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—
Chair

The Honourable Shawn Murphy

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• (1530)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): I'd like to call the meeting to order. I want to extend to witnesses, members, and guests a very warm welcome. *Bienvenue*.

Before we call upon the Auditor General, I just want to relate this to the committee. We passed a motion about our meeting on May 26. I just want to let you know the outcome.

I think everything's resolved reasonably satisfactorily—without too much difficulty, I should point out—although we have to split the meeting somewhat. The clerk and I are recommending the following.

On May 26 we have the national security intelligence. We had five or six witnesses, and we were having extreme difficulty getting any communication. That's been resolved. We have confirmed all the witnesses coming that day, with the exception of the Commissioner of the RCMP. We're going to hear him for the first 30 minutes on May 28.

So we can have the meeting. It's not a perfect answer, but we did have five senior officials, and once you start moving it, that becomes difficult. That's what the resolution is.

Yes, Mr. Christopherson.

Mr. David Christopherson (Hamilton Centre, NDP): Mr. Chair, was there a deputy available for that time? Splitting them is very awkward. We've done it once or twice. It doesn't allow a lot of continuity of questioning.

Is there an option of having a deputy commissioner come in his stead?

The Chair: I'll ask the clerk to respond.

The Clerk of the Committee (Ms. Joann Garbig): The RCMP informed me that they could make available two deputy commissioners on May 26.

Mr. David Christopherson: Well, they've been more than fair. I can appreciate there's conflicting scheduling and he's offered to come two days later, so I don't sense a situation where he's resisting us and throwing up roadblocks.

I think it's up to us to decide, Chair, whether it's in our best interest in terms of the work we're trying to do whether to split it up and have the commissioner, or allow it all to happen on one day but go with... and they've offered us two deputies.

Given that we have clear evidence that the commissioner is not trying to avoid us, I would suggest to colleagues that maybe it is in the best interest of work in this circumstance that we go with the deputies and stay to the one session.

But those are just my thoughts off the top of my head. Given the fact that we know the commissioner...and if it weren't for that piece, I wouldn't be so willing. But in this case I think it's clear the commissioner is not attempting in any way to avoid us.

Maybe it's in our best interest to go ahead with deputies. But I'd be interested to hear from colleagues.

The Chair: I should point out we've had total cooperation from the RCMP, from the office of the commissioner.

Your suggestion is a very good one.

Mr. David Christopherson: I'd be interested in what my colleagues think.

The Chair: Does anybody have any difficulty with what Mr. Christopherson proposes? No?

Okay. We'll consider that as taken. We'll do it that way and leave it at May 26.

Now we're back to hearing from Ms. Fraser. Again, welcome. This meeting is called pursuant to the standing orders to deal with the spring 2009 Report of the Auditor General of Canada, all six chapters. She's accompanied by John Wiersema, Deputy Auditor General; Doug Timmins, Assistant Auditor General; and Wendy Loschiuk, Assistant Auditor General.

I should point out to members of the committee that Scott Vaughan, the Commissioner of the Environment and Sustainable Development, is not here, but I understand that the auditor's office is prepared to entertain questions if anyone does have any questions, although our mandate, of course, is the public accounts committee.

Without any further delay, I'm going to ask you, Ms. Fraser, for your opening remarks.

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

We are pleased to present our 2009 spring report, which was tabled in the House of Commons this past Tuesday, May 12. As you mentioned, I'm accompanied by John Wiersema, Deputy Auditor General, and Doug Timmins and Wendy Loschiuk, assistant auditors general.

Our job is to provide parliamentarians with reliable and independent information on how well the federal government manages and spends taxpayers' dollars and whether it keeps its environmental and sustainable development commitments.

Before I present the details of our individual audits, I would like to raise a matter that has implications for all of our audit work, and that is the government's approach to documenting its analysis of policy initiatives submitted by departments and agencies.

[*Translation*]

Central agencies have an important role in ensuring that policy and recommendations put to Cabinet have been thoroughly analyzed. In one audit for this Report, we wanted to see that this had taken place — not to question the recommendations or decisions but to see that the analysis had been carried out.

We were told that it had taken place but that the only evidence was in the recommendations to the Treasury Board and Cabinet, documents that we do not see or wish to see. We believe this analysis should be documented in a form that can be made available to us.

I strongly urge the government to ensure that relevant analysis is documented and maintained in information systems. Should the analysis not be available to us, I must conclude that it was not performed.

Mr. Chair, I would like to now turn to last Tuesday's report. Let me begin with our audit of the government's use of gender-based analysis in its policies and programs.

• (1535)

[*English*]

Gender-based analysis is used to assess how spending initiatives and policy proposals might differ in their impact on men and on women. The federal government committed in 1995 to implement this tool throughout its departments and agencies. However, it has not made it mandatory. Our examination of seven departments showed that despite the fact that some departments and central agencies are making efforts to consider gender differences in designing their programs, the 1995 commitment has still not been implemented.

Indian and Northern Affairs Canada is clearly a leader in this area as the only department that has fully implemented the elements of a sound framework for gender-based analysis. On the other hand, Transport Canada and Veterans Affairs Canada have no framework.

[*Translation*]

We also found that very few of the departments that perform gender-based analysis can show that the analyses are used in designing public policy. Their proposals to Cabinet and to the Treasury Board provided little information on how policies would specifically affect women and men.

The government has recognized that policy decisions can affect men and women differently. It should keep its longstanding commitment to consider these differences in developing its policies and programs.

Turning now to the government's management of intellectual property. Intellectual property refers to legally protected rights, such as patents and copyrights in the industrial, scientific, literary, and artistic fields. The federal government generates intellectual property through its own activities as well as activities carried out by the private sector under federal contracts for goods and services.

Intellectual property is a valuable asset that can provide social and economic benefits to Canadians. For example, National Research Council Canada developed a vaccine for meningitis that is used in Canada as well as internationally. In addition to the health benefits, it has generated over \$25 million for the organization.

[*English*]

We found that despite their significant expenditures on science and technology, Health Canada and Fisheries and Oceans Canada have identified little intellectual property developed by their scientists and researchers. None of the three organizations that were audited adequately identify and report whether work performed under contract is likely to generate intellectual property.

As well, the government's policy requires that, apart from some specific exceptions, ownership of intellectual property resulting from contracted activities should go to the contractor to increase the potential for commercialization. Yet Health Canada and Fisheries and Oceans Canada retained ownership in more than half the contracts examined where intellectual property was reported, often without adequate justification.

We did see some good practices by the National Research Council that other departments and agencies could adopt to improve their own management of intellectual property.

[*Translation*]

The Report also looks at how the government ensures the health and safety of federal employees working in office buildings administered by Public Works and Government Services Canada. The Department administers more than 1,400 buildings in all regions of the country, where more than 230,000 public servants work. Individual departments have a responsibility for the health and safety of their employees working in those buildings.

Many of the federal departments we audited did not clearly understand their roles and responsibilities for fire safety planning. Although departments are required to hold fire drills every year, they could not demonstrate that they were doing so in 18 of 54 buildings covered by our audit.

• (1540)

[English]

We also found that for the majority of buildings in our audit, departments had not submitted fire safety plans to Human Resources and Skills Development Canada, as required. During our audit, and in response to letters we sent to departments indicating the serious nature of these shortcomings, we noted that many of the departments took corrective action.

In addition, we found that Public Works and Government Services Canada has clear policies for managing the condition of the office buildings it administers. However, it could not demonstrate that it consistently corrects high-priority deficiencies in these buildings. The federal government has an obligation to protect the health and safety of its employees. It has appropriate policies in place, and it should ensure that departments follow them.

[Translation]

Let me go back to Chapter 4. There's an issue that came to our attention during our financial audits of the Canada Revenue Agency. The Agency has incurred more than \$90 million in unnecessary interest costs over the past three years, as a result of large balances that a number of corporations have been keeping on deposit with the Agency. The Agency has a responsibility to ensure that it does not make large interest payments that could be avoided. It has recognized for years that certain corporations might be leaving large balances in their accounts to take advantage of favourable interest rates.

[English]

The Canada Revenue Agency needs to develop a robust administrative policy on managing advance deposits and apply it consistently to reduce unnecessary interest costs.

We also examined the Department of National Defence's financial management practices. National Defence has a yearly budget of about \$19 billion and manages more than \$33 billion in equipment, inventory, and real estate around the world.

Its financial decisions have long-term impacts, not only on the department but also on national security. We found that while National Defence has taken steps to improve financial management and control, its systems and practices do not adequately support financial decision-making for the medium or long term. The department needs more highly developed financial management practices to meet the demands of its complex operations.

[Translation]

We found that National Defence lacks a corporate business plan that aligns its operations with its investments and the Canada First Defence Strategy. In addition, we saw no evidence that senior decision-makers are routinely briefed on the status of key risks. In addition to better information, senior management at National Defence needs to be more involved in financial management. It will take strong leadership and commitment to make the necessary changes.

[English]

The next issue was brought to our attention in August 2006 by Natural Resources Canada. In response to concerns raised by NRCan's internal auditors, we examined five contribution agreements, and we found a serious conflict of interest. A consultant who helped the department develop two contribution programs also worked for organizations that received funding under the same programs. We were very concerned that, knowing all the circumstances, the department went ahead with these contribution agreements without identifying this obvious conflict of interest.

[Translation]

Furthermore, NRCan made over \$3.2 million in payments to an organization of which the consultant was the president, despite evidence that it was insolvent and was not paying its subcontractors. This was contrary to the terms and conditions of the contribution agreement. Natural Resources Canada needs to develop policies and guidance on conflict of interest for contribution agreements to prevent a recurrence of this type of problem.

[English]

Finally, we are also presenting the main points of special examinations of eight crown corporations that we completed in 2008. We identified significant deficiencies in three of these corporations. Crown corporations represented an important part of federal government activity. They employ 92,000 people and manage \$185 billion in assets. They are accountable to Parliament through the responsible minister, and special examinations are an important mechanism in their accountability.

The report tabled on Tuesday contains two chapters from the Commissioner of the Environment and Sustainable Development. Unfortunately, the commissioner is unable to be here today, so on his behalf I would like to take a few minutes to summarize the finding of those two chapters for you.

Let me begin with the section on protecting fish habitat. We examined the role played by two federal departments, Fisheries and Oceans Canada and Environment Canada, in the protection of fish habitat. Fish habitat is a national asset. It provides food and shelter for aquatic wildlife, as well as water for human consumption. We found that efforts to protect fish habitat have been inadequate. In the 23 years since the habitat policy was adopted, we found that some parts of it had not been implemented at all, and others only partially. This could be putting fish habitat in jeopardy.

