



House of Commons
CANADA

Standing Committee on Public Accounts

PACP • NUMBER 026 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, June 9, 2009

—
Chair

The Honourable Shawn Murphy

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

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

Standing Committee on Public Accounts

Tuesday, June 9, 2009

• (1530)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): I'd like to call the meeting to order and welcome everyone here. *Bienvenue à tous.*

This meeting, colleagues, visitors, and witnesses, has been called pursuant to the Standing Orders to deal with chapter 5, "Passport Services—Passport Canada", of the 2009 Status Report of the Auditor General of Canada.

The committee is very pleased to have with us today the auditor herself, Sheila Fraser. She's accompanied by Wendy Loschiuk, assistant auditor, and John Reed, principal.

From the Department of Foreign Affairs and International Trade, we have the deputy minister and accounting officer, Len Edwards.

From Passport Canada, we have Christine Desloges, the chief executive officer; Jody Thomas, chief operating officer; and Gary McDonald, director general.

Again I want to extend to everyone a very warm welcome, but before I call upon the Auditor General for her opening remarks, I just want to introduce to the committee Mr. Brandon Jarrett, who's from the Australian National Audit Office. He's in Canada to do the preliminary scoping work for the peer review audit, which will be conducted over the next 12 months on our Office of the Auditor General.

Mr. Jarrett, welcome to the committee. Welcome to Canada.

We're now going to hear from Ms. Fraser, then from Mr. Edwards if he has any opening comments, and then Madam Desloges.

Ms. Fraser.

Ms. Sheila Fraser (Auditor General of Canada, Office of the Auditor General of Canada): Thank you, Mr. Chair. We thank you for inviting us to discuss chapter 5 of our 2009 status report on passport services.

As you mentioned, I'm accompanied today by Wendy Loschiuk, assistant auditor general, and John Reed, principal, who are responsible for this audit.

We have looked at Passport Canada several times over the last few years in audits on managing identity information, setting government fees, and sharing intelligence. This agency not only provides a very important service to Canadians by issuing the travel documents needed to cross borders but it also plays a role in ensuring our security.

[Translation]

In 2005, we reported that as border security tightened, especially as concerns travel to the United States, Passport Canada had struggled to meet heightened expectations for security and growing demands for service.

We found in 2007 that there was some progress made in addressing our concerns but that the agency still had work to do. Indeed, after the U.S.-imposed Western Hemisphere Travel Initiative phase 1 came into effect in January 2007, Passport Canada found itself unprepared for the overwhelming number of passport applications from Canadians wanting to fly to the United States. As a result, there were significant delays in the processing of passport applications and increased waiting time at passport offices.

Following hearings in 2007, this committee issued a report criticizing the agency's planning for the surge in passport applications. The committee asked for an action plan to detail how Passport Canada would prepare for another possible surge in demand before the next WHTI phase, and I understand that action plan was presented to the committee.

As you know, WHTI phase 2, which requires Canadians and Americans to have a passport to enter the United States by land and sea, came into effect on June 1.

In this Status Report, we looked at actions by the agency since 2007 to identify and correct the problems it had during the first WHTI deadline.

For this chapter, we kept our scope focused on how the agency is getting passports to Canadians who need them. We did not look at security this time.

[English]

Our audit found that Passport Canada has taken action to identify what went wrong in 2007 and to address those problems. In our opinion, Passport Canada was better prepared for the western hemisphere travel initiative, phase two, deadline. The agency conducted several lessons-learned exercises to identify causes and solutions. It improved how it forecasts and monitors demand so that it can better react to changes. It increased its capacity for processing and printing passports, streamlined how it managed walk-in applications at its passport offices, and hired more staff.

Passport Canada has been very active in reaching out to Canadians about the need for a passport. It launched a national communications campaign informing Canadians about the June 2009 deadline and encouraging them to apply. It opened clinics in selected communities to reinforce its message and to accept applications.

The agency made it possible for Canadians to submit applications at some Service Canada outlets and local post offices, and it also revamped its website. We found that Passport Canada has taken reasonable steps to do what it can to inform Canadians, improve access, and at the same time try to influence demand for its services.

In our audit we wanted to know what plans the agency has should demand increase beyond current operational capacity. We found that the agency has prepared a broad contingency plan that includes several actions that would be triggered by such things as excessive lineups or delays in standard turnaround times.

Detailed planning was still under way at the time of the audit, but in our opinion there were still some critical gaps. For example, the agency has not yet determined how much its operational capacity would increase by taking certain contingency actions, or what level of excess demand would trigger action. In addition, the agency had not specified who had the authority and responsibility to initiate those contingency actions.

Our status report contained recommendations aimed at helping Passport Canada respond to surges in passport demand, and the agency has agreed with those recommendations. The committee may wish to get further clarification from Passport Canada on the actions they have taken.

Mr. Chair, this concludes my opening statements. My colleagues and I would be pleased to answer any questions that committee members may have.

Thank you.

