ask the department what changes were made and what the subsequent results were.

Mr. Claude Bachand: Right.

Perhaps the subsequent result was that, in 2007-2008, they forgot \$300 million that the Department of National Defence then lost.

Ms. Sheila Fraser: In my opinion, that is because the systems and the data were incomplete. But we have to recognize that they have a sizeable challenge: to manage their costs to within 1% of the budget. Other departments have a limit of 5%. That is why we say they need more sophisticated systems that would give them information more quickly and allow them to make decisions.

Mr. Claude Bachand: Who decided that the limit was 1% for the Department of National Defence, not 5%?

Ms. Sheila Fraser: The Treasury Board made that decision, but it has been that way for several years.

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

[English]

I will give the floor to Mr. Harris for seven minutes.

Mr. Jack Harris (St. John's East, NDP): Thank you, Mr. Chairman.

Welcome to our committee. It's a pleasure to meet you.

I'm new to this committee and new to Parliament, at least this time around, so I'm going to ask a naive question.

In paragraph 5.74 of your report, you referred to past audits. In fact, you say that since the early 1990s you've identified financial management and controls as areas requiring attention. You refer to corporate-level planning being inadequate in regard to resource allocation, information not being available to decision-makers, a lack of identified results and performance data, and progress on data warehouses being slow. It goes back over a period of 15 years or more, and some of these problems seem to be related to the same kinds of problems you're raising in this report today.

In your view, is that unusual in government, that you can identify these things again and again and we're here 15 years later saying they need better management controls?

Ms. Sheila Fraser: I wish I could say it was unusual. Unfortunately, it happens more than we would like.

Mr. Jack Harris: Do you have any confidence, Ms. Fraser, that this time we're really going to do it and get it right, that we're going to be good boys and girls in DND from here on in?

Ms. Sheila Fraser: I think auditors always remain cautiously optimistic.

• (1555)

Mr. Jack Harris: It just seems to me that it has been a problem for a long time and it requires some significant changes, or at least some significant effort.

I'm looking again at the governance chart in exhibit 5.5. The senior management structure of the department, with the minister, of course, on top, seems rather unwieldy in the sense that the ADM of finance and corporate services is reporting to the deputy minister but all the bigwigs seem to be outside that circle. Does that management structure give you confidence in terms of being able to really take control over financial management?

Ms. Sheila Fraser: We note in here that there were some issues with the governance structure. In April 2009 the Treasury Board had issued a policy essentially on financial management, but it was known quite a bit before that.

There were two major things in that. One was that there should be a chief financial officer named. There was no one actually designated as such. As well, the deputy minister is the accounting officer, yet we found that much of the responsibility was with the vice-chief of the defence staff, and being part of the military, his reporting relationship, even though it shows that he's to report to both, would be more on the military side. It was to rebalance things, to be blunt, and to have more civilian oversight and responsibility on financial management.

Mr. Jack Harris: Thank you.

A number of people seem to think the military role is well defined in DND, but financial management is not necessarily well done by the military people. Would you agree with that?

Ms. Sheila Fraser: I hesitate to make that judgment. We have to be very careful to ensure that the civilian part of this plays a really important role, because there are very clear responsibilities given to the deputy minister. So even to look at whether military people should fill some of these positions or not, I think there should be broader questioning of how financial management should occur. But we certainly found in this report that they did not conform with the Treasury Board policy at the time of the audit. Now I understand that has since been changed.

Mr. Jack Harris: You spoke about the over-programming efforts by the department. I suppose to some extent you'd want contingency plans in case more money was available. Is that a function of the low tolerance—the 1% of budget? Would this department be better off and the public no worse off if the \$200-million ceiling on being able to carry forward were removed and they were given the same 5% leeway as other departments in carrying forward?

Ms. Sheila Fraser: I can understand why the limit is much lower, because 5% would be \$1 billion. It could significantly impact the fiscal framework, so I think there was a good reason for putting that lower limit in place.

I am concerned, though, because as the department goes into many more capital acquisitions on some of these very large purchases or projects, \$200 million from one year to the next could happen very easily. So maybe the department and the government should look at how to carry forward for capital projects—perhaps not the operational ones.

But I think the department will have increasing challenges. It doesn't take much to move costs from one fiscal year to the next, and when you're into multi-billion-dollar long-term capital investments, that's an issue the committee might want to explore.

Mr. Jack Harris: So that carry-forward applies to capital projects as well as this. That gets me to my next question, and I know others have raised it. The joint support ships was a big project. A tender was cancelled, despite the fact that many people believe the department knew all along that it couldn't be done for the amount suggested.

I'm very interested in when we might hear from you on the procurement audit. Is that a planned audit? Is it already scheduled?