We found limited information regarding the state of fish habitat across Canada. Fisheries and Oceans Canada does not know whether its actions are achieving the stated objective of the habitat policy—that is, to contribute to a net gain in fish habitat.

We noted that Environment Canada has not identified what it has to do to fulfill its responsibilities under the Fisheries Act related to prohibiting the deposit of harmful substances like pollutants into waters that contain fish. We found that it does not have a systematic approach that allows it to focus its resources where significant harm is most likely to occur.

•(1545)

[*Translation*]

Finally, we found little formal coordination between the two departments to set priorities or to develop common criteria for habitat protection.

The Fisheries Act is among the most important laws of the federal government intended to promote environmental protection and conservation. We are concerned that many of the issues identified in our audit have been raised repeatedly over many years, and they are still unresolved.

Turning now to the Kyoto Protocol Implementation Act. The Act was passed by Parliament in 2007. It requires the government to produce a plan each year showing how Canada will meet its obligations under the Kyoto Protocol by 2012. It also requires the Commissioner to issue reports to Parliament on Canada's progress. This is our first report in accordance with these obligations.

The government has completed two climate change plans, which include targets for reductions in emissions of greenhouse gas within the Kyoto Protocol period, 2008 to 2012. We found that the plans are missing some of the information required under the Act.

[*English*]

We found that the government will be unable to determine actual emission reductions achieved for each of the measures in its plans as the act requires. Without a system to count real emission reductions that result from its measures, the government will not be able to inform Parliament whether the measures are working. We also found that Environment Canada has overstated the expected reductions in greenhouse gas emissions for the 2008-2012 Kyoto Protocol period.

Environment Canada has accepted most of our recommendations and has committed to follow through on them in the next climate change plans.

Mr. Chair, I thank you. This concludes my opening statement. We would be pleased to answer any questions the committee members may have.

The Chair: Thank you, Ms. Fraser.

Ms. Ratansi.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you, and thank you all for being here.

I will go directly to chapter 4. In 4.18, you talk about the agency's not having a comprehensive policy or guidance to staff on how to manage advance deposits. Has the agency made any progress? Have you had any indication that the agency is attempting to overcome this problem?

You said you have a \$90-million over-interest payment over the past three years, which is a conservative estimate. Corporations, according to sources, are parking their money because perhaps the CRA gives more interest. I'd like to know what interest the CRA pays them, and whether the CRA puts this money somewhere. Does it put it in a treasury bill? Does it put it in an interest-bearing account? What is the spread under which they can reduce their

disadvantage? How much money are we talking about in these deposits?

•(1550)

Ms. Sheila Fraser: In fact there is no administrative policy. The only indication we had of any kind of advice or recognition of this issue was on the back of the remittance slip for corporations that remit funds, or in certain presentations, for example, to the Canadian Tax Foundation conference. There is no direct policy within the agency.

It is understandable that corporations, even individuals, will pay money in advance, if they expect there will be a reassessment or an assessment of taxes, in order to avoid penalties and interest payments. We found in this case that in the three years we looked at, approximately \$4 billion was on deposit for corporations, and there was no indication that there were audits ongoing or there was any possibility of reassessment. Those amounts had been there fairly consistently.

The agency pays interest essentially at the rate of treasury bills plus 2%. The cash it receives goes into the consolidated revenue fund and is used in the government's overall treasury management. Interest is paid to these corporations whenever the money is withdrawn from the accounts.

Ms. Yasmin Ratansi: There are generally 50 corporations that account of two-thirds of the \$4-billion deposit. Does the agency have any risk assessment methodology to assess whether...? Corporations fear that if they underpay or are assessed, interest will be charged to them from that day. That's fair enough, and we understand that. But there are 50 corporations that are probably the largest holders of these deposits. Doesn't the CRA do some historical analysis, risk assessment, or risk management strategy so they can minimize the amount of interest they have to pay?

Ms. Sheila Fraser: They first looked at this in 2007-08 to see if the advance deposits of these corporations could be related in any way to the possibility of an assessment. That's when they started to recognize that they were not managing these deposits sufficiently and they needed to manage them much more actively. So they need to do more management of this.

Ms. Yasmin Ratansi: Does it require legislative changes, or just a change in administrative practices?

Ms. Sheila Fraser: There are probably two solutions to this. One is to simply manage it to identify and develop an administrative policy on when advance deposits should be accepted and maintained; or perhaps a policy around how you refund these amounts.

I mean, the agency tried to decrease the amount of deposits. They called up some of the taxpayers and asked if they'd like to get their money back. They said, no, thank you. The agency didn't go any further. There's an issue about why they can't just issue the check.

Then of course there's the policy issue around the interest rate, which we have not commented on. That is perhaps something worth looking at.

Ms. Yasmin Ratansi: So there's work to be done.

My other question deals with gender analysis. You mentioned that you have looked at 68 initiatives, and there is disparity between what the government does in different departments.

In 2007 we called you before the Standing Committee on the Status of Women, where we had finished a study on gender analysis. And in 2006...basically, prior to that, in 2002, Status of Women Canada started working on gender analysis. They went to departments and did the training, but once the funding got cut there was not much to be done.

Implementing gender-based analysis through the budget is very intelligent and economically effective, because other countries, such as Sweden and Norway, have done it. As you mentioned, it meets the Charter of Rights.

Would having a gender commissioner within the PCO be a better methodology to bring cohesion? Everybody's doing either some, or none, etc.

Secondly, you mentioned that Finance develops and implements policy, during which it carries out GBA. You said it uses a template. When I looked at the template that Finance gave us, it didn't have any analysis I could verify that helped women. The women who were reviewed generally earned 70% of what men earned. Some of the policies, like pension-splitting, were not verifiable.

Did you take a look at the template or the veracity of the template? What would you suggest?

• (1555)

Ms. Sheila Fraser: On the first question of a commissioner, when I appeared before the committee I indicated that this was a policy decision, and should Parliament wish to create a commissioner, that was not for us to comment on. But from this audit, I think we show that a lot can be done without necessarily creating a commissioner.

Status of Women has done a lot of training on this, and I think our recommendations point to that. They need much more support from the central agencies—notably Privy Council Office and the Treasury Board Secretariat—to ensure that the analyses are done.

In all honesty, a commissioner would probably say they were not doing the analyses, so you would have to go back to the central agencies that have a bit of clout in the system to make that occur. There are departments that have many of the elements one would expect in a framework; they just have to be extended further.

On the question of the checklist, we were aware of it. The difficulty we have is that many of the documents and analyses.... As I mentioned in the beginning, we were told that the challenge function we would expect to see was not documented in a form that could be made available to us. Many of the budget documents are of a type of cabinet confidence that is also not available to us. They included the analysis with the recommendations to the minister, and we do not see recommendations to ministers, nor do we want to see them.

That could only be resolved by having a different structure of documents with the analysis completely separate. I don't think Finance is going to do that for us, quite frankly.

Ms. Yasmin Ratansi: Thank you.

The Chair: Thank you.

[*Translation*]

Ms. Faille, You have seven minutes.

Ms. Meili Faille (Vaudreuil-Soulanges, BQ): Thank you .

We're getting increasingly used to seeing you here at meetings of the committee. I must confess that I have some trouble with the problems that crop up again and again in every chapter. For me, it's like déjà-vu. When we look at the problems one at a time and start to accumulate all the recommendations you've made in the past, it looks as though things are not going so well in some of the departments among those that were examined.

Chapter 4 talks about the Canada Revenue Agency. When you did your last audits, you drew attention to some major issues within this department respecting the management of international transactions. There is a lack of commitment with regard to tax havens. Now the government is allowing corporations to leave balances on deposit, on which it pays higher interest. Fifty corporations paid over two-thirds of these deposits.

Have you noticed an increase in the number of corporations taking advantage of this provision? According to your comments, the departments tried to sort things out for 2007-2008. Can you give some idea where these corporations come from? What are these corporations? These are pretty significant amounts of money; mention is made of \$4 billion. In a time of economic slowdown, in tough economic times, I have a hard time understanding why a company would leave its money on deposit instead of using it and investing it.

Ms. Sheila Fraser: Mr. Chair, I hope you will understand that I cannot reveal any information that might identify the corporations, because they are protected under tax legislation.

What I can say is that the amounts on deposit have remained fairly stable. We can also assume that a Treasury bill that pays plus 2%, in a very secure investment, is a very good investment.

• (1600)

Ms. Meili Faille: Yes, it's a very good investment. We don't have anything, however, to show that these corporations have not asked for grants from the government as well. Maybe some cross analyses should be carried out.

In the current context of economic slowdown, I think that some questions should be asked: are these people leaving their money dormant? How is it accounted for? Do these people ask the government for grants? Do they get funds?

Ms. Sheila Fraser: I don't think that grant conditions—perhaps I'm going too far—are restricted to companies that don't have any investments or money on deposit. So, if they meet the criteria of the program concerned, they're entitled to the same grants as any other company.

Ms. Meili Faille: It's just that it's not very logical. If, on the one hand, these companies get grants or qualify for funds—I understand that there are conditions to be met—and that they leave this money dormant while, on the other hand, people need money to boost an entire sector of the economy, like the manufacturing or forestry sector, there's an injustice here. This is an illustration of the situation. I know you can't answer, but it's sort of an example of the way the system works.

In addition, in Chapter 5, regarding National Defence, we learn that \$300 million has had to be put back in the consolidated fund on account of poor planning. You also have a criticism in connection with Defence Plan Online.

Can you explain to us what the problems are concerning Defence Plan Online and tell us why this is not an activity plan according to your criteria?

Ms. Sheila Fraser: Allow me first to comment on the \$300 million. I think it's important for the committee to realize that National Defence does not have the same capacity as other departments to carry over amounts from one year to the next. As a rule, the departments can carry over up to 5% of amounts, but National Defence is limited to an absolute amount of \$200 million, which accounts for about 1% of its budget.

So very rigorous financial planning and management must be exercised in order to remain within the 1%, which the department cannot exceed. This is why we say that National Defence should have a more sophisticated system, especially since more money is granted to this department, its capital projects are going to last for several years and large amounts are involved.

As far as planning is concerned, there are operational plans for operations, but there isn't a plan that integrates all these operational plans and is linked with the defence strategy. This follow-up of strategy through to operational plans is what is missing, and more attention must be given to the assessment of risk in achieving plan objectives.

If these evaluations are done individually, then maybe not all risks are taken into account, such as the risk of not having enough human resources to do everything. So it's important for there to be an overall plan that is quite consistent with the strategy.

Ms. Meili Faille: So what you're saying is that the 1994 White Paper on Defence, the 2020 Strategy published in 1999, the Defence Policy Statement of April 2005, the separate announcements by the government since 2006, none of that can be found in a single consolidated plan in which all activities are listed.