• (1535)

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

We're now going to hear from Mr. Len Edwards, Deputy Minister of Foreign Affairs and International Trade.

Mr. Edwards.

Mr. Leonard Edwards (Deputy Minister of Foreign Affairs, Department of Foreign Affairs and International Trade): Thank you, Mr. Chairman.

Good afternoon, everybody. I am pleased to appear before the committee today, along with Christine Desloges, who is the new chief executive officer of Passport Canada, Jody Thomas, and Gary McDonald.

I am particularly pleased to be able to talk a little bit about the significant work that has been done by Passport Canada to prepare for the possibility of demand surges in the future.

In 2007 the Auditor General noted that Passport Canada did not have a formal contingency plan to handle unexpected increases in demand for passports. I am happy to say that this is no longer the case. Passport Canada now has robust measures in place to address

sudden changes in demand. Ms. Fraser, as you've just heard, has recognized this progress in her 2009 status report.

[*Translation*]

In fact, since the audit for the 2009 Status Report was conducted, Passport Canada has made even more progress in this area. The agency has completed its contingency planning initiative with the development of rolling actions plans, which allow Passport Canada to put in place appropriate responses to increases in demand.

[*English*]

In her report, the Auditor General asked that Passport Canada determine to what extent each contingency action would increase the agency's operational capacity. Although it is difficult to quantify the effect of each contingency plan on capacity, the agency has defined the objective of each measure on operational capacity, as well as the benefits that are expected. The situation will be monitored closely by Passport Canada's tactical response team.

[*Translation*]

The Auditor General also asked what volume of applications would trigger the need to take action, particularly actions that require some time such as the hiring of extra staff.

[*English*]

I would like to report that Passport Canada has identified triggers for each contingency action, including longer waiting times, longer lineups in regional offices, processing times beyond published standards, and printing delays. These triggers are reviewed on a regular basis, depending on the situation at the local, regional, and national levels.

The response strategies cover all areas to ensure that the agency can apply capacity gains in intake, processing and printing, and public communication tools.

[*Translation*]

Ms. Fraser asked that the roles, responsibilities and authorities for launching the contingency plans be identified. This is also complete. The chief operating officer is responsible for the launching of most contingency actions at the national level. Some minor actions will be launched at the local level. Passport Canada is also ready to seek the authority of the minister of Foreign Affairs, if warranted.

• (1540)

[English]

The inability to accommodate increases in mailed-in application volumes was one of the main sources of a backlog during the 2007 crisis. As the Auditor General noted in her report, Passport Canada took substantial actions to increase capacity by opening a new processing and printing plant in Gatineau for applications received by mail. The agency has also expanded and modernized many of its 33 regional offices. Since August 2008, it has also added 40 new receiving agents to examine passport applications, bringing the total to 197 Canada Post outlets and Service Canada offices.

[Translation]

Passport Canada took measures to streamline the processing of applications by identifying critical steps, roles, and responsibilities. It changed its work flows and improved internal reporting to better monitor the number of applications processed.

[English]

In her status report, the Auditor General also mentioned Passport Canada's communications campaign—she has referred to it again this afternoon—that encouraged Canadians to apply for passports in advance. The agency began early in 2007, as a matter of fact, working to prepare Canadians with proactive efforts. In 2007 it ran public notices explaining the new and simpler guarantor policy, in which the passport requirement of the first phase of the western hemisphere travel initiative is mentioned.

Passport Canada also ran two phases of public notices on its simplified renewal process, in which the requirements of this initiative were highlighted.

[Translation]

In the summer of 2008, Passport Canada spent close to a million dollars on a large-scale national radio and print advertising campaign, to let people know about the Western Hemisphere Travel Initiative requirements. It put out a direct mail campaign in the last summer as well, targeting Canadians living within 50 kilometres of a U.S. border as well as Canadians living in the United States.

[English]

As well, the agency distributed posters and pamphlets at provincial tourist information centres, rest stops, border stations, airports, U.S. missions, Passport Canada offices, and Service Canada centres. In 2009 all public notices regarding passport clinics mentioned the June 1 deadline.

[Translation]

Passport Canada ran an Internet advertising campaign in the spring, encouraging Canadians to apply early. This ad appeared on several popular websites, such as the Weather Network, Météomédia, Sympatico/MSN Canada, Yahoo! Canada, la Toile du Québec, Travelocity Canada and Expedia Canada.

[English]

The agency has been working to make its website more user-friendly, including improvements this spring to the online forms. Interactive application forms are now easier to use. Clients can type directly into the fields and then print out the forms without needing

any kind of online account. The other advantage of these new interactive forms is that they reduce the possibility of errors. This is thanks to a 2D bar code that is automatically generated in the corner of the form as the user types. This bar code, which represents the data that has been entered into the form, can then be scanned by a passport agent in mere seconds.

[Translation]

Another important outreach initiative that was put into place after the 2007 crisis is the passport clinics held by our Mobile Passport Unit.