• (1600)

Ms. Sheila Fraser: We have a number that are under way. We are currently doing an audit to report this fall on vehicles for use in Afghanistan.

The next one after that, in 2010, is the helicopters project. Then we are considering doing an audit in 2011 of cancelled bids, or bids that were not successful, to see what happened in some of those and why.

The Chair: Thank you, Ms. Fraser.

I will give the floor now to Mr. Hawn for seven minutes.

Mr. Laurie Hawn (Edmonton Centre, CPC): Thank you, Mr. Chair.

Thank you, Ms. Fraser, and your team for being here.

I have a couple of quick points. The JSS project was not cancelled; it was postponed due to lack of compliance. It's still part of the Canada First defence strategy.

The carry-forward is actually not 1% fixed; it's \$200 million fixed. As the budget grows that percentage goes down, and that's where I think it's become a problem for the department at this point. Is that fair?

On the over-programming we've talked about, \$500 million is a big figure but it's only 2.6% of the annual budget. Do you have any frame of reference with other departments for similar over-programming? Is 2.6% high, low, or normal?

Ms. Sheila Fraser: No. The department should be able to give a rationale as to the level and whether it is an appropriate level or not.

Mr. Laurie Hawn: Is it fair to say that one of the difficulties in which they found themselves in that budget a couple of years ago was they weren't sure whether the transfer, midway through the year, of a significant amount of money to the department was coming or not? That exacerbated their ability to get it all accounted for by the end of the year.

Ms. Sheila Fraser: Probably. We note in the report that they were always able to stay within their carry-forward limit over the last four years. So they had the systems in place, and some of this was probably over-programming to be able to spend the moneys on projects they needed to do.

Mr. Laurie Hawn: Speaking historically, the department had been able to manage the carry-over.

Ms. Sheila Fraser: The carry-forward, yes.

Mr. Laurie Hawn: I have a point on capital. There's a chart here that shows capital is now 21% of the DND budget. For many years capital was only 15% or 16% of the budget, which was causing very significant problems for the Canadian Forces in terms of modernizing fleets. They were falling further and further into rust-out because of that. Now they're up to 21%, and 20% is kind of the cut-off, in my experience. Above that, you can sort of maintain your capital position.

One of the things that happened in those years as well was, for a variety of reasons, the department lost a lot of its project planning capacity through attrition, downsizing the forces, and so on, for whatever the reason. Do you think that reduction in project planning capabilities back in the 1990s is having some impact now on their ability to manage some of their much larger programs?

Ms. Sheila Fraser: I would say we've seen that issue come up when we've done specific projects. One of the major issues that came up on the C4ISR was the turnover in project managers. A lot of the people didn't have a lot of experience and we saw problems arise from that, such as delays and overruns. I would suspect that's probably not atypical of some of the projects they have. That is one of the areas where they needed to rebuild their capacity in addition to some of the more technical trade areas.

Mr. Laurie Hawn: Notwithstanding the fact that you've raised some excellent points in your audit and there are things obviously the department is currently seized with, these are the kinds of things that might take a number of years. You can't get ten years of experience in less than ten years.

Ms. Sheila Fraser: I would point out too that, as we say, they do have many elements of good financial management. They don't exceed their vote and for many years they have stayed within their limit. I think we've tried to recognize that this is a very complex department to run, but with increasing funding going in I think what the audit is trying to say is that they really need to step up their financial management, do much better overall corporate management, risk management, and have senior managers more engaged in the financial management process.

Mr. Laurie Hawn: With respect to Mr. Bachand's point about a seeming imbalance to air assets, the CFDS is a 20-year program. This may be a little outside your lane, but obviously in the years when we're buying airplanes, it's going to be heavy airplanes, and in the years when we're buying ships, it's going to be heavy ships. Is it fair to say that what's important is the 20-year plan and how everything gets balanced and flowed through that entire program?

• (1605)

Ms. Sheila Fraser: That's right; it's the long-term plan going forward, how that matches with capabilities and needs, and how that is going to be met over the longer term.

Mr. Laurie Hawn: You talked about this and Mr. Harris addressed it as well: some of these shortcomings have existed for quite a long time. Do you have any sort of view on how far back in history, or is this sort of a continuous thing that is continually commented on and continually refined?

Ms. Sheila Fraser: I would say, probably in just about all the audits we've done on National Defence that have touched financial management, we have noted problems. Many of them, as I mentioned in the opening statement, result from systems that were put in for operational requirements and not for financial management. We even raise this when we do the audit of the Public Accounts. The inventory systems were never designed to value inventory on financial statements. There are real challenges in converting some of those operational systems into systems that can also provide financial information. I think the requirements and the sophistication of financial management have changed quite significantly over the years. The systems and the expertise of the people also need to follow suit. I think we're seeing many of those issues coming up in our audit.