Ms. Sheila Fraser: There is the "Canada First" strategy, which was produced in 2005, but we expect that this strategy should be linked to operational plans for each of the various parts of National Defence, that there should be an overall plan encompassing the whole thing.

Ms. Meili Faille: Right. Thank you.

•(1605)

[English]

The Chair: Thank you, Madame Faille.

Mr. Christopherson, you have seven minutes.

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

Thank you again for coming today.

I'd like to begin with chapter 1. There are two parts to it. I'll deal with the substantive matter first and then maybe go to the process one.

If I'm understanding the trail properly, there was a commitment made by the federal government of the day to the United Nations Fourth World Conference on Women, in 1995, that we were going to move to gender-based analysis. We made that commitment in 2005.

Then in 2007 and 2008, we were making reports and comments in front of the UN Committee on the Elimination of Discrimination against Women, bragging about the fact that this was one of the elements we were initiating as a government and as a country to help Canadian women. Yet you found that it's not happening anywhere near the degree it should; those are my words.

So we have a commitment made in 1995. We have bragging going on in 2007 and 2008. Yet when we look in between, it's not happening.

I'm pretty sure that this will be one that we'll call in. I can't imagine that we will let this go by without bringing it in for a hearing.

I'm a little confused about this; it looked as though they started out well, with the justice department. When I read that I thought, wow, this is serious. They're getting the training in place and everything else.

Then they dissolved it. Now we're back to...

Can you flesh that out a little? What did they do? Why did it work? Do you have any notion of why it disappeared?

Did they replace it with...obviously they didn't, but what were they thinking they were replacing it with that was going to do as good a job?

Ms. Sheila Fraser: Thank you, Chair.

Many of the comments the member has made are obviously reflected in our text and are correct. There was a commitment made in 1995. There have been reports given over the years by the federal government noting the implementation of gender-based analysis.

We note in here the progress, or some of the actions, that some departments took over the years. And you're correct that the Department of Justice was one of the first to actually start implementing gender-based analysis and similar practices in their work. They had a special unit, actually. I think we indicate here that there were over 50 specialists in the department and an advisory committee.

What we note is that they disbanded those units with the belief that this should be integrated throughout the department's work and should become part of ongoing, normal operations. Yet it seems that, because of that happening, it has lost momentum. Even if there were a lot of tools and things developed, without that perhaps more specialized group that perhaps kept attention on it, the tools are not being used and people are not being trained as much as we would expect. So it really has lost momentum.

I don't know that we can really point to any other reason except the fact that it was to be rolled out across the department, and perhaps there was nobody actually still promoting it and ensuring that it continued to be done.

Mr. David Christopherson: I know that this is a tough question, but did you get a sense, or did your investigators get a sense, that they really believed they could let go with the one hand because they had it in hand with the other? Or was there a sense that they let go and there really wasn't a sort of legitimate attempt to replace it? It was impressive, what they had put in place, and it broke my heart to read that they had dissolved it.

I quote further from page 12, section 1.27 of your report:

However, since the Department's adoption of its integrated model in 2004, GBA training is no longer provided. Employees who joined the Department after 2004 may not have the knowledge or support to perform GBA. The Department has not appointed a GBA champion or monitored if employees are applying the policy consistently.

It looked like the dissolution of that unit meant the beginning of the end of this actually happening in a meaningful way in the department that was out in the lead.

Hopefully colleagues will agree that we can bring that in.

The second part of this one is the whole issue of your ability to get material, and we talked about this when we had the in camera initial presentation, when you tabled it earlier this week. We know that we've adjusted your mandate in the past to avoid these kinds of things, and I think a lot of us believed, okay, the final hurdle has been overcome. Yet again we're hearing that you're not able to get the information.

If I'm understanding you correctly, you're still not trying to see documents that governments of all political stripes don't want you to see—private cabinet documents—which is fair ball under our system. That's cool. But you do believe there is a way of providing a template, a form, that would allow you to see the analysis that's been done and to extrapolate from that without damaging confidentiality. That would allow you to analyze and determine whether this analysis is taking place.

Is that correct?

• (1610)

Ms. Sheila Fraser: Yes.

I think it would be perhaps worthwhile, Chair, to have a discussion with the committee on this issue.

In the gender-based analysis, particularly, we were looking at the process that these analyses go through. An important part of the process, to us, is the challenge function that is done by the Treasury Board Secretariat and the Privy Council Office. There's an analyst somewhere in either one of those departments who challenges to see the following: Has the analysis been done? Has it been done rigorously? Has it been considered in the policy? Is it built into the policy options?

We were told that those analyses take place, but that the only documentation or evidence that they do is in the recommendation to ministers, which, of course, we don't see. We believe there should be some documentation of that challenge function within those

departments. Quite frankly, how do people know that it's ever occurred if it's not...?

We're not asking for a tome. We're not asking for 50 pages. But there isn't even an e-mail on this. It's a little astounding.

The government is quite adamant that they disagree with us. They believe it would be too onerous to do this documentation. They indicated in certain periods, for example, in budget proposals, that the timelines were very short, they might not have the time. We can probably understand in certain circumstances that may occur, but I just can't believe there can't be some documentation of this challenge function.

That's where the issue is: they indicate to us that it is largely verbal, and that the only indication it is done at all is in the recommendation to the ministers.

Mr. David Christopherson: Thank you.

Thanks, Chair.

The Chair: Thank you, Mr. Christopherson.

Mr. Saxton, seven minutes.

Mr. Andrew Saxton (North Vancouver, CPC): Thank you, Mr. Chair.

Thank you, Madam Auditor General, and your colleagues, for coming in here again today.

I would also like to focus on chapter 1, dealing with gender-based analysis. First of all, under the section, "Why it's important", I want to commend you on using, as an example, cardiovascular disease, as it's the number one killer of women, yet it's not recognized as such.

As a director of the Heart and Stroke Foundation of B.C. and Yukon, this is an issue that I am familiar with. I'm happy to say that the president of the Heart and Stroke Foundation of B.C. and Yukon, Bobbe Wood, introduced the Heart Truth program, which in fact is bringing this to people's attention: the concern over why, despite the fact that heart and stroke disease is a major killer in women, it's not recognized as such, and therefore not enough resources have been dedicated to that. So I appreciate your using that example.

Now, I notice, as my colleague Mr. Christopherson mentioned, the Government of Canada at the time, in 1995, first committed to a gender-based analysis system, yet, for example, in the Department of Finance, nothing was done until 2005—or at least that's the impression I got.

I just want to ask you, what did happen during those 10 years—mostly under the previous government, I should add—to this gender-based analysis, in particular with the Department of Finance? Did *anything* happen?

Ms. Sheila Fraser: Thank you, Chair.

We only looked at the actions of the certain departments that we had picked for this particular audit. I can't talk generally about what happened in government.

But it is correct, and we note in the report, that the Department of Finance started to implement a gender-based framework only in 2005. We note in the report, in exhibit 1.3, that they now have actually most of the elements of the framework in place.

Mr. Andrew Saxton: Okay. Is there anything more you want to add about what the Department of Finance has done in the last three and a half years to put those in place?

Ms. Sheila Fraser: As we noted in the report, they do have a policy and a commitment in place. They have defined roles and responsibilities of the various people involved in this. They've appointed a champion at the assistant deputy minister level, and provided training.

So they have taken many of the actions that we would have expected the department to put in place. The only element that is left to do is sort of an evaluation of that, to see if it is actually working as effectively as would be expected.

•(1615)

Mr. Andrew Saxton: Okay.

Do you know what triggered the change in 2005? Nothing's been done for 10 years. All of sudden, something gets done. What precipitated that? What was the catalyst? Do you know?

Ms. Sheila Fraser: I don't know, I'm sorry.

Mr. Andrew Saxton: All of a sudden it just happened in 2005.

Ms. Sheila Fraser: I'm sure government would be happy to tell you what precipitated that, but I don't know.

Mr. Andrew Saxton: You don't know. Okay, thank you.

You also state in your report that Transport Canada doesn't have a GBA system because they consider their work neutral. Could you give us an example of when Transport Canada would need to have a GBA system, or would need to consider GBA?

Ms. Sheila Fraser: Mr. Chair, I'm not an expert in this area, but I could think of things like regulations over seat belts. There could be differences between men and women in size and how they're installed.

I'm sure there would be other ones. It's just that we would have at least expected in the department, if they don't have a framework in place, that there would be some documentation as to why not. If they really felt that it wasn't appropriate for various policy initiatives, there could be just a note. In the Treasury Board submissions and all the rest of it, that is now supposed to be there.

So we would have expected some recognition of that and we didn't see that in the Department of Transport.

Mr. Andrew Saxton: On page 28, paragraph 1.71, you write, and I quote, "The central agencies have training initiatives for their analysts, but these were introduced 10 years after the 1995 commitments."

This is in regard to the central agencies. Again, what happened in those 10 years under the previous Liberal government in this agency? Did anything happen at all?

Ms. Sheila Fraser: I really can't talk about what happened over that period of time. But as noted, Finance began in 2005, the Treasury Board Secretariat began the training in 2005-06, and the

Privy Council Office did as well. Obviously, there has been more activity since 2005 in the central agencies at that level.

Mr. Andrew Saxton: How are things today in the central agencies? Have they improved a lot since 2005?

Ms. Sheila Fraser: We do sort of an audit at a point in time, so we don't do a lot of comparison over time. But we certainly note in the exhibit that the central agencies do have many of the elements in place. Like many of the issues that we've raised, the evaluation has not been done.

Again, we come back to the issue of the challenge function. We are not able to assess if that challenge function is being done and how well it's being done. So that to us is a bit of a question mark at this point because of the way the challenge isn't documented. But for their own activities, many of the elements of the framework we would expect to see are in place.

Mr. Andrew Saxton: Again, you don't know why, in 2005, the central agencies woke up all of a sudden—10 years after the fact—to implement these procedures?

Ms. Sheila Fraser: I'm sorry?

Mr. Andrew Saxton: You don't know why all of a sudden, in 2005, the central agencies decided to start implementing GBA?

Ms. Sheila Fraser: No, I do not know.

Mr. Andrew Saxton: Thank you very much.

No further questions.

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

Before we go to the second round, I just have an area...and I did put the question of the day, Ms. Fraser. That is the contribution agreements from NRCan. I did find them quite troubling. We have seen conflict of interest, mismanagement, not following the terms of the contract, payments that should have been made, just a whole litany of problems.

I'm a little taken aback by the timing. This is 2003-04. Now we're getting the report to Parliament. Your evidence is that it arose first as the result of an internal audit?