The objective of this initiative, now in its third year, is to provide passport services to remote areas and border communities. The Mobile Passport Unit increases accessibility to passport services, especially in rural regions, and minimizes delays due to incomplete applications.

[English]

In 2007 and 2008, Passport Canada's mobile passport unit held over 109 passport clinics across Canada. Another 150 such clinics are planned for 2009-10 in places such as Sarnia, Brandon, Barrie, Collingwood, Lethbridge, Abbotsford, Brossard, Prince George, Petawawa, Longueuil, Lloydminster, Brockville, Granby—the list goes on—Charlottetown, Summerside, Kelowna, Vernon, Perth-Andover, Chatham, Penticton, and Gander, among others.

Finally, I would like to thank all members of the committee for giving me this time to speak about the changes and improvements at the passport office.

I would now like to invite Christine Desloges, the new chief executive officer, to give you a brief description of the agency today following the implementation of the June 1 deadline.

• (1545)

The Chair: Madam Desloges.

Ms. Christine Desloges (Chief Executive Officer, Passport Canada): *Merci, monsieur.* Thank you very much.

Mr. Chairman and members of the committee, thank you for inviting me to speak to the committee today.

The week that I officially started as chief executive officer of Passport Canada is the week that the Auditor General's status report was tabled, so that was my great luck. I was already proud to be joining an organization with such a solid track record, and the positive results of Madam Fraser's evaluation of Passport Canada's state of readiness gave me another reason to be proud of the organization that I am now heading.

[Translation]

In her report tabled on March 31, Ms. Fraser concluded that Passport Canada had made satisfactory progress in implementing actions and developing contingency plans to prepare for any unexpected rise in the volume of passport applications leading up to June 1, 2009.

On June 1, as you know, phase 2 of the Western Hemisphere Travel Initiative, otherwise known as WHTI, came into effect. This American law tightened travel document requirements for people entering, leaving and even flying through the United States. As of June 1, anyone crossing the border by land or water needs a valid passport, a NEXUS or FAST card, or an approved enhanced driver's licence.

[English]

Well, that date has come and gone, and I'm proud to say that volumes were, and are still, up. In fact, yesterday was our highest volume ever per day. We were over 25,100 per day, and we are up to the task, Mr. Chairman. I would like to share with you some of the history of the challenges that Passport Canada has faced, and how we have adapted in response.

When the first phase of WHTI came into effect on January 23, 2007, it became evident that Passport Canada would need to undergo some very radical changes. As of that date, Canadians flying to, from, or through the United States needed a valid passport. You'll recall the long lineups, the disgruntled applicants, the long processing times, and the general frustration that resulted as Canadians applied for passports in record numbers.

[Translation]

Well, radical changes have indeed been made since that time. As Ms. Fraser noted in her report we took many measures to ensure that we were fully prepared to meet Canadians' needs. We learned a lot from the 2007 crisis and this time around, I am happy to report that we weathered the storm successfully.

[English]

You will be interested, Mr. Chairman, to know that the same volumes that provoked the crisis in 2007 are now what we call, in French, *monnaie courante*.

[Translation]

Take as an example the extremely difficult month of January 2007. During that month, we received around 500,000 passport applications, which created a logjam for the processing capacity that existed within Passport Canada at the time.

[English]

However, in the period from January to May of this year, about 436,000 passport applications were filed in our electronic system each month, with no trouble at all. During these months, 99% of all applications were processed within published processing times. The remaining 1% of applications could not be processed within that timeframe for various reasons. They were incomplete, or else additional verifications were needed to clear a security alert or verify a guarantor. Applications sometimes also got delayed during our quality audit checks, which are in place to ensure the integrity of the documents we are delivering to the clients.

As you can see, our agency has been able to make important gains to its service capacity in just two years.

• (1550)

[Translation]

Our entire organization has grown since the 2007 crisis, both in experience and in size. As mentioned by my deputy minister Mr. Edwards, this has included the opening of Passport Canada's new state-of-the-art processing plant in Gatineau and the expansion of some regional offices. And our workforce has grown by around one-third since January 2007.

I feel confident that the extensive preparatory measures taken will allow us to deal successfully with large volumes and sudden surges in demand. I am happy to report that, nine days after the WHTI deadline, we have indeed shown that we are up to the challenge.

[English]

When the Auditor General mentioned our campaign encouraging Canadians to apply early, she said that only time would tell whether or not Canadians would heed our advice. Our goal, as the June 1 deadline approached, was to keep passport demand high and steady, and that's exactly what we've achieved. I think it is safe to say that our communication campaigns and preparatory efforts have paid off.

[Translation]

I would like to conclude by telling you how proud the Passport Canada team across Canada is of the fact that the Clerk of the Privy Council mentioned our service excellence in his annual report to the Prime Minister last March. It was a great honour to have Passport Canada's hard work recognized in this way. We have truly come a long way since the 2007 crisis.

[English]

In closing, I would like to say that though June 1 has come and gone, the job is not done. We anticipate that Canadians will continue to apply in high numbers in the coming months. Everyone at Passport Canada remains vigilant, because we may yet see another rise in demand. If so, we will be ready.