Mr. Laurie Hawn: It's fair to say that this kind of thing has been a challenge not just for the Department of National Defence, but for other large departments for decades.

Ms. Sheila Fraser: I would say yes, for most of them, but there are very few that are as big and complex as this one.

Mr. Laurie Hawn: Yes, this obviously is a big one.

In the report, DND has agreed with all the recommendations. You said you really can't assess how they're doing with those because they haven't done them yet, but are you generally satisfied with DND's response? Do you think the things they've said they're going to do will address the recommendations you've raised? Are there things they didn't suggest they might do that you think they should?

Ms. Sheila Fraser: I think we've seen that they agree with the recommendations. Certainly the deputy minister has indicated that he is in full agreement and is working to do this. The fact that we have seen some announcements fairly recently, right after the audit was released, is a good sign. My only hesitation is that many of these issues will take a long time to do, and I wonder if there will be that sustained attention to addressing those issues over the longer term.

Mr. Laurie Hawn: This is probably a question you can't answer, because it will vary depending on the recommendation, but do you have any sense of when we should ask the department for feedback on how they're doing?

Ms. Sheila Fraser: We often suggest to committees that they ask for detailed action plans. The public accounts committee does this as a matter of course. The action plans set out quite concretely what the department is doing to address its problems. In the action plan, they can set their own timelines for carrying out the recommendations. Other committees sometimes ask for regular updates on where they are in the action plan, and whether things are proceeding as they expected.

[*Translation*]

The Chair: Thank you very much.

I now give the floor to Mr. Coderre.

Hon. Denis Coderre (Bourassa, Lib.): Thank you, Mr. Chair.

The devil is in the details. For sure, when we are talking about billions of dollars, people do not necessarily understand. When you say that there is a problem with financial management, I sometimes have the feeling that the left hand does not know what the right hand is doing, that it seems like an "open bar", that there is no control at all. You would certainly not be satisfied with a pat, vague answer like: yes, we agree with you and we are going to take care of it.

Earlier, you mentioned personnel specifically. When 44% of the budget goes to personnel, it is important to check whether or not there are abuses and to compare what was done two or three years ago with what is done today.

It seems that a common practice is for a number of the regular forces to take early retirement as soon as they are eligible. So they retire one day and then, the next day, they are doing the same job but as reservists, in the "full-time" category. According to my information, between 3,000 and 4,000 military personnel could have done this, with ranks from corporal to colonel. The result is a cost to taxpayers of almost one and a half times a regular military salary.

Are you able to tell me about this practice?

Ms. Sheila Fraser: Unfortunately not. We did not look into that.

Hon. Denis Coderre: Given that we are talking about 44% of the budget, what personnel matters did you look at? Just that there are not enough people to keep track?

Earlier, you talked at length about the imbalance between civilian and military. Maybe it fell between the cracks, as they say, and went unnoticed. You did not look at it at all?

• (1610)

Ms. Sheila Fraser: We did not look at that issue. When we did audits in human resources matters, it was more about the long-term planning, the need to fill key positions, training, and shortages in critical areas. To answer your question, we did not do detailed audits.

And when I mentioned civilian responsibility vis-à-vis military responsibility, I was referring to responsibility for financial management.

Hon. Denis Coderre: When you mention the \$300 million that they had to give back, this was not from the capital budget, this was money for operations. How do you explain the needs in services? That is operations money.

Ms. Sheila Fraser: Yes, that is operations money.

Hon. Denis Coderre: It is for operations. One of the people in charge said in the Senate that it was not capital money, but operations money.

How do you explain that there is a crying need in the services area? That money could have been used for equipment, or for services, in the true sense of the term. The military has specific needs because of its specific realities.

For everyone's benefit, how do you explain, in concrete terms, the fact that they were not able to fill in the documents and provide enough information that would allow the money to be used, when we have the minister coming to us and saying that he needs extra money, specifically for operations?

Ms. Sheila Fraser: One of the difficulties in the Department of National Defence is that the entire budget is allotted to the department as a whole for a series of programs and activities.

In the public sector world, it is very important never to blow your budget. Everyone shows a surplus. When you add up surpluses in a range of areas, you sometimes see that people perhaps thought that they would have expenses, but did not make them before year-end for various reasons.

So you need a little more strategic view of it all to be able to see that, in the bigger picture, a lot of people were not spending their

money. You need better information in order to see that with enough lead time.

Hon. Denis Coderre: Ms. Fraser, it is a concern if, exactly as you say, they knew, in February 2008, that they were going to have \$103 million left over; they should set about correcting that. In April 2008, the amount was \$268 million. After that, the surplus went over \$500 million. Someone was not doing their job.

Who was responsible for that situation, the present Chief of the Defence staff, who was the Vice-Chief of the Defence Staff at the time?