Ms. Sheila Fraser: Yes, the issues arose. An internal audit was done and published in about 2004-05, probably, or 2006. We were informed of this in August of 2006. We were comfortable that the internal audit was dealing with it. We certainly were aware of it. We don't go and review all of the internal audits, but we were made aware of this, and were under the understanding that they were doing this.

What happened subsequent to that was we received complaints in probably late 2007 that things had not been dealt with as a result of this internal audit. That was why we went in to see what was happening. In fact we found that while the internal audit had made several recommendations and the department had responded to that, they had not identified nor dealt with the conflict of interest.

•(1620)

The Chair: Ms. Fraser, would that internal audit have been published on the departmental website?

Ms. Sheila Fraser: That was published on the departmental website.

The Chair: Let me ask you this: if a member of Parliament read the internal audit, would he or she have been able to grasp the seriousness of the situation, or was it more or less glossed over?

Ms. Sheila Fraser: The conflict of interest was not identified by the internal auditors, so the question of conflict of interest was not there. It was more the management of the agreement. So the question of conflict of interest—that's why we really focused on that here—was not identified by the internal auditors, nor the department.

The Chair: Let me rephrase it. If I or any other member of Parliament read it, would there be red flags or red lights going on, or was it kind of a benign document?

Ms. Sheila Fraser: I'll let Mr. Wiersema respond, Chair.

Mr. John Wiersema (Deputy Auditor General, Office of the Auditor General of Canada): Mr. Chairman, I think that a member of Parliament reading the reports would reasonably conclude that there were problems with those contribution agreements. But as the Auditor General has repeated a couple of times, our big concern is that it's quite possible that many of those problems arose as a result of, potentially, the conflict of interest, and that had not been identified either in the audit or by management.

As the Auditor General has indicated previously, we are concerned that senior public servants perhaps aren't as sensitive to potential conflicts of interest as one might expect them to be, which is why the Auditor General has also asked that we look at the issue more broadly across government: what training, guidance, methodology is out there to help public servants identify and address these situations.

The Chair: I'm sure we'll be coming back to that chapter.

I'll actually ask the clerk to get a copy of the internal audit. I think it is important that there be a considerable amount of transparency to the whole process, and we do have a much more robust system of internal audit now going on.

Second round, four minutes—Mr. Kania.

Mr. Andrew Kania (Brampton West, Lib.): Thank you, Mr. Chair.

Ms. Fraser, I'll turn you, please, to chapter 5 in terms of National Defence. I'm going to spend some time here, because I believe, in my view, there's been some serious mismanagement under this Conservative government. I'd like to go through this in some detail.

Specifically, I'll start with this concept. This is one of the largest government departments, with a budget of approximately \$33 billion, correct? Well, it's \$19 billion, but it's \$33 billion in assets that they actually manage.

Ms. Sheila Fraser: That's right.

Mr. Andrew Kania: In terms of the moneys, there's a comment here, in paragraph 5.39, that “This is a serious consequence for a department that has stated a need for additional funds to fulfill its mandate.”

In terms of that, what have they stated, in terms of what they need more, that you're aware of? Specifically, is there anything relating to the conflict that's going on in Afghanistan?

Ms. Sheila Fraser: I'll ask Ms. Loschiuk to respond to that, Chair.

Ms. Wendy Loschiuk (Assistant Auditor General, Office of the Auditor General of Canada): Thank you for the question, Mr. Chair.

The department's budget, as you know, is increasing over time. I think we have a graph here in the chapter that indicates—it's 5.3, on page 6—where the budget is going.

A lot of that is there to help the department with its acquisitions. It is going to go through quite a lot of acquisitions over time and needs to re-equip the Canadian Forces. It also says that it needs to grow the Canadian Forces, so there will be personnel costs that will be increasing over time. And naturally, with its operations, there are also a lot of factors that go into flying, sailing, and driving all the vehicles that over time will also continue to increase.

●(1625)

Mr. Andrew Kania: Would it be fair to state, once again with reference to the conflict in Afghanistan, that this department is in need of funds in order to properly conduct that war?

Ms. Sheila Fraser: Mr. Chair, I don't think we can really answer that, because we have not done that kind of assessment. Obviously, the department needs money to operate. Depending upon the operations that they put out, Parliament votes them certain sums of money.

So we really can't comment on that.

Mr. Andrew Kania: I'm picking up specifically on the comment that they “stated a need for additional funds to fulfill its mandate”. I took from that, given the comments in your report for additional funds, that the budget that was allocated to them of \$19 billion...they still wanted more than the \$19 billion, if they need additional funds.

Is that not the logical conclusion from this comment?

Ms. Sheila Fraser: I believe, Chair, this is a reference to comments the department has made in either its report on plans and priorities or its departmental performance report.

Mr. Andrew Kania: So in essence, they want more or need more than the amount they were given, namely the \$19 billion.

Ms. Sheila Fraser: Over time, I think they're indicating, there is a need to ramp up. There are several pressures on the equipment that we have even talked about in our audits. The equipment is aging. There's a need to replace much of the equipment. And over time, as we note, there will be quite an influx of funds in order to do that.

Mr. Andrew Kania: So whether they require the money immediately or whether it's in the medium term or the long term, the short of it is they've stated they need more money than, for example, the \$19 billion budget.

Ms. Sheila Fraser: Chair, I don't know that they've actually said they need more this year than the \$19 billion. They're saying there is a need for additional funds over time in order to support the objectives and the mission they are being asked to do.

Mr. Andrew Kania: If they were given more, the supposition is they would have been able to somehow use it or plan it for the future in some manner.

Ms. Sheila Fraser: This is really very hypothetical, Chair. I can only presume that if they'd been given more money, they would have used it. But we really can't comment on that.

The Chair: Mr. Kania, your time is up and I have to interrupt you.

Mr. Kramp.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Mr. Chair.

Welcome again to our guests. As always, it's just a complete validation of the office.

It's that mixed bag of things that we like to see, where we're doing something right in government, but it's also clear identification of areas that need improvement, some of them minor tweaking and others a major re-evaluation of how, why, where, and what we do.

Thank you very kindly for coming here today. There's no doubt that after receiving the number of these chapters of concerns, this committee is going have substantial work ahead of it to come forward with recommendations and to follow your guidance on this.

I have a couple of maybe good thoughts and bad thoughts. I won't dwell on the conflict of interest situation, but that's highly problematic, and at some particular point I will. I'm more concerned with that from the one statement you made on it, which is, "We are very concerned knowing all of the circumstances, the department went ahead...."

Well, regardless of what the individuals are doing right or wrong in there, if the department knowingly still proceeded in a particular direction, that's a governmental decision. Quite frankly, I'm hopeful that down the road as we move on to that, we will potentially explore it.

So thank you for identifying that. That clearly is a classic example of some of the things we need improvement in.

Right off the bat, you mentioned you actually saw some good practices by the National Research Council that other departments and agencies could adopt. I think it's important. Identifying our problems is one thing. But also, if there are some positives that can be either duplicated, replicated, and/or whatever...

I'm wondering if you could specifically identify a few of those positive practices. And would they be transportable or transferrable to some and/or all departments to use as a potential template or potential pattern?

Ms. Sheila Fraser: Thank you, Chair.

We note in the report on intellectual property that the National Research Council does a good job of identifying intellectual property that can be developed within the council. There are some issues, I think, around their management of information of contracts where, potentially, intellectual property could be produced. But they are very good. And I'm just trying to find some of the issues. They actually have indicated that they would be quite willing to work with

other departments to show them their management and reporting systems.

• (1630)

Mr. Daryl Kramp: Great. Well, it's a little unfair to ask you to rhyme them off right now. I certainly wouldn't expect that.

Ms. Sheila Fraser: Thanks to the people at the table with me, I've just been handed something here.

Paragraph 250 indicates they have a policy for managing internally generated intellectual property, which not all departments have. There's guidance on roles and responsibilities, disclosure, ownership.

So they have actually provided, I think, more tools to the people who are working there. They also indicate in this that they would be interested in sharing the framework they've developed with other departments.

Now, I think they probably have more intense activities, perhaps, in this area than others, and that's maybe why they are better at it. But we found they have done a good job. And they actually spend a fair bit of money each year managing various licences.

Mr. Daryl Kramp: But there might also be some best practices we could take out of that.

Ms. Sheila Fraser: Absolutely.

Mr. Daryl Kramp: In chapter 3, you mentioned that PWGSC did not demonstrate that it consistently corrected the high-priority deficiencies in the buildings. I'm wondering why. Was it due to budgetary restraints, or would it be simply management oversight or inadequacy?

Ms. Sheila Fraser: I think the main issue is the ability to follow the information through the information systems. They identify high-priority repairs that are required, yet the way they organize that information is not the same way that they organize the information when they actually conduct the repair work. It's very difficult to trace it through.

Moreover, there doesn't seem to be a very good vetting process of what actually is a high priority. When we looked at the number of repairs, they came back and said that many of them had been dropped because they weren't a high priority. It's a question of the management of that list and then of follow-through. If the list exists, they should ask whether the work has actually been done, and someone should be monitoring that. They recognize the problem and have agreed to fix it.

The Chair: Thank you, Mr. Kramp.

Thank you, Ms. Fraser.

Mr. Desnoyers.

[*Translation*]

Mr. Luc Desnoyers (Rivière-des-Mille-Îles, BQ): Thank you , Mr. Chair.

Good afternoon, Ms. Fraser.

First of all, I am in complete agreement with the Chair as far as conflict of interest is concerned. Indeed, more relevant and more transparent analysis or research is required. I have one small question about this: have you discovered other cases, or is this the only one?

Ms. Sheila Fraser: This is the only case that we audited in the context of this report, but the committee will perhaps recall that, when we did an audit of public works contracts, we raised four cases in which the people hired on contract helped define the proposal criteria and then got the contract.

This is why we think that this problem is more widespread and that it exists in more than one department. We want to see the existing policies. Is there any training? Are people sensitized?

I get the impression that there are a lot of policies respecting conflict of interest among public servants, but that there aren't any respecting the people who get contracts with the government.

Mr. Luc Desnoyers: So we have to look a bit deeper.

• (1635)

Ms. Sheila Fraser: That's right.

Mr. Luc Desnoyers: Like my colleague, these reports struck me with the number of significant deficiencies to be found at practically all levels. I wouldn't make a report about it, but one positive thing struck me. No major deficiencies were found in the systems and practices of the Canada Council. That's one positive note.

Let's talk now about VIA Rail, because that concerns me. These special reports were made public on the Website, they exist. If I understand correctly, your report is a summary of what is found on the Website. So we have a summary of the major analyses.

VIA Rail has to provide safe and effective railway service, and you tell us that this company won't be able to meet some major strategic challenges in the coming years.