Merci beaucoup for this opportunity to speak to you today.

The Chair: *Merci, Madame Desloges.*

The first round is for seven minutes, and Ms. Crombie will start.

Mrs. Bonnie Crombie (Mississauga—Streetsville, Lib.): Welcome to everyone.

I want to congratulate you on quite a commendable audit. I think it's one of the better ones we've seen, actually, so congratulations to you.

My first question is for Madam Auditor General. I notice that the 2005 audit looked strictly on the security-related issues, and the 2007 followed up. In 2009 you decided not to focus on the security issues, perhaps because you thought they were satisfactorily resolved, and you looked at the anticipated surge of applications instead.

I just wanted to go back to what some of those security issues were, if you felt they had been resolved, and why you decided not to focus on them at all for this audit.

Ms. Sheila Fraser: I will start, Chair, with perhaps the last question first.

This was a very narrowly focused audit to see if the passport office had resolved the issues it had faced in the 2007 surge for demand with, at the time we did the audit, the upcoming phase two of the western hemisphere travel initiative. As well, I believe we were also encouraged by this committee to go back and do a follow-up audit. So it was, because of timing, very narrowly focused. We didn't go into the security issues.

I would be very hesitant to comment on what the status is now of the security issues we have raised, not having done a more recent audit. But when we looked at it in 2007, we had noted that there was satisfactory progress and that they had resolved many of the issues we had seen in 2005.

Perhaps I could ask Ms. Loschiuk to maybe go through some of those issues.

Ms. Wendy Loschiuk (Assistant Auditor General, Office of the Auditor General of Canada): Certainly.

I will have to draw your attention back to the 2005 chapter. Fortunately, I happen to have it in front of me.

Some of the recommendations basically looked at, in dealing with the security of the passport application, the integrity of the information, guarding information. We went back and looked at those in 2007.

I'll draw your attention to the 2007 status report. Overall, we found that they had work to do still, but they were making progress in looking at tools and training to identify documents. They were making progress to make sure their key employees with access to critical assets were cleared.

These were the kinds of issues we had looked at back then, and found that basically Passport Canada was moving forward on those issues. We have not looked at it since 2007, so I cannot give you an update from that point.

• (1555)

Mrs. Bonnie Crombie: Is there any desire to go back and look at those again? Are there significant risk concerns that warrant you going back and looking at them again?

Ms. Sheila Fraser: It is certainly not in our immediate plans, given that there was satisfactory progress noted in 2007. I think we can see that the passport office does respond to the recommendations. The status report we tabled in March indicates they do go through quite extensive lessons learned.

So we have no immediate plans. I would suspect at some point, of course, that security will come back as a major issue and that we would include it again in that audit.

Mrs. Bonnie Crombie: Thank you.

I will direct the balance of my questions to the Passport Canada office.

I would like to look at the forecasting model. It had been an issue previously. It hadn't been working very successfully. You had forecast a demand of 4.7 million in 2008-09, and in fact 6.1 million

in 2009-10. Of course, we understand that was because the western hemisphere travel initiative kicked into place on June 1.

Has the forecasting model been improved? Has it been able to predict the demand more accurately?

Mr. Leonard Edwards: I will answer that and then perhaps Madam Desloges may have a comment.

We discovered going back to 2007, as you said, that the model was not providing as accurate results as we wanted. We revisited that model, and if you're interested in the details of the model, I'm sure one of my companions here can provide it.

To give you an example, we forecast 4.35 million passports for the last fiscal year, and in fact we issued 4.38 million, which is not bad in terms of a forecast and a result.

Entering into the deadline around the June 1 factor, we were somewhat apprehensive, I'd have to say, to know whether our forecasting model was really working all that well in the buildup to the June 1 deadline. In fact, in April our forecast was for 432,000 passports and we actually issued 423,000. Again, that's pretty close. In May we estimated 389,000, and here we got a little higher in terms of actuals with 429,000.

We're pretty comfortable with the forecasting model. It seems to be operating pretty much as we expected.

Mrs. Bonnie Crombie: Last year you noted that the prediction was slightly lower than the actual. Your revenues rely on the accuracy, obviously. If the forecast is lower, how will it affect your business planning?

Mr. Leonard Edwards: The general point is that during the peak year in 2007, we had a fixed passport fee and the revenues have come in higher than expected. Perhaps they are a little lower than expected last year, which means that the passport office is operating at a bit of a deficit now because of the lower number of passports, but the funding model is such that we can work with the surplus in the early years to pay for the deficit right now.

I don't know if my colleague wants to comment on this.

Ms. Christine Desloges: Indeed, the forecasting model was a very important thing for us because, as you rightly pointed out, there is a connection between volumes and revenues.

Over the years we have worked with a panel of experts on best practices and on how we could strengthen our forecasting methodology. We have also worked with the Conference Board of Canada. We used a combination of past trends together with the research that is done across the country by the board.