You usually like to say that someone is responsible. Who was responsible in this case?

Ms. Sheila Fraser: The problem is that the people in various operational sectors did not declare their surpluses far enough in advance.

Is that because they were not on top of the situation or because they wanted to keep some money in reserve? You would have to ask that question to the representatives from the department.

Hon. Denis Coderre: Thank you.

The Chair: Thank you, Mr. Coderre.

Mr. Boughen now, for five minutes.

[*English*]

Mr. Ray Boughen (Palliser, CPC): Thank you, Chair.

Allow me to extend my welcome to our guests.

As I read through the report, Ms. Fraser, I was wondering how you are recommending a design that is different from what is currently in place. It seems to me we don't have a CFO, so that may be the top block. Then, do you see two arms coming off from that—operational and capital on one side, and likewise operational and capital on the other side? Would it be one onshore, one offshore?

Perhaps you could help us kind of understand, in a diametrical kind of fashion, how you see the changes that will help the whole operation become much smoother.

• (1615)

Ms. Sheila Fraser: Certainly we think that naming a CFO is important, and that has been done. As well, there is a finance committee that has been established.

I really don't see separating it out more, because I think one of the issues we're trying to get at here is that there needs to be much better integration and more of a corporate business plan. There's a lot of planning down at the operational level; it just needs to be pulled together.

The other thing is that I think the department has started many of the things that we would expect to see in place. For example, there are the risk strategies or the capability modelling. It just hasn't completed it. So it needs to get on with doing that. I think, basically, senior management has to pay more attention to financial management and the risk, and to some of these perhaps more sophisticated management tools. Hopefully by establishing this new finance committee they will be able to do that.

Mr. Ray Boughen: Do you see more of the military in that operation, or more civilians, or have you any thought as to how that might be staffed?

Ms. Sheila Fraser: The issue that we raised here was of course around the fact that the department didn't comply with the Treasury Board policy on financial management. As I've said kind of bluntly, it was to perhaps re-establish responsibility on the civilian side. A lot of the responsibility had moved to the military side of the place. Now with the CFO and the deputy minister with a clear accounting officer responsibility, we'll have to see how this all plays out over time. Does naming people actually change anything in the department? But I think we would see a bit of a rebalancing more toward the civilian side.

Mr. Ray Boughen: Thank you.

Thank you, Chair.

The Chair: Yes, two minutes.

Mr. Laurie Hawn: We're talking percentages, and \$300 million is a large amount of money. It also represents 1.6% of the budget. You may not know this, but it goes back to Mr. Coderre's comments to try to put some context to this. Do you have any idea how many different components or different departments share in that \$300 million? Is it 10, 20...?

Ms. Sheila Fraser: I'll ask Ms. MacMillan to respond.

Mrs. Dale MacMillan (Principal, Office of the Auditor General of Canada): Basically, that is a conglomerate of everybody's budgets, all the individual services. Obviously, the ones with the higher budgets are the ones that are going to be running the larger surpluses. It tends to be the army, navy, and the air force. Those are the ones with the larger budgets.

Mr. Laurie Hawn: You know, \$300 million sounds worse than 1.6%. Again, with your experience from other departments, is 1.6% high or low?

Ms. Sheila Fraser: Well I must admit, I have a lot of sympathy for the department having to manage to \$200 million, which is 1% of their budget. It is very difficult to do that, to not go over. In the world we're in you cannot spend a dollar more than the amounts that have been voted to you. So to manage within 1% in such a large, complex department I think is a real challenge.

Mr. Laurie Hawn: Would they be in more trouble if they overspent by 0.1% than if they underspent by 1.6%?

Ms. Sheila Fraser: Absolutely.

Mr. Laurie Hawn: I'll save another one for some other time.

[Translation]

The Chair: Okay, thank you.

Mr. Bachand.

Mr. Claude Bachand: Thank you, Mr. Chair.

Ms. Fraser, the Bloc Québécois has always felt that, in terms of equipment purchases, the cart was being put before the horse, as they say. Since 2006, the government has announced a series of major procurements that do not reflect our view. We have been asking for a defence policy, developed as the result of a foreign affairs policy, since national defence is often the result of the approach to foreign affairs. Normally, with the foreign affairs policy set, and the defence

policy set, the next step is a *capability plan*, the things that are possible. That is where we ask ourselves what we want to buy so that we can conform to the new foreign affairs policy and the new defence policy.

Do you agree that the government has gone about things backwards? It made purchases, it announced that it was going to, and the "Canada First" strategy was announced right afterwards. Is that not a major strategic error? What do you think?