Is the problem basically owing to a lack of funding? We know that VIA Rail is funded by the Government of Canada and we know that the last time, long before it received its funding, it nearly went bankrupt or, at the very least, it ended up in a very difficult situation at the time. Is this one of the problems?

Ms. Sheila Fraser: Yes, we raised two problems in our report. One is the company's ability to manage the railway tracks, because these, as we know, belong to CN. The agreement was coming to an end and VIA Rail had been negotiating a new contract with CN for a month. As far as I know, this has been settled since our report was published, but it was a great worry since, if VIA Rail wants to increase, for instance, the number of trips between Montreal and Ottawa, it is limited by the agreement with CN. It cannot simply decide on its own to use the railway tracks more. Its access to the railway tracks is a strategic issue.

The other problem is linked to funding. We found that its business plan was too optimistic, that it had forecast increased ridership, while the previous business plan had also been very optimistic, but the forecasts had not materialized.

We think there should have been some alternative plans or other scenarios in case the plans didn't materialize, but there weren't any. The financial planning was deficient.

Mr. Luc Desnoyers: Is that closely linked to funding?

Ms. Sheila Fraser: Yes, because, if the business plan is too optimistic, there will be a shortage.

Mr. Luc Desnoyers: In your report, you say that over 4 million people a year, across the country, use VIA Rail, on the same railway tracks as CN. What percentage of the tracks belongs to VIA Rail and what percentage belongs to CN?

Also, you say that safety is of utmost importance, but we know that there have been several derailments in recent years, involving both CN and Canadian Pacific. The government has decreased the number of inspectors checking the railways. That is the danger. VIA Rail might also have been involved. This leads me to wonder about safety. I don't know whether you looked at that.

Ms. Sheila Fraser: We didn't look at the issue of tracks, or the regulations respecting safety. To my knowledge—I'd have to check —, the whole railway network belongs to CN. VIA Rail does not have any property and must sign an agreement with CN to have access to the railway tracks.

In the report, we examined the issue of security, but only the security of CN employees, to find out whether there was a validation of the personnel security ratings. We found that some improvements were necessary.

[English]

The Chair: *Merci*, Monsieur Desnoyers.

Mr. Shipley, four minutes.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you.

Thank you, Ms. Fraser and your colleagues, for being here again.

I'd like to focus on chapter 5, if I might, during my short time.

Just to follow up, when I read through this chapter, quite honestly, there are a lot of good things. What we find, I think, in all of the interviews that you perform with us and see with us is that we have long-time and short-time issues that are always going to be in front of us. As you mentioned—actually on page 4—clearly with National Defence there is complexity, and growth, because there's always an emergency readiness and action. Equipment and personnel are it.

I just have a quick question at the start. In 5.9, it says that the Canada first defence strategy was announced in May 2008. I'll get to that in terms of a framework strategy and in terms of risk management, but what are the implications of this strategy for the administration in terms of extra issues that would come up by implementing such a Canada first defence strategy that may or not have been addressed or been prepared for?

• (1640)

Ms. Sheila Fraser: Thank you, Chair.

I'll ask Ms. Loschiuk to respond to the question.

Ms. Wendy Loschiuk: Thank you, Chair.

I think the first thing in the Canada first defence strategy was the change in focus on buying new equipment. That would have had a significant impact on the department.

Secondly, as you mentioned, there was the commitment to grow the Canadian Forces. There as well there would have been some impact on the department to start shifting toward growth instead of staying stable as they've been used to for quite some time.

Mr. Bev Shipley: Thank you.

I'll go to page 14, where we talk about the risk management. In 2001 the Treasury Board of Canada Secretariat introduced the integrated risk management framework. That was sort of my earlier reference.

If we go down, it states, "Introduction of integrated risk management elements is slow". You indicate in your report, under 5.45, that you had expected, I think at the time of this, "National Defence to have a well-developed approach to risk management", and you indicate that it only began in 2007. I'm thinking, if I go down a little further, it actually means January 2007. That's when they initiated the first part of the corporate risk profile.

I don't know if that's when it was completed or they started it.

They started it? Okay.

Then it says "the second part". So they must have finished one part to implement the second part in March 2008, which was just a little over a year later.

One, is this a framework that's been developed at all different stages by different departments? And I think that's the whole impetus of it.

Following on what we just talked about in my first question, about the implementation of the Canada first defence strategy, did you find anything that would have helped or delayed it? Was there anything substantive that would have been a fair consequence to delay it, or was it that they just didn't find it important at the time to get at it?

Ms. Sheila Fraser: Thank you, Chair.

As you can imagine, a framework like this in a department as large and complex as National Defence will take a certain amount of time, and there are various steps that it has to go through. But we found a number of problems in the way they're going about this.

One of the main reasons for delay is in paragraph 5.47, which says that there are actually very limited resources assigned to doing this. There aren't a lot of people working on it, and it is a pretty complex exercise.

We go on, of course, later to indicate some of the other problems, such as not consistent terminology approaches throughout the department, which will make it difficult at the end to roll all this up. I think they recognize now that they have to put more attention to this and get on with it, because for the medium- and longer-term planning, this will be really critical. Especially with the increase, as we say, in capital spending or even human resources coming in, it's really important that they do this risk management strategy well.

The Chair: Thank you very much.

Thank you, Mr. Shipley.

Mr. Christopherson.

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

Are we doing five minutes in this round, Chair?

It's four? Oh, boy.

Okay. I will ask my questions and then leave them with you.

Ms. Sheila Fraser: Oh, oh! Four minutes of questions.

Mr. David Christopherson: We all know what I'm like: talk, talk, talk. That's why I'm here.

I want to go to chapter 3 on health and safety in federal buildings. I appreciate that my colleague Mr. Kramp raised something on this. This is one of those things, in the context of the millions and billions of dollars we deal with, and of conflict of interest, and defence budgets, and war planning, and the like, that could easily get overlooked.

When you're talking about their not doing the fire drills, at first blush that can sound pretty mundane. But, boy, if there's ever a disaster and then an inquiry and the first piece of evidence is that there was no fire drill, suddenly it's headlines.

Let's recognize that our first priority, even beyond the programs we deliver, with a couple of exceptions—armed forces, RCMP, emergency response personnel—and our first obligation to the people we hire to implement those policies is their health and safety. There are hundreds of thousands of Canadians who work in buildings we're responsible for, and probably millions of people who care about those individuals.

So I'm going to urge, if we can, Chair, that we find time to maybe do.... I'm just suggesting this.

But I also liked the questions that Mr. Desnoyers was asking around VIA, given the importance of the future, of moving Canadians around this big country, about the importance of moving to rail in terms of the environment—all those reasons. We have a report that's telling us there are major problems.

I'm going to suggest to colleagues that perhaps we could find a way to maybe do one hour on this report, and pick one, two, or three within, spending maybe an hour or 45 minutes on each.

The other one I want to raise is the Great Lakes Pilotage Authority. I'm being right upfront that I'm being very parochial. Hamilton is affected by this in a big way, but so are literally tens of millions of other Canadians. At Hamilton we have one of the major ports on the Great Lakes-St. Lawrence Seaway system, and there are real issues here about the qualifications of the pilots and the navigators.

There are recommendations, if I have this right, that domestic shipping no longer be exempt from the certification process, or no longer be exempt from having to....

Help me on this; there's a piece that they have to do and they're exempted from it. Perhaps you can fill that in for me.

But there's a piece there, and there's a recommendation that came out in 2002 saying, hey, we ought to move away from this.

Again, as one of the Great Lakes port representatives, and thinking about all the cities that are impacted by ports, and here we have a health and safety issue on our waters.... I don't think it needs to be a long two-hour examination, but it would seem to me that we ought not to leave that untouched.

Also, there's the building issue. If I can, I would note the example you gave of 66 Slater Street. Let anyone watching think, "Really, fire plans...?", it's the confusion among departments, because they didn't know which department was responsible—one of them was the PCO, by the way. The report

SAYS: As such, fire safety planning risks were not addressed for the building for almost a three-year period...endangering the health and safety of the federal employees located at 66 Slater Street.

It seems to me that's an alarm bell and that we have an obligation to follow up on it.

Thank you, Chair.

•(1645)

Ms. Sheila Fraser: Chair, perhaps I could clarify the question of the Great Lakes pilotage. Canadian vessels that only operate on the Great Lakes are exempted from having compulsory pilots; they can use their own captains and people on board. The problem is that the authority does not know whether those people are actually competent to be piloting.

The exemption has been in place since 1972. There have been numerous studies and recommendations made over the years that there be more rigorous conditions attached to these exemptions and that there be some way for the authority to assure itself that the people who are piloting these ships actually are competent to do so.

Mr. David Christopherson: Yes, particularly since they're in the same waters as people in personal pleasure craft.

That concludes my questions, Chair. Thank you.

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

Thank you, Ms. Fraser.

Mr. Young, you have four minutes.

Mr. Terence Young (Oakville, CPC): Thank you, Chair.

I share Mr. Christopherson's concerns. I think "mundane" is the exact word you'd use. When you say "health and safety in federal office buildings", it's not very interesting at all. But in fact it's very interesting. It's very important. It's the health and safety of federal employees and others.

You said, Madam Fraser, that many departments did not understand their roles and responsibilities for fire safety planning. Could you tell the committee, please, what it was that they didn't understand? What is missing there?

Ms. Sheila Fraser: They didn't understand what the requirements were under the act. The major occupying department in a building is the one that is responsible for the fire plans within that building. In the case of 66 Slater, two departments couldn't agree which was the

major occupying department, and so nobody did the fire plans for three years.

They didn't seem to know the legal obligations. They have to have a fire drill every year, but in certain buildings called "high buildings" you have to as well do drills on specific floors. We found that this wasn't being done.

So there's just a general lack of knowledge of their own responsibilities and requirements under the laws.

•(1650)

Mr. Terence Young: You said in the report that they "could not demonstrate" that they were conducting fire drills in 18 buildings. Although you just commented, I'd like you to expand on your comment, please. My question is, what was really going on? Was it just that they couldn't demonstrate it, or were they conducting drills and no one was recording it, or what was it?

Ms. Sheila Fraser: Our impression is that for the large part, they were not conducting drills. I sent letters to all the deputy ministers or heads of agencies concerned with those buildings in December, and I suspect there were a lot of people out on the street during the wintertime because the drills were being held.

Mr. Terence Young: Every person who commented on the report "concurred" or "agreed"—I feel sympathy for anybody who reported on this, because they had to find a way to say they agreed in about four different ways—but what have they done since?

Ms. Sheila Fraser: Of the 18 buildings, 16 have held drills since. For the other two, there are drills planned within the next month or so. So certainly within the next month, all will have had the drills. I would hope that from then on, now that they've been advised of this, they will continue to do so.