We also do monthly surveys to test the interest of Canadians. This is a consumer-driven business. It is difficult to forecast. We adjust our forecast every three months in order to be able to see what the evolving trends are.

For example, with the recession, of course, it did have an impact, and we did have to adjust our forecast. This is an area where we will continue to work very conscientiously, because it has an impact. We of course adjust our budgets accordingly.

•(1600)

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

Before we go to Madam Faille, I urge all members to keep their questions as short and succinct as possible.

To the witnesses, the answers should also be brief and relevant to the question.

Madam Faille.

[Translation]

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

I have questions on passport processing fees. Although Passport Canada is self-funded, it still manages to keep costs for certain products very low. From what I see in this document a 24-page adult passport costs \$57.75 and a child passport around \$57.05. However, costs to produce these passports are far higher.

Do you consider this in your model and in the way in which you plan to limit costs for your agency? Do you keep certain amounts aside as a reserve? If so, under what legislation?

Ms. Christine Desloges: The cost of an adult passport is currently \$87, which includes \$25 in consular fees. The fees for children's passports are subsidized. So, we are currently using a costing methodology to identify the cost of each product. I will defer to Gary so he may give you further details on this methodology.

Mr. Gary McDonald (Director General, Policy and Planning Bureau, Passport Canada): It should be stated that the \$57 figure you referred to was our unit cost last year. At this point, Passport Canada is losing \$7 for each passport it issues.

Ms. Meili Faille: How much?

Mr. Gary McDonald: Seven dollars. We have been dipping into the surplus accumulated over previous years, as Mr. Edwards mentioned earlier on, because we operate with renewable funds and we can use the surplus we had in the bank to pay off the deficit.

In terms of...

Well, I will keep it at that.

Ms. Meili Faille: You say you are allowed to manage a renewable fund. Under what legislation can you carry over amounts from one year to the next?

Mr. Gary McDonald: I think it is the Revolving Funds Act. It exists, and a number of government programs are funded on a revolving fund basis.

Ms. Meili Faille: I have another question, and several are coming to mind. I will get back to that.

Can you expand and give us some details as regards this fund? How long have you been using this cost and operating model? How much money do you accumulate from one year to the next?

My questions have to do with the 10-year passport. I know the deadline is in 2011. Would it be possible to expedite things?

Ms. Christine Desloges: You are referring to an announcement made in 2008 regarding a 10-year electronic passport which will be available by the end of 2011. We do however need to carry out due diligence, because there is the procurement aspect that needs to be

addressed as well as a "contracting" aspect, and it must be done diligently.

Preliminary work has begun, and we are confident that we will be able to make the electronic passport available by the end of 2011.

•(1605)

Ms. Meili Faille: Very well. So, you are currently addressing issues relating to contracts and technology procurement.

Ms. Christine Desloges: As you know, we operate on a cost-recovery basis. Therefore we must really ensure that we are using the funds we manage appropriately and that we have done our planning rigorously to obtain optimal results.

Ms. Meili Faille: Do I still have some time left, Mr. Chairman?

The Chair: Two minutes.

Ms. Meili Faille: I know that the online form service has been suspended. Do you intend to reinstate this type of service?

Ms. Christine Desloges: That was the Passport On-line service. In fact, there was an online form. The two bar code form is more intuitive. Only 1% of our customers were using the online form.

Since we introduced the new form, two months ago, 26% of our consumers have been using it. To me, the real test is the ease of use. Naturally, we are always seeking to better serve Canadians and will continue to try more intuitive solutions which should also help us reduce the error rate.

Ms. Meili Faille: I have one final question regarding online forms and secure technology.

Is your organization a client of the protected shared services project? If so, do you have a business plan, a profitability study?

Ms. Christine Desloges: We are not clients of that service. However, we could give you an answer a little later; we could check into it.

Ms. Meili Faille: Thank you.

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

[English]

Mr. Christopherson, you have seven minutes.

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

Thanks to all of you for your attendance today.

Again, in recapping, we've had audits in 2005, 2007, and 2009. I've been here for each one. I remember the 2005 report when there were initial problems around security, which really shook us all up. That was the big one there. There was a myriad of other problems.

The 2007 report showed that for the most part there was satisfactory progress, but there were still a couple of areas where they had not yet resolved issues found in the 2005 audit. Our big concern at that time, as the chair has said, was the crisis that was created in 2007, and that was a disaster. That was just a major ganging up, quite frankly, by all of us. The criticisms were well deserved. It was a nightmare.

Now we have this audit that comes along, and I have to say that I'm very pleased with what we're finding here, I really am. I am often critical of what agencies and departments say in their reports about how wonderful things are, so you took a bit of a risk by saying, "You may recall the long line-ups, the disgruntled applicants, the long processing times and the general frustration that resulted as Canadians applied for passports in record numbers." It's refreshing because it's true, so thank you for that.

You say that radical changes have indeed been made since that time. That's a high standard, and we would expect you to live up to that. I think you have.