• (1620)

Ms. Sheila Fraser: Certainly, we would like to see a link between operational plans, the corporate strategy, if I may call it that, and the national defence strategy. I feel that that would be ideal. That is what we would like to see, and clearly, that is our recommendation. The recommendation, in fact, is that there should be a plan at departmental and corporate levels to link the two.

We did not look at the reasons behind the procurements—perhaps that is something that is clear now—but there were plans before. I think elements of the Canada First strategy existed before it was officially brought together into one whole.

Perhaps also there were needs that clearly had to be met, because, even in our audits, we saw equipment that was at the end of its useful life and that needed to be replaced.

Yes, in the future, we would like to see a more direct link that could be traced from the strategy to the operational plan over a longer term.

Mr. Claude Bachand: So, from your position, you have a hard time saying that it was not right, that we should have had a foreign affairs policy, a defence policy and a procurement plan. You cannot tell me that the way in which things were done was improper.

Ms. Sheila Fraser: I cannot say that it was improper, no.

Mr. Claude Bachand: Now I am going back to the \$300 million. Usually, the department reacts to your recommendations.

What has the department done? You said earlier that the department had created an additional financial control position, correct?

Ms. Sheila Fraser: The department has created a finance committee. It has also put someone in charge of finances, I believe, a CFO, a chief financial officer. Having someone in charge of the finances is new.

Those are two of the announcements they have made.

Mr. Claude Bachand: In your opinion, will that really ensure that the problem is corrected?

Ms. Sheila Fraser: It should help, but you do not necessarily move ahead simply by creating a committee. If the committee plays the strategic role we expect, and if there is more integration of services and plans, that can go some way to correcting the problems we pointed out.

Mr. Claude Bachand: My last question deals with capital expenses, and operation and maintenance. As you know, when the department makes major procurements, often half of the contract is for the purchase and the other half is for maintenance, the support services.

In your opinion, after your investigations, is it realistic for 34% to go for operation and maintenance and 21% to go to the purchase? Is that a normal division?

Ms. Sheila Fraser: Those were the figures we received from the department, but we did not look into the details of the various projects.

The Chair: Thank you, Mr. Bachand.

Mr. Payne.

[*English*]

Mr. LaVar Payne (Medicine Hat, CPC): Thank you, Mr. Chairman.

Thank you, Madam Fraser, for coming and to your officials for being here today to discuss these very important issues that we have in terms of financial accountability in the forces. I do believe that managing a budget of \$19 billion is a huge task in itself. I've managed much smaller budgets, and I've had difficulties myself in doing that.

I'm just wondering if you are aware of any particular system that might be in place already to help us override this difficult situation, into which all the different organizations within DND could feed to give you a very comprehensive view.

Ms. Sheila Fraser: I don't believe it's a question of one system. They do have an accounting system, so that would provide them with the information.

What's really difficult is the forecasting, getting people to tell you early enough if they think they're going to spend the funds they have available to them and getting them to not be too cautious in that so that they disclose any possible surpluses early enough in the year so that you can actually do something about them. I'm not sure that having the department find out in February or March that they had \$300 million would serve them well.

So it's really about the rigour with which people do the forecasting and about how realistic they are with regard to whether they will actually spend that money. Again we come back to the question of this chief financial officer and more attention being paid by senior managers, and to looking at those systems and even perhaps at the training of some of the people who are doing this work.

• (1625)

Mr. LaVar Payne: On page 13, in paragraph 5.41 of your report, you say that there are a large number of independent systems and that many of them are certainly designed to support operational requirements and not necessarily financial management. I wonder if, in your view, those positions should be reversed. Should we be looking at financial management versus operational requirements as the one that has the highest priority?

Ms. Sheila Fraser: The accountants would probably tell you yes. I'm not sure that's the right answer, though. I know we have issues every year when we do the financial audit at National Defence around things like inventories and fixed assets. The systems are just not designed for that.

It would be nice to have systems that respond to operational requirements but also provide the accounting information that is needed. There would be, I suspect, a fairly significant price tag

attached to all of that to change these systems. How they bring this into place is something I think the department should look at, again over a longer term.

I know, for example, that we used the inventory example. They've spent three or four years trying to get better information just into the inventory system. It is a big challenge, and it can be very expensive to change these systems.

Mr. LaVar Payne: I believe the operational one certainly has the priority, not to diminish financial, because we are responsible to the taxpayers as well. And I'm not sure how they'll find that right balance.

That takes care of the couple of questions I had right at the moment.

Mr. Laurie Hawn: Ms. Fraser, you talked about the personnel in NDHQ and splitting up military tasks and civilian tasks. Maybe you could make a quick comment on the fact that NDHQ and the military—CF and DND—are a very highly integrated operation, military and civilian, and the difficulty or impracticality of trying to split and having civilian staff here and military staff there.