Mr. Terence Young: What were the high-priority deficiencies that were not corrected with regard to health in those buildings? Was anyone's health damaged by any of these issues, to your knowledge?

Ms. Sheila Fraser: I don't have the information. I'm not sure whether we have somebody here who does. It would not be anything that is really urgent, but something that has to be done within the next year. That's why it's considered high-priority. If it were actually something that could impact upon someone's health, it would be considered an urgent repair and would be dealt with.

Mr. Terence Young: So there's no asbestos coming out of the ceiling, or anything like that?

Ms. Sheila Fraser: No, I don't believe.... I can check, Chair, with the team and get back to the committee, if ever that were the case, but it's not my understanding that there was anything such as that.

Mr. Terence Young: Thank you, and thank you, Chair.

The Chair: Thank you, Mr. Young.

Mr. Kania, please.

Mr. Andrew Kania: In the first round, we established that the department needs as much money as it could get. It needed more than the \$19 billion that the budget was for, and it used this money for—

The Chair: Can I interrupt just for a second?

I want to point out that the committee is mainly concerned with administration and the spending of the money and proper administration. The auditor can answer for her department, but whether the department had enough money would be more an issue of policy, which they're not going to comment on, or I don't think they are.

Madam Auditor, am I correct there?

Ms. Sheila Fraser: Chair, the only comment we could ever make is if the department itself said that, and I don't know that the department has said that as regards the \$19 billion.

Mr. Andrew Kania: Do I still have my four minutes, Mr. Chair?

The Chair: We'll take that off your time. You can ask your question, but I wanted to say that.

Mr. Andrew Kania: I'm referring specifically to the comment in paragraph 5.39, which says, "This is a serious consequence for a department that has stated a need for additional funds to fulfill its mandate." That's where that comment came from.

Now, in this particular year, Ms. Fraser, \$500 million of the \$19 billion was not spent. Is that correct?

Ms. Sheila Fraser: That's correct.

Mr. Andrew Kania: Of the \$500 million, they could have done a couple of different things. They could have, as we call it here, re-profiled it—in essence, pledged it to future years—so that they would have had the availability to use that money into the future. Is that correct?

Ms. Sheila Fraser: Re-profiling can occur if there is approval by the Treasury Board.

Mr. Andrew Kania: Okay. So that's one option.

The second option is that they could have spent it on whatever might be needed, whether it was the fight in Afghanistan or for whatever other needs there might be. Is that correct?

Ms. Sheila Fraser: The issue is that they had to know that they had this surplus, and they did not know in time to be able to spend it.

Mr. Andrew Kania: I agree, and I'm getting there.

They could have spent it if they had known about it. They could have had the benefit of this extra \$500 million.

Ms. Sheila Fraser: Yes.

Mr. Andrew Kania: And because of the way this particular department works, the most that can be rolled into the next year by way of a carry-forward is \$200 million.

Ms. Sheila Fraser: That's correct.

Mr. Andrew Kania: So by definition, because, as you said, they were not aware of the fact that there was \$500 million not yet spent, by definition, they carry forward only \$200 million and they've lost

\$300 million for whatever good uses they wish to have for this department. Correct?

• (1655)

Ms. Sheila Fraser: That's correct.

Mr. Andrew Kania: And those good uses could have been anything. It could have been, for example, for extra equipment for the Afghanistan campaign. It could have been extra soldiers. It could have been extra pay and benefits for soldiers. It could be any of that. Correct?

Ms. Sheila Fraser: Presumably, yes.

Mr. Andrew Kania: In addition, last year, I understand that they closed four squadrons across Canada. I'm only aware of one specific example in terms of the name, but the 439 Squadron in CFB Bagotville in Saguenay was closed.

How much does it cost to operate that over a year?

Ms. Sheila Fraser: Chair, I have no idea what it costs.

I'm not sure that the point that's being made.... I mean, that's a policy decision to close their operations. I'm not sure that this has any relationship to the surplus that was generated.

Mr. Andrew Kania: But if they had known, which they did not, that there was \$500 million that they had to use, they could have chosen to keep any of these bases open.

Ms. Sheila Fraser: That again is a policy operational decision. I'm not convinced that the linkage can be made between that. That is a discussion to have with the department.

Mr. Andrew Kania: That's fine. I understand that it is a policy decision. The point is that they had money that they could have spent on whatever it was, including on keeping bases open, including extra equipment, including soldiers. There was \$500 million available to them, which they just were not aware of.

I consider that to be incompetence.

Ms. Sheila Fraser: Mr. Chair, I personally—

The Chair: I have to interrupt you here.

You're out of order, really. The purpose of the committee is to deal with the effectiveness, the economy, the prudence of government spending. Yes, you're saying that they could have done this, and they could have done that, but that's a decision for the government—ratified, of course, by Parliament and the estimates process. When it comes here, we normally don't get into that. I think the Auditor General's made that pretty clear on a number of occasions.

Ms. Sheila Fraser: Mr. Chair, in all fairness, I'd like to point out that, yes, they lapsed money in 2007-08, but in the four years previous to that, they were within their \$200 million limit. We believe they have basic financial management in place. They need to have more sophisticated financial management going forward.

Personally, I have some sympathy for the department to have to manage within 1% of their budget and never go over. When you're in a situation where you can never spend more than your budget, you will always have a surplus. To manage that to within 1%.... There are not many departments that can do it.

I think the point we're trying to make here is that they need more sophisticated management tools going forward and more focus on the medium and longer term, especially given the increase in budgets that are coming, and some of the challenges that they will have with the capital acquisitions.

The Chair: You have one last question, Mr. Kania.

Mr. Andrew Kania: Let's discuss, then, other problems, such as no corporate business plan. You've identified that as another serious problem on page 2.

What effect did this have on them as well?

Ms. Sheila Fraser: As we note in the report, they do have plans at the operational level, but they don't have the overall corporate business plan that would be linked to the strategy. One of the issues that can come out of that is....

Well, the operational plan, I think in the immediate year, they can cope with. It's the medium and long term. Especially going into a number of projects of large capital acquisition, they have to be able to assess if that plan, over the longer term, is reasonable. Does it align with their strategy? Can it be put into operations effectively?

They need to do much better at assessing the risks. For example, one risk that we point to is human resources and the capacity to actually manage all of this and to do all of these things. You can't simply do these on an individual operational level. You need to have that overall plan in place.

The Chair: Thank you.

Mr. Weston.

[*Translation*]

Mr. John Weston (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC): Thank you, Mr. Chair.

[*English*]

I wasn't expecting to go into chapter 5, Madam Auditor General.

In fact, I'm getting ahead of myself. Thank you for being here.

[*Translation*]

As the new member here, in Ottawa, the message I'm hearing is that we have to respect the way government operates. And, thanks to your office, mine is performing better and better. Thank you very much.

[*English*]

We just heard my colleague say several times that money was lost. Can you confirm that not spending money is different from losing money?

Ms. Sheila Fraser: Obviously, the money that was not spent was, yes, not spent.

Mr. John Weston: If one accepts that the expenditures on defence have increased dramatically under the Conservative government,

wouldn't it be logical that the corporate business plan would have to catch up? We're not going into policy, but it's been said many times that the defence expenditures left men and women in uniform starved for supplies. If one was to increase the expenditures dramatically, then one would expect the business plan to have to catch up. That would be the normal thing.

● (1700)

Ms. Sheila Fraser: There would certainly have to be adjustments to the overall business plan, yes.

Mr. John Weston: It's been said that we have the best-equipped troops in Afghanistan, and so the increase in expenditure will precipitate the kind of business planning that you are recommending.

Ms. Sheila Fraser: Yes, but we would have expected the corporate business plan to be in place now. We could recognize that perhaps it needed adaptation because of new decisions that have been made, but we would have expected an overall corporate plan to be in place.

Mr. John Weston: I think the committee will ensure that this happens.

Let me switch to your report on Natural Resources. The chair correctly pointed out that the transactions involving conflict of interest occurred in 2003-04. Not to take a partisan approach, but that was under a previous administration. You've noticed things are getting better, and you said that the Conservative government has taken action to improve accountability and oversight within Natural Resources Canada to ensure wise expenditures of tax money.

Ms. Sheila Fraser: The department responded to many of the recommendations in the internal audit program, but they still do not have a policy on conflict of interest.

Mr. John Weston: It's not that a conflict of interest occurred under recent administration, but that there needs to be an improved policy to make sure it doesn't occur again.

Ms. Sheila Fraser: We only signalled one case that came to our attention. Because of the lack of attention and sensitivity to the matter in this department, which we also saw in Public Works and Government Services, I'm concerned that this may be occurring elsewhere as well.

Mr. John Weston: But you haven't found them—

Ms. Sheila Fraser: Not yet.

Voices: Oh, oh!

Mr. John Weston: —you're just concerned that they could.

Let me move to innovation. Innovation is extremely important to Canadians in a time of economic uncertainty. The timing is quite remarkable, because a constituent of mine, a leader in innovation, Roger Garriock, will be in Ottawa. He teaches innovation to kids and corporations around the world.

You have commented that there is a lack of consistent approach in ensuring that the Government of Canada promotes intellectual property. You mentioned that the policy is to leave it with the contractors. I'm wondering if these two things mightn't be linked. If you're leaving it with the contractors, is it possible you're not as able to document what you're generating?

Ms. Sheila Fraser: We found a number of problems in the departments that we looked at. The general policy is to leave the property rights with the contractor. There are certain exceptions—property related to national security and property with a documented rationale stating that the crown should retain it. In over half the contracts we looked at, the crown was retaining the property rights without justification. There may be missed opportunities because the commercialization is not occurring.

With respect to internally generated intellectual property, we note that in spite of some significant expenditures in science and research in departments within government, there are very few inventions or patent rights being registered. I think it's probably a lack of attention. Perhaps we need to educate people on how to do it, or find a way to get government to pay more attention to this issue.

Mr. John Weston: That's important, thank you.

The Chair: Thank you, Mr. Weston, and Ms. Fraser.

Colleagues, that concludes the final round of questioning. As we all know, the steering committee will be meeting a week from this Tuesday and will be coming back with a recommendation to the committee as to the chapters that we will hold hearings on.

We have another item of business, Madam Auditor. On behalf of everyone here, I certainly want to thank you very much not only for your excellent work but also for appearing here today.

I want to ask you if you have any closing remarks before we go to our next item on the agenda.

● (1705)

Ms. Sheila Fraser: I thank you, Chair, and all the members of the committee, for your interest in our work. We look forward to future hearings and working with you on these issues.

Thank you.

The Chair: Thank you very much.