So overall, I just want to say how pleased I am with the process, the Auditor General, the timeliness.... It's such a huge organization, but to do the one in 2005, which was very timely, then to go back two years later on to do the follow-up, and another two years later to see where that's at, kudos to the Auditor General for her management planning and staying on top of this.

To the agency, you've done a really good job. It sometimes breaks my heart to say that, because I love a good fight—

Voices: Oh, oh!

Mr. David Christopherson: —and I like finding problems. That's what we do in the fourth party, you know. There aren't a lot of cabinet meetings to go to.

So this takes away a lot of my momentum, but I'll give credit where credit is due, and you did a really good job.

Mr. John Cannis (Scarborough Centre, Lib.): I'd tape that, by the way.

Mr. David Christopherson: You want to talk about tapes?

Voices: Oh, oh!

Mr. David Christopherson: Anyway, there is one area, however, just so we don't get too far into the clouds here.

But I do want to say congratulations. You listened. You acted. It's been verified. To me, that's the way the system should work. There were problems found, but that's part of the system too. I really am impressed and pleased.

I do want to go to one area. I would ask the AG to comment, and if there's time, obviously, have the agency comment. In her report, the Auditor General, in addition to giving praise, if you will, says, "At the time of our audit, however, detailed planning was still underway" with regard to some of the plans "and, in our opinion, critical gaps remained". We can't afford not to spend some time focusing on that—but in the context of a job well done.

Perhaps you would comment, AG, on what those critical gaps are, and then we could hear what the agency is doing about it.

●(1610)

Ms. Sheila Fraser: Thank you, Chair.

I will just recall for members that this audit was completed in September, so it was many months before the June 1 deadline.

We saw that there was a contingency plan in place, but it was broad and was still at a fairly high level. The agency was working on it at that point, but we really thought there needed to be more specifics about when some of the contingency plans would be triggered. Some would be able to be done fairly easily, perhaps by extending hours, but if it involved hiring people and training them, that could involve several months' delay. So what would trigger having to hire people? We understand from the action plan and certainly from what has been said today that those details have been put in place, and the agency does have that detail trigger there.

Mr. David Christopherson: It doesn't get much better.

I'm done.

The Chair: Thank you, Mr. Christopherson.

Mr. Saxton, you have seven minutes.

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

This is clearly a good-news story, and I echo my colleague's praises of both the Auditor General and the agency for their good work. I can tell you that to get praise from Mr. Christopherson is not a common occurrence. So you should be proud of that fact.

I was pleased to see that the minister responded to this committee and has taken action to ensure that Passport Canada is ready for this new phase of the western hemisphere travel initiative.

How ready is Passport Canada? Do you expect the long lineups we had a couple of years ago to be there next time?

Mr. Leonard Edwards: Mr. Chairman, I think my statement and that of Madam Desloges' in a way answered your question.

We certainly feel that the staffing levels, the systems that have been in place, the improvements we've made in processing, the new print plant, and so forth have positioned us to be able to deal with any growth in demand. In fact we are capable of meeting that demand, and we have certain redundancies in the system right now anticipating it.

I think what we've seen, though, so far anyway, is that the major levels of applications that we had anticipated haven't come to pass. We've still seen, as Madam Desloges said, 25,000 applications over the last day or so, which is a significant number of applications. I think we're pretty close to half a million passports since the start of the year. So you can see that going to the passport for ground travel into the United States is having its impact.

Frankly, we are capable of handling a larger demand than even that. So I can say with considerable confidence as deputy minister that I feel pretty sure Passport Canada can meet that demand.

Mr. Andrew Saxton: Thank you.

I have a question now for the Auditor General.

In your opinion, Ms. Fraser, is the action plan, with its resulting triggers, a good model for other departments to follow? What lessons have we learned from Passport Canada that we can recommend to other departments?

Ms. Sheila Fraser: I think that's a really interesting question.

Obviously, I think one of the main lessons to be learned, which other departments could use, is that when there is a "crisis"—I use the term used by the deputy, but I don't know that I would have used it—that lessons be learned from that.

I think we have to give credit to the passport office. They did analyze what went wrong and what needed to be done, and they resolved it in a relatively short period of time. I'm not sure that departments always do that and do it with the diligence that the passport office has used.

I think the contingency planning could also serve as a good lesson and a good example for other departments.

• (1615)

Mr. Andrew Saxton: Are there any other comments regarding that question about what other departments can learn from this exercise?

Okay. I'll go to my next question.

In 2007 this Conservative government recognized that Passport Canada needed additional funds and allocated \$55 million. Can you comment on the impact this money had on implementing these changes?

Mrs. Jody Thomas (Chief Operating Officer, Operations Bureau, Passport Canada): The \$55 million allowed us to open a new print facility in Gatineau that increased our capacity by about 40% for mailed-in applications. It also very much allowed us to resolve the mail-in crises and the long delay in issuing passports that had been mailed in from areas where we don't have walk-in offices.