Ms. Sheila Fraser: We recognize that. I think we see that there is a lot of integration, I would say, of the military staff and the civilian staff. I think it just has to be recognized—and I'm maybe going too far—that when you have a military member, his or her first loyalty is to the military. So when you have a deputy minister who has the responsibility of financial management and is the accounting officer, I think that can create problems and issues for the deputy minister. And I think we said it needed to be realigned. People needed to be perhaps a little more aware of that and certainly aware of the new policy and adapt to that.

I would hope that a new chief financial officer and a finance committee would help to resolve some of those challenges.

The Chair: Thank you.

Mr. Bagnell.

Hon. Larry Bagnell (Yukon, Lib.): Thank you.

Ms. Fraser, were you serious that it's bad to overspend? Don't they just come back with supplementaries? I remember earlier this year we had the Minister of Indian Affairs, and it turned out that every year they automatically planned to have supplementaries.

Ms. Sheila Fraser: You can't end the year overspending—that's what the issue is. It has happened very rarely, and when it's happened it has not been a good time for the department or agency that did it. If you can get supplementaries, that may be all right, but we live in a world where things can change quickly. In years in which there's talk of elections and things, you don't know if you'll be able to cut a supplementary. Moreover, if you start the year off planning to spend more than Parliament has actually voted to you, it doesn't sound like you're being very transparent with parliamentarians.

•(1630)

Hon. Larry Bagnell: It might be interesting, if you don't already do it, to go through all the departments every year and check what they do supplementaries on. If you start to see patterns, you could ask whether they aren't just manipulating things so the budget looks different.

With respect to procurement, departments of defence throughout the world are often obliged to make lightning-quick decisions—whether they're saving their countries or helping other countries. Are the decisions made quickly enough? They have problems. First of all, there are huge expenditures. We get complicated by Canadian benefits. We want a secure producer making the equipment—not the Taliban or some such group. And the situation is always changing. The worry is not embarrassment produced by the Auditor General—if we fail in this, Canadians die. By the time we get these procurement things done, new technology has developed that could put us at a disadvantage and cost lives.

Ms. Sheila Fraser: I can't talk about the audits that are ongoing, but I'm sure we will look at that question. We looked at the CF-18s and found that actually the timeline was extremely long—14 years, I believe. We tried to see why, and there were a number of issues. One was funding throughout the process—the difficulty with the parliamentary process of voting funds year by year. You start into these projects, and you have no certainty that the funds will be available to you in succeeding years, so you have to go back constantly with funding proposals. Those questions, I know, have come up. We will see in these future audits if they come up again.

Hon. Bryon Wilfert: Would it be fair to say that if the government gave DND more money to create a more sophisticated system of financial management we might not be having these issues surface so often? In other words, there has to be the political will to deal with this issue.

Ms. Sheila Fraser: That's true in part, but it's also a matter of whether the department has the expertise and capability to do these things well.

Hon. Bryon Wilfert: In procurement, the whole bureaucracy is complicated in its ability to execute. It's been suggested by a number of people that maybe there isn't the right personnel to get through that maze at DND.

Ms. Sheila Fraser: That's not something we've looked at. We have looked at project management, though, and we have seen problems there. That could certainly be an issue. Systems are important, but the critical factor is the people who use the data, operate the systems, and do the analyses.

Hon. Bryon Wilfert: Often we hear about an announcement, and then the money isn't spent and it doesn't move forward. Maybe it's on purpose—I'm not sure sometimes. There seems to be a lapse between the announcement and the actual spending. As you've pointed out, sometimes the money isn't spent at all, but the announcement's been out there.

Ms. Sheila Fraser: It depends sometimes on timing. Announcements can be made, but have the funds actually been voted? Has the program design been approved? Has the whole procedure of going through Treasury Board actually occurred? There is a fair bit of time and attention required at the front end to make sure that the planning is done well, so that afterwards the program can go ahead.

The Chair: Ms. Gallant.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Thank you, Mr. Chairman. I'll be sharing my time with Mr. Hawn, if there's any left over.

My goodness, what a change from the decade of darkness when DND didn't have enough money to spend. Now it has more than it can possibly spend.

Ms. Fraser, you mentioned that even if DND had known in March, they may still not have been able to spend the total amount without going over. Can you explain that a little further?

•(1635)

Ms. Sheila Fraser: I was trying to make the point that when you have a surplus that may go over the amount you're allowed to carry forward, you have to know sufficiently in advance to be able to spend it. To have learned this information in the last month of the year may not have given them the time. If they were going to contract services or do anything, there's a time for process to be able to get the services in and spend the money. They need to know much sooner, before year-end, that they have these kinds of surpluses in order to be able to react and spend the money appropriately. I don't think any of us want to see a kind of year-end blitz of spending.