Members, I'd like to move on to some business.

The first item is a motion that was actually tabled by Mr. Christopherson on the last day of notice. That, as far as the chair is concerned, has been resolved, and the meeting will take place on May 26, the first Tuesday when we come back. The clerk has asked me to point out that the Privy Council Office witness, although she's coming to the meeting, won't be here until 4 o'clock.

At the last meeting, we had a motion tabled by Ms. Ratansi, and someone made the motion or whatever that the motion was out of order for this committee. I heard interventions from different members, both for and against, and I just want to rule on that now. I did put some work into this, so I'll read my text.

As I said, I've heard from several members of the committee, both for and against, and I certainly want to thank them very much. I've

sought the advice of the clerk and I've done my own research as to the appropriateness of this motion before this committee.

Colleagues, standing committees receive their mandates in three different ways: under Standing Orders, by an order of reference from the House, or under legislation. Pursuant to Standing Order 108(3) (g) of the House of Commons, the mandate of the Standing Committee on Public Accounts is defined as follows:

(3) The mandate of the Standing Committee on:

(g) Public Accounts shall include, among other matters, review of and report on the Public Accounts of Canada and all reports of the Auditor General of Canada, which shall be severally deemed permanently referred to the Committee immediately after they are laid upon the Table;

and any other matter which the House shall from time to time refer to the Standing Committee.

Some have argued that our role is to follow the work of the Auditor General, and, as a result, we are precluded from reviewing or reporting on any other matter or concern. That is not, and has never been, my interpretation of the committee's mandate. Our mandate is to review government spending. Our reviews and reports pertain to the issues of economy, efficiency, prudence, and compliance. We are not to be concerned with policy issues. We are not concerned with why things are done, but with how things are done.

However, practically speaking, since the committee does not have its own research or audit capacities, we rely almost exclusively on the Office of the Auditor General. In other words, the committee would have considerable difficulty—but is not restricted from—reviewing and reporting on issues of economy, efficiency, prudence, and compliance without the professional help that we receive on a daily basis from the Auditor General and her hundreds of staff.

My opinion is that once an expenditure has occurred, it does become an issue for this committee. Once an expenditure is made by the Government of Canada or any of its agencies, then the matter becomes part of the public accounts of this country, whether it's reported or not. The expenditure becomes part of that department or agency's statements, which in turn become part of the general statements prepared by the Receiver General for Canada. Then those statements, in turn, are audited by the Office of the Auditor General, and are eventually laid on the table as the audited statements, usually in October of each year.

There's no better example, colleagues, than the report we just heard, which was tabled in Parliament on Tuesday of this week. In particular, I did raise a question about chapter 6, entitled "Selected Contribution Agreements—Natural Resources Canada", which reports on a number of contribution agreements, one of which was particularly troubling. The report documented blatant conflict of interest, payments being made not in the accordance with the terms of the agreement, and total mismanagement in the spending of government money.

The issue arose as a result of an internal audit, and I did put the question to the Auditor General. And Mr. Wiersema answered that any parliamentarian should have picked it up, if he or she had read it. Then it became an issue for the Auditor General, only because the department was not following up on the recommendations of the internal audit.

I use that as an example. I, as chair—and I hope you, as members, agree with me—would see no problem in the committee moving a motion to bring this issue to the public accounts committee based on the contents of the internal audit, which, according to the Auditor General and her assistant, was published on the departmental website.

• (1710)

I have absolutely no difficulty putting the internal auditor, the chair of the independent audit committee, and the deputy minister, the accounting officer, at the end of the table and asking them what exactly is going on in this particular department. Parliament and Canadians would have been better served, I think, if that had been done three years ago instead of today.

The motion before us is somewhat unusual, and that is why I wanted some time to give it some thought. The matter involves a request that the Comptroller General report as to the expenditures—and I underline and repeat that word—coming from vote 35.

Vote 35 is highly unusual. The wording of vote 35 is as follows:

Vote 35—Budget Implementation Initiatives

Subject to the approval of the Treasury Board and between the period commencing April 1, 2009 and ending June 30, 2009, to supplement other appropriations and to provide any appropriate Ministers with appropriations for initiatives announced in the Budget of January 27, 2009,

In essence, it's a blanket appropriation. The government needed this unusual appropriation to deal quickly with the need to stimulate the economy. And we're not debating at all the need for vote 35, because as everyone knows, vote 35 was approved in Parliament.

The motion is also not looking for more specificity as to the spending intentions, nor is it looking to clarify the estimate process. The motion, as I read it, calls for a report on actual expenditures made from vote 35—in other words, moneys that have been spent. Hopefully no one would be opposed to this information coming to the committee.

In normal circumstances, to obtain an ongoing list of expenditures from a particular vote would be, in my opinion, an abuse of the powers of this committee. The vote that was passed in the estimates process would be specific, the funds being expended would come from that specific vote, and the committee would have no tools available to it to determine issues of economy, efficiency, or probity. However, given the highly unusual nature of vote 35, I do not see it as inappropriate that this committee receive this information.

The reporting requirements would not be onerous. This information is readily available to the Comptroller General. It's under his ambit, and vote 35 expires in 47 days, so the obligation would be extremely short.

I should point out that the preamble to the motion is not part of the motion. I didn't get into that in any detail at all, and I didn't consider it as to factual correctness or whatever.

I have difficulty, colleagues, with that part of the motion dealing with jobs. My first problem is that it's not the role of the Comptroller General to monitor or report on jobs, the so-called jobs created.

The second problem is that if there are any actual expenditures coming from vote 35, those would likely come under funding arrangements with other levels of government or other entities, and any reference to jobs would be second-hand or third-hand, and highly speculative.

My third problem is that the issue may be bordering on policy.

For these reasons, I am prepared to rule out of order that part of this motion dealing with jobs, which would mean the deletion of the entire second sentence after the word “vote”. So it would end at the word “vote”.

To review, I didn't spend any time on the first four paragraphs as to the factual accuracy or the veracity of the statements. The resolution would end on the second sentence under that vote. Everything else would be deleted.

That's my opinion, colleagues.

Ms. Ratansi, part of your motion is still in order, and if you're still interested, you can move the motion.

Colleagues, I'd like to hear from the mover for two minutes, and then I'm prepared to entertain up to eight interventions of one minute each, then go back to Ms. Ratansi, and then we can put the vote.

• (1715)

Ms. Yasmin Ratansi: Thank you, Chair, and thank you for taking such an exhaustive approach to looking at all the elements within this motion. I appreciate the details that you have gone through.

If it is not part of our mandate, I am agreeable to removing “the number of jobs projected to be created by the funds expended”. I am agreeable to removing that portion.

The Chair: The clerk has pointed out that the amendment should be agreed to. You're moving the amendment, so this is a housekeeping issue.

Is it agreed that she can amend the motion as she stated?

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

The Chair: Carry on.

Ms. Yasmin Ratansi: Okay. Thank you,

This is really the purpose and the intent of the motion. The stimulus package was an extraordinary measure, and the Comptroller General is the only person, as you've mentioned... Had Natural Resources been on a timely basis... The Comptroller General can tell us, when he reviews the proposal, what has been drawn down, how much has been drawn down.

I was looking at the supplementary estimates, and they have allocated; the Treasury Board has approved. But the purpose of the stimulus package was to ensure that we stimulated the economy, and if we have stimulated the economy and departments have drawn down the money to do shovel-ready jobs or whatever, that the government claims it needed the money for, that's the reason why we have it.

We are a public accounts committee and our job is to ensure the efficiency, economy and effectiveness of public dollars. I think it behooves the committee, being accountable and being transparent for the taxpayers' dollars, that we agree, because we gave the government that \$3 billion in a very short window. That short window was to try to create jobs. In our own ridings, we are facing a lot of issues for people who are losing their jobs, losing their lives, because they cannot seem to manage.

So I would like to ensure that the committee supports this, because all it requires is the Comptroller General giving us his analysis of what has been drawn down.

The Chair: Okay.

As I indicated, I can entertain eight interventions of up to a minute each. Is anybody prepared to speak?

Mr. Saxton.

Mr. Andrew Saxton: First of all, Mr. Chair, I want to point out this is a highly unusual matter to be coming before this committee. This is not the correct committee for this. Perhaps the government operations committee would be the correct one—maybe not that one, either—but certainly not this committee.

The government has made it clear that our commitment to Parliament is to report on vote 35 on a quarterly basis. These reports will be done through supplementary estimates and through regular reports to Parliament on the economic action plan.

This morning, the president of the Treasury Board tabled the 2009-10 supplementary estimates (A) in the House of Commons. I happen to have a copy right here. In these supplementary estimates, it clearly points out where the initial funds of \$1.187 billion have gone in the period from April 1 to April 30.

So we're talking about two weeks after the end of the period. We already have a detailed explanation of where these funds have gone. This is the normal procedure that we will report it in. I think it's highly unusual that it would be reported on a weekly basis. It would be an onerous exercise for the Comptroller General, and I am firmly against it.

• (1720)

The Chair: Mr. Kramp, one minute, please.

Mr. Daryl Kramp: Thank you, Chair.

I have a very serious problem with this. One is political and the other, to my mind, goes right back to the purpose of this committee.

This committee works really well when we stay away from the partisan nature of politics. With all respect to all my colleagues at this table, this motion is a strictly, straight partisan issue that has a very obvious intent. There isn't one member sitting around this table who doesn't recognize the reality of the motion, what it's for, and what it's intended to do.

Probably one of the most disturbing things that I find about being a member of Parliament is having to go through this kind of a...well, I won't throw a word to it.

I have two or three points, though, Chair. I have some points that I need to make on this. Quite frankly, we received the letter to you that

was dated April 27. That's wonderful, but we're only just receiving it now. It clearly illustrates the response that was requested from public accounts, with an idea of deadlines on that, from the Comptroller General, which is a clear response to what this committee had asked—obviously not in line with the vote, but in line with the request from.... So there's no move by the Comptroller General to not comply with the means of accountability.

In your opening statement, Chair, you were referring to Marleau and Montpetit, subsection 108(3). You said that the mandate of the Standing Committee on Public Accounts includes “among other matters”.

Well, it doesn't say that; “among other matters” is not included in that. What it says is that the mandate of the Standing Committee on Public Accounts includes the “review of and report”.

I'm not wishing to get into wordsmithing. I find it really disturbing that we're heading down this road. I think it's a shameful abuse of the purview of this committee, I really do—particularly when it's already been reported elsewhere and investigated in other committees, as we stand right now.

We had the Auditor General arrive today, doing the classic thing that the Auditor General does: presenting reports to us for evaluation, so that we can make.... We have a ton of work to do.