The other thing it allowed us to do was to build up pools of employees and have staff ready. Because we are fee-recovery.... Generally if you're getting 100 applications you have to have a number of people on staff to deal with 100 applications. We needed to be prepared for 120—or 5.1 million versus 4 million—and the additional funds allowed us to be prepared in the number of resources we have on staff.

Mr. Andrew Saxton: Thank you.

Mr. Chair, I have no more questions.

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

That, colleagues, concludes the first round.

We're going to go now to the second round. We're going to start with Mr. Cannis.

Before we do that, leaving aside the report, I just want to report to you, Mr. Edwards and Madam Desloges, from a person on the ground. My riding is Charlottetown, and we don't have a passport office. My office is sort of the de facto passport office. Because of the location, we handle an awful lot of passports from two of the neighbouring ridings.

I went through the crisis back in 1997. It was very stressful. To give you an example, people were booking a trip, paying for the trip, applying nine, ten weeks out for passports, and then the day before didn't have their passports. Of course, they can't call the passport office. They call their member of Parliament or their member of Parliament's staff and scream into the phone.

That was a constant occurrence back then, but let me say that in the last number of months, actually the last year, the service has been excellent. We're getting them back in three weeks and we have no complaints. All I can say is that just echoes on the ground what the report says. We get tremendous service from Passport Canada, so I just wanted to report that.

Mr. Cannis, five minutes.

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

Welcome to our panel.

I'm just a guest here today. Public accounts is probably the first committee I served on after I got elected in 1993. It's been a long time.

I must say that I was very impressed with some of the comments I heard, constructive comments, where we were on your suggestions from previous reports. There's no question that we, and I'm sure other countries, were going through this metamorphosis in some way, given the circumstances globally speaking.

My riding is Scarborough Centre, Mr. Chairman, and in my riding there's a facility, the Scarborough Town Centre, that's very busy. I can tell you there were glitches in the past. Again, I use that word in a constructive way.

What I had asked years ago, through the officials there, was for some kind of an MP helpline, as other offices have. This is something I think, Mr. Chairman, we had discussed years ago with colleagues who were experiencing some of the difficulties that you were in some of the remote areas. Remote or not, we were facing some of these problems as well.

I don't know if that's feasible today, but I'm sure I speak on behalf of all members of Parliament that in our respective ridings, if the garbage isn't collected, they're not going to call the city councillor. They're going to call their member of Parliament. If eavestroughs have been plugged, they're going to call their member of Parliament. If something happens to the delivery of health care, they're not going to call their provincial member. They're going to call their member of Parliament. And that's fine. We're pleased to take that on. It's our responsibility and we get paid to help facilitate, but I would just ask, if I may, that some consideration be given to an MP's helpline, to be used properly, when and if needed.

I want to ask a question with respect to the rural areas and the mobile units. I was really pleased to hear that. I and maybe my constituents in the greater city of Toronto, in Scarborough, might take it for granted that we get on the bus, go to the town centre, do our shopping and we go in and apply, and that's wonderful, but I'm concerned about Canadians living in some of these remote areas, border towns as you mentioned.

I just want to know a little bit more of how this wonderful system works, this mobile system, because you mentioned so many different parts of our country. Are there units that are designated to a region, or are they there and they just cover a certain region, one unit, two units? Can you just give me some more details on that?

• (1620)

Mr. Leonard Edwards: Mr. Chairman, I'm pleased to respond to both, and then I'll ask Madam Desloges maybe to talk a little bit more about these mobile units.

First of all, if I may, Chair, I'd just like to correct a figure that I gave earlier. I talked about half a million passports since the start of the fiscal year. I should have said a million passports, which means we are pretty close to the prediction of about 6.1 million that we anticipated for this fiscal year. I just want to correct the record on that.

Second, with respect to the member's request around a helpline, I'm pleased to say that we do have a helpline. In fact, I can give it to you: it is 819-994-3536.

Mr. John Cannis: Well, I'm thankful. It just tells me that your staff in Scarborough Centre office are not doing their job, sir, because I personally went there and I asked and I was treated rudely.

So thank you for the number.

Mr. Leonard Edwards: We'll make sure you're not treated rudely the next time, because this does exist—

Mr. John Cannis: As my colleagues will tell you, even from the opposition, as vocal as I might get, I think I'm a gentleman when it comes to working with people.

That's just basically a response to the number, and thank you for the number. Certainly, after 15 years as a member of Parliament, I should have had this number. One of your directors or officers there should have had the decency then to say, "Here you are, sir. This is how we can serve you." That didn't happen.

Mr. Leonard Edwards: Again, let me assure the committee and other members of Parliament that we do have a dedicated section in the passport office to deal with—

Mr. John Cannis: I don't mean to be disruptive, but my colleague Ms. Crombie has taken down that number. That tells me one thing: she doesn't have the number either.

Mrs. Bonnie Crombie: No, I don't.

Mr. John Cannis: That just confirms, sir, that your people aren't doing their job properly.