Mrs. Cheryl Gallant: In the past, procurement was conducted through DND. It did its own purchasing. To what extent, if at all, does procurement and even purchasing through Public Works, or through another department, have to do with the complicated nature of spending in such a large department?

Ms. Sheila Fraser: I don't know that we can respond to that. We haven't really looked at that except for some specific projects. We haven't looked at the relationship between DND and Public Works and how that operates, so I don't think I can....

Mrs. Cheryl Gallant: Does this department do significantly more purchasing of equipment to run its department, for example, than another department would?

Ms. Sheila Fraser: I would think yes. Given the size of the dollars that are going through this department, obviously yes.

Mrs. Cheryl Gallant: The hundreds of millions of dollars that weren't spent were not actually lost.

Ms. Sheila Fraser: No. It would simply have gone into the surplus of the government for that year-end.

Mrs. Cheryl Gallant: Right, not like the \$40 million that went missing in the sponsorship scandal.

As my last question, you mentioned in paragraph 5.28—

Hon. Denis Coderre: I think that deserves a point of order.

The Chair: You can ask your question.

Mrs. Cheryl Gallant: In paragraph 5.28, on the corporate business plan, you mentioned you had expected National Defence to have had a corporate business plan, etc. Has the department ever had an integrated corporate business plan?

Ms. Sheila Fraser: I don't know the answer to that. We didn't go back over time. We were auditing at a point in time. That might be something department officials could advise you of.

Mrs. Cheryl Gallant: So it's not necessarily that the department has lost its ability or is no longer implementing the practice of having an integrated corporate business plan, but through the transformation of this department and all the different changes that have happened throughout the years, it is something that hasn't been done yet for the first time.

Ms. Sheila Fraser: It may have been done in the past. I don't know.

Mrs. Cheryl Gallant: Thank you.

I'll pass my time to Mr. Hawn.

Mr. Laurie Hawn: Thank you.

I have a quick point, Madam Fraser, on something Mr. Bachand said about foreign affairs policy, military policy, and so on. The length of all of these acquisition programs is very long. In fact, I was part of the F-18 program from start to finish. The SOR/75 was the last aircraft delivery in 1988. It was my squadron that took delivery of that last airplane. It was a huge program—138 airplanes—so it was going to take time.

The other point I really want to make and get your comment on is that there are basic elements that a military needs. Again, this may be outside your lane, but the military needs transports, helicopters of various kinds, fighters, a bunch of different things that we know, regardless of what foreign policy or military policy we have, we're going to need. So let's not delay; let's get on with buying the elements, because we know we're going to need them at some point.

Is that a fair statement?

Ms. Sheila Fraser: That's correct, and we would certainly expect, when we go through audits of procurement of specific pieces of equipment, that we would see either how it links to the strategy or some rationale that this is needed, and no matter what strategy we have we would require it.

Mr. Laurie Hawn: Thank you.

[*Translation*]

The Chair: Thank you very much, Ms. Fraser. We have really appreciated your cooperation. My thanks to you and the people who came with you. Good evening to you.

Now we continue with our agenda.

•(1640)

[*English*]

Committee members, I want to let you know that we have another meeting tomorrow at 214 Wellington, from eleven o'clock until one o'clock. We'll have lunch there. It will be pizza or something like that. We need to be at 214 Wellington because it has the technical facilities we require.

[*Translation*]

You also received a copy of the letter sent to the clerk by people in a firm called ARKTOS. They want to appear to talk to us about their products. They say in the letter that it could be useful for Canada in connection with the study on Canadian sovereignty. I do not know what members think of that.

Mr. Coderre, you have the floor.

Hon. Denis Coderre: I have no objection to people who know the Arctic coming to be part of the study.

But if they are trying to sell their products, or to say that they understand the Arctic and have the best amphibious vehicle, I am not sure that it would be useful.

I am looking forward much more to being told when we are going to the Arctic.

Honestly, I do not see the relevance.

Mr. Claude Bachand: I think that visits from some companies can be relevant. When the people from MDA came to talk about satellites, it was directly related to our study. But I am of the same opinion as Mr. Coderre.

I would like a guarantee that our trip will take place before the results of the study are tabled in the House. For me, it is closely related to the study. We are saving time, but I would not like us to write the report, to vote on it and table it in the House in a few weeks without having travelled.

I am not one who travels for heck of it, as my mother used to say, but when you are doing a study on the Arctic, you have to see how things are at the moment, even if you have already been there several times. I think it is vital for our study.

Mr. Chair, I would like to know if preparations are still underway for us to be able to make this trip.

The Chair: Thank you.

Mr. Hawn, you have the floor.

[*English*]

Mr. Laurie Hawn: Thank you, Mr. Chair.

I agree with the comments.