Third, and as perhaps the last point, in that one program alone I think there were over 3,000 applications just for Ontario to administer. Would you say that it's just nothing to come up with these reports? Well, quite frankly, there are thousands and thousands of reports and program expenditures that would have to be reviewed every seven days in working through to meet that. That is absolutely over the top, preposterous, and unnecessary.

There's no attempt to dissuade anybody from finding out what's going on. If it's already been reported in the estimates, the estimates are being reported on a consistent basis at the request of all of the opposition members of Parliament. If we were to go through with this, quite frankly....

Chair, with the greatest respect, I would challenge the chair and ask that this matter go to the Speaker for judgment. I don't want to go there, Chair.

The Chair: Mr. Kramp, you can't discuss the ruling. You can challenge the ruling of the chair, and I take no exception, but that's....

Mr. Daryl Kramp: Then, Chair, I do. I'm sorry.

The Chair: Okay, that's fine. That's your prerogative, Mr. Kramp.

Mr. Daryl Kramp: As I said, I am sorry; I regret this.

The Chair: It's not a debatable motion, and I'm going to ask the clerk to conduct that vote.

We do have a motion from Mr. Kramp. The wording of the motion would be this: Shall the chair's ruling be sustained?

All those in favour—

Mr. Andrew Saxton: Mr. Chair, can we ask for a recorded vote, please?

The Chair: I'll ask the clerk.

Mr. John Weston: So this is non-debatable?

The Chair: Yes.

Shall the chair's ruling be sustained?

• (1725)

The Clerk: There is an equality of voices. It is a tie.

The Chair: The clerk has informed me that should there be a tie in the vote, the chair does not vote and the ruling is sustained.

(Ruling of the chair sustained: yeas 5; nays 5)

The Chair: The motion stands as amended.

We're going to Mr. Christopherson.

Mr. David Christopherson: I have just a couple of thoughts. I might have been one of the first to ask whether or not this was in our purview, not because I suspected anything political. Really, if you want to play politics, you can go all the way back to the origin of the vote. It's all been highly political.

I would also say to Mr. Saxton, he used the term "highly unusual" for this, but the whole vote 35 process is unusual. That's why an exception makes sense.

My only question was whether or not this was actively for us to look at or someone else. I was hoping someone would, but were we the right ones? You've made your ruling, and we've now sustained that.

Given the extraordinary nature of the vote, I'm feeling compelled to support it because there's no reason not to. It is unusual, but so was that whole process and the setting aside of money and the way it was going to be accessed.

I can appreciate the concern that there's partisan politics, but other than the usual layers of partisanship that exist, I'm not sensing, there's no particular case here, that this is going to segue into, or you're backing into, an issue you couldn't get in through the front door. There's nothing like that.

Yes, it's going to be political, but so is the whole setting aside of that money and spending it the way we did. So I'm feeling comfortable there are no games at play, beyond the usual tensions that exist anyway, and I don't think it's extraordinary enough that we wouldn't go ahead and do this. It's over in a short period of time. It's Canadians' money, they're entitled to know where it's being spent.

You've now said it's in order, Chair, and we've sustained that, so I'm in support of the motion. I can't see a good reason not to be at this stage.

The Chair: Okay.

Mr. Young, briefly, and Mr. Weston, briefly.

Mr. Terence Young: Thank you, Chair.

My concern is—

The Chair: May I interrupt you for a second? I apologize; I had meant to bring this up.

Mr. Kramp talked about Marleau and Montpetit, but I took my quote right from the Standing Orders. It does say, "Public Accounts shall include, among other matters, review of and report on", right in the Standing Orders.

I'm sorry, Mr. Young, please continue.

Mr. Terence Young: Thank you, Chair.

My concern is that I'm not sure how useful this whole process is going to be. I don't think it will be useful at all, in fact, and it's redundant.

For example, this committee doesn't meet every week, and it certainly doesn't meet every week throughout the summer. I'm trying to understand the benefits and the logistics of how this would work and the benefit to the people of Canada if committee members who are doing other work throughout the summer, or travelling with parliamentary committees, are going to get an e-mail that lists a bunch of projects that have been approved. Probably many of them are going to be announced with press releases anyway.

With a word to redundancy, here's supplementary estimates (A) 2009-10, just published today, which lists allocations for Treasury Board central votes. There are pages and pages of exactly those kinds of expenses.

For example, under "Department, Agency, or Crown Corporation", Environment—Parks Canada Agency is allocated \$9.9 million; Trans-Canada Highway twinning through Banff National Park is allocated \$2.1 million; and under Health Department, health facilities and capital programs are allocated \$10 million.

So this is a totally redundant effort. I view it as a partisan effort and totally redundant. I don't think logistically it provides any benefit to the people of Canada.

Thank you.

The Chair: Mr. Weston and back to Ms. Ratansi.

Mr. John Weston: Thank you, Chair.

One thing that concerns me, that brought me to Ottawa, and I think it concerns all of us as MPs, is the efficiency of expenditure of government money and government resources. We're here on the payroll of taxpayers. For us to duplicate the efforts of another committee that is more narrowly focused on the very thing that Ms. Ratansi proposes to review, strikes me as a horrible waste of time and money. Therefore, I'll be voting against this.

The mandate of the Standing Committee on Public Accounts includes a review of and report on.... Well, we've heard about that.

The mandate of the operations committee, and that's the other one I'm referring to, is this.

I'm reading from the Standing Committee on Government Operations and Estimates archive:

The Committee's government operations mandate includes primarily the study of the effectiveness of government operations; expenditure plans of central departments and agencies, commissions, selected Crown corporations and organizations; new and emerging information and communications technologies (ICTs) in the government; and statutory programs, tax expenditures, loan guarantees, contingency funds and private foundations

Therefore, it's no coincidence that Alister Smith of Treasury Board has appeared no less than ten times already before this other committee to deal with these things, Ms. Ratansi. And John Baird, the minister, was there today already.

So they're way ahead of us. They're more narrowly focused. I don't propose to sit and waste taxpayers' money by doing what someone else is already doing.

• (1730)

The Chair: I'll go to Ms. Ratansi, very briefly, and then I'll put the vote.

Ms. Yasmin Ratansi: Thank you.

I understand where they're coming from, Mr. Chair. It was a highly unusual request that the government made. It wanted this money urgently so it could stimulate the economy.

For months they had not given us anything, and now I see appropriation, not drawdown. That's where the issue is. They could have utilized the usual process of the budget, \$236 billion, and utilized that effectively. Why did they make Parliament approve \$3 billion on the pretext they wanted to create jobs?

We need transparency and accountability. And no other committee is doing work on it, Mr. Chair. I checked.

The Chair: I'm going to call the—

Mr. Daryl Kramp: Mr. Chair, can I have just ten seconds only? One other last concern, and this has nothing to do with....

We have always been reporting and/or doing our work based on the Auditor General's reports to us. This now sets a precedent that anything is in the ball game.

Really, her concerns are not the major concern of this thing.

Mr. David Christopherson: Mr. Sauvageau brought in one about funding during the federal election that wasn't on any Auditor General's report, and we asked for special—

The Chair: There are people who have planes to catch. I'm going to put the question.

A recorded vote is requested. I'm going to turn that over to the clerk.

All in favour of the motion of Ms. Ratansi as amended?

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

Mr. Andrew Saxton: Mr. Chair, we have a letter from Public Works that I ask the clerk to read out, please.

The Chair: Is it in both official languages, Mr. Saxton?

Mr. Andrew Saxton: Yes, we have it in both official languages.

The Chair: I think this has been circulated, Mr. Saxton.

Mr. Andrew Saxton: Right. I have a motion I would like to present to committee on this.

The Chair: Well, we'll just take it as notice that you want to give it to us. This is only for notice. This is not to be....

I'll just read it very briefly: that during the week of May 25, by Friday, May 15, the Department of Public Works and Government Services be required to deposit the audio cassettes requested at the meeting of March 24, 2009, in relation to the committee's study of chapter 3, "Contracting for Public Services—Public Works and Government Services Canada", of the December 2008 Report of the Auditor General of Canada.

Now, the way this works, colleagues, is that Mr. Saxton has presented this motion. I haven't analyzed it, but unless he has unanimous consent, this is just notice. It would be debated and voted upon at our next meeting, which will be on Tuesday.

Mr. David Christopherson: No, no, but we may allow unanimous consent. If it's what I think it is, I want to.

An hon. member: I didn't hear all of it.

• (1735)

The Chair: I'm sorry, I read that a little too quickly. I'll go slowly.

I think the motion reads—correct me if I'm wrong, Mr. Saxton—that....

I think there was a cut-and-paste job here that got screwed up.

[*Translation*]

Mr. Luc Desnoyers: I don't have the French version of the document you're talking about.

[*English*]

The Chair: The French version is there.

[*Translation*]

Mr. Luc Desnoyers: In any case, I don't have the French version of the motion you're reading.

[*English*]

The Chair: Well, let me read this. It will just take a second, as follows: that during the week of May 25, 2009, the Department of Public Works and Government Services be required to deposit the audio cassettes requested at the meeting of March 24, 2009, in relation to the committee's study of chapter 3, "Contracting for Public Services—Public Works and Government Services Canada", of the December 2008 Report of the Auditor General of Canada.

That is accepted on notice.

Mr. David Christopherson: Chair, may I ask for the floor?

The Chair: Go ahead, Mr. Christopherson.

Mr. David Christopherson: We're talking about the letter from the Deputy Minister of Public Works, correct? I'm willing to stay here for a moment to deal with this, because if I'm reading it right, I'm outraged.

We passed a motion and dealt with that whole privacy issue. We brought in the lawyer and heard legal advice. We took our position. Now we have a letter telling us they're going about their business exactly the way they wanted to, regardless of our motion.

Mr. Andrew Saxton: No, they're saying that they're adding ten days. They need an extra ten days—

Mr. David Christopherson: No, no: The department is treating the committee's request as a priority, but must still respect its obligations under the Privacy Act. A dedicated team is working on the review of the audio cassettes and is seeking the consent....

Well, we went through all of that, and we made a determination that the cassette tape, given that it was in a public arena, was to be

delivered whole to this committee. That's the motion. Now this says they're not going to do it that way. I think that's a problem.

Mr. Andrew Saxton: But the motion is not the letter; the motion is different from the letter.

Mr. David Christopherson: That's why I'm trying to ascertain exactly...because the motion is a little convoluted.

An hon. member: The purpose is to have those tapes here by the 25th.

The Chair: Unaltered.

Mr. David Christopherson: Unaltered—that's the point.

The Chair: I'm going to accept the motion as notice—there's confusion, and we're past our time—and it will be debated and deliberated on at our next meeting. I don't think I can do anything else.

The meeting is adjourned.

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