I've talked to the ARKTOS people a couple of times. It's a great piece of kit, but it's not appropriate for them to come here and sell the committee the kit so that the committee can tell DND to buy the kit. It's not appropriate, and we wouldn't support that.

[*Translation*]

The Chair: Go ahead, Mr. Bagnell.

[English]

Hon. Larry Bagnell: I don't have a problem with their not wasting committee time. I don't know if the clerk could set up an informal meeting, but I would like to see them, and I'll tell you why. They say here that they've had discussions with departmental officials regarding the Canadian government's plans to build a fleet of Arctic offshore patrol ships. And of course it would be great to have local purchasing, but we had a witness of a small shipbuilding industry before another committee, actually, and they said the government wasn't talking to all of them about building those ships in Canada. They were upset because they were not getting talked to. And this company says they are getting talked to.

So I think it's federally relevant. I don't have to be in a committee meeting, but if there were a meeting set up so that any of us who want to could meet with them, that would be good for me.

[Translation]

The Chair: Mr. Hawn, you have the floor.

[English]

Mr. Laurie Hawn: ARKTOS is happy to come to talk to anybody. They were in to talk to me a couple of times about a year ago. We made some contacts for them through the department, saying "Here's who you talk to. Go fill your boots." They came back a couple of weeks ago, and they had had discussions with the department. There's interest in the capability their piece of gear has. But to me, that's where it belongs.

But ARKTOS would be happy to come to anybody and give them a briefing on their kit, because it's good stuff. I just don't think it's proper use of the committee's time.

The Chair: Thank you.

The clerk will answer the request. In your answer, you could tell them that Mr. Bagnell is very interested in having a meeting with them. That could be done.

So that's it for this letter.

[Translation]

Your comments on our trip to the Arctic were very pertinent. I would like to encourage us to ask members of all parties to talk to their whips by the end of the session. We submitted a budget that was approved by the appropriate people—the Liaison Committee—and then the budget was slashed. You remember the discussions with the whips of each party. So I would urge you to discuss it again with the party whips. If not, for the trip to be approved, we will have to submit another budget to the Liaison Committee.

Mr. Harris.

• (1645)

[English]

Mr. Jack Harris: Can somebody help me with this process? I gather from what you're saying that somehow or other the four party whips got together and collectively decided that this wasn't on. Are you sure that's what happened, or did the government say that they weren't making money available for this particular trip?

I talked to my whip, and my whip said yes, sure, no problem. I don't know about anybody else. This decision doesn't seem to me to be with the whips collectively. It seems to me that it's a government decision.

Can someone clarify that, please? I'm getting the impression that somehow or other if the Liberal, NDP, and BQ whips say yea, then we're going to the Arctic, but I'm not sure that's the case. Can someone straighten me out on that?

The Chair: Mr. Wilfert.

Hon. Bryon Wilfert: Mr. Chairman, our whip had no problem either, but it's the Liaison Committee. All these chairs get together. I've been at that. They say it's easier to figure out how to elect a Pope than it is to figure out how these people do their job. In the end, out of the blue, they cut it. But it is the Liaison Committee that does it. I wouldn't hang it all on the whips.

The Chair: I was there, and the budget was approved there. A couple of weeks after, we were told that we must respect the argument that they have.

Mr. Wilfert.

Hon. Bryon Wilfert: Our whip said he had no difficulty.

The Clerk of the Committee (Mr. Paul Cardegna): I may be able to offer clarification.

A standing committee of Parliament needs two things to travel: it needs a budget approved by the Liaison Committee, and it needs an order of the House of Commons. We received the budget approved by the Liaison Committee, but we never received a House order. I don't know the discussions, but we were told that the House leaders—and presumably the whips were onside as well—had decided that if half the committee travelled, which would have brought our budget under \$100,000, we would have received our House order.

Hon. Bryon Wilfert: How do we make the appropriate inquiry to find out in the end who made this decision?

The Clerk: It would be at the whip or House leader level.

Hon. Bryon Wilfert: I guess this isn't the Senate, where the committees have their own power to approve their own budget. We'd like to go there. But at the end of the day, could we find that out? I think it would be relevant. Now we're talking about House leaders, we're talking about whips. I personally didn't talk to the House leader. It was the whip who said he was very supportive.

Mr. Laurie Hawn: I don't know who, and I'm not accusing anybody of anything, but my information was that it was the whips, and that's plural. I don't know whether it was all four, or three out of four. My information was that the whips, because of the desire to keep costs under control, said a maximum of \$100,000. I'm not prepared to call anybody anything. That's the information that we have on this side.

The Chair: If you can, speak to your individual whip and come back to the committee and then we'll know.

Merci beaucoup. See you tomorrow.

[Translation]

The 22nd meeting is now adjourned.

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

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

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.