Anyway, let me go on to something else, to staffing. I'm going to interrupt you, because now I'm on a roll.

The Chair: You may be on a roll, but you're out of time.

Voices: Oh, oh!

Mr. John Cannis: There you go. I come here once in a blue moon.

The Chair: Mr. Weston, for five minutes.

[*Translation*]

Mr. John Weston (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC): Ms. Fraser, Mr. Edwards, Ms. Desloges, I thank you for coming. Mr. Edwards and Ms. Desloges, I congratulate you. Be it in the private sector or the public sector, an organization can be proud of accomplishing this kind of follow-up work.

[*English*]

Following on my colleague's question, I'm thinking this is a model. You've identified a problem after the problem arose, and then a response was planned, and then there was implementation of the response. Then there was a review of how it went to prepare for the next level.

We hear things like "best practices" from Madam Desloges. "The job is not done", as one of you said, and you "remain vigilant". But this is what you want to hear in any enterprise, whether it's private, public, here, international, or whatever.

So I want to get back to this question. Maybe each of you—Madam Fraser, Mr. Edwards, and Madam Desloges—can identify something about what's working here that we can be looking at when other agencies come before us. There are five points in that circle, and how can we see that happen, recur again and again in other departments?

Ms. Sheila Fraser: Perhaps I can begin, Chair.

Some members will recall that we did a follow-up on a department and actually tried to identify what some of the critical success factors were. One of them, which I think is really important, is sustained management attention. I think it's quite obvious in this case that there were plans put in place and they were implemented and I presume there must have been people held to account for implementing those and things got done.

I think the fact that the agency probably went through a bit of a crisis that was very public and a lot of members were asking questions about it obviously helped to focus the mind, I'm sure, and there were additional funds given.

So I think there were a number of elements. I'm not sure it is always the case when we do our audits that there is that kind of urgency to action. The focus that was given in this case...not to take anything away from what people have done here. I just don't think in other cases we necessarily have the same kind of attention and heightened attention that there was in this particular case.

• (1625)

Mr. John Weston: Madam Desloges.

Ms. Christine Desloges: Personally, I have to thank my colleagues who did most of the work on this. I would say that if there's a lesson that has to be learned, it's that it's really teamwork.

The systems we have in place at this point in time we're monitoring on a daily basis right across all channels—the counter, the printing shops, the websites, the call centres. It's the processing times right across the network that we check on a daily basis.

We have a tactical response team that, at this point in time, is meeting twice a week to look at trends and to look at whether we need to adjust and deal with a specific buildup in certain channels. It's really the result of looking at the risks at the local level, at the regional level, and at the national level. The other thing that has been fostered in terms of teamwork is backup among various regions so that if a region is not as busy, it can electronically take in the processing of files from another region that may be busier, and this way we balance the work.

So I would suggest that it's really looking at the challenge together. It's looking at the risks together and it's looking at how we can optimize the results for our clients as well as maintaining a staff that is healthy in the process since this is a long-term challenge.

Mr. John Weston: The guy who wrote *Good to Great*, a famous business book, says the CEO will never take the credit, and always passes it on to teamwork, so it's no surprise.

Mr. Edwards.

Mr. Leonard Edwards: I was going to start where you just left off. There's no question there was leadership, and it extended from the top of the organization—the CO at the time—to all of the staff, two of whom are here today, to recognize that this was a crisis situation and needed the kind of urgent attention that near-death experiences can bring you.

As a consequence, they took radical new approaches to business processes. They updated technology and brought in new staff in a very traditional kind of way, but these new staff came in to do different kinds of jobs.

So it really was a fairly radical makeover, and it's still ongoing. This is not the end of the road. The implementation of the ten-year passport, the e-passport, and so forth will continue to bring some very substantial changes to the passport office, for which Madam Desloges is now responsible.

We also got some extremely good cooperation from other parts of government. The Public Service Commission, the Public Service Agency, and Public Works and Government Services Canada all had to contribute to the setting up of the new headquarters and the new printing office, and the hiring of staff, short-circuiting some of the more traditional rules around hiring, and so forth, to make it all happen.

I think it's a good example...and maybe I'm sounding a little self-congratulatory on this, but maybe, if I'm congratulating anyone, it's the public service of Canada, which, at times of stress and crisis, can actually do some remarkable things.

The Chair: Thank you, Mr. Weston.

[Translation]

Mr. Desnoyers, you have five minutes.

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

Ms. Fraser, congratulations for your report.

Passport Canada has accomplished extraordinary work during this period of serious crisis. Do we know approximately how many people still need to get passports? Practically everyone will have to carry a passport. You spoke of 4.3 million in 2008 and 6 million in 2009. Thus, there will not be many people left without passports after that date.

We heard about service to communities. Are there any regions of Canada with a lower demand for passports? If all those people decided all at once to apply for passports, we would need an emergency team to serve such regions of Canada. After opening the offices, hiring personnel and issuing all those passports, will some offices be closed and will there be any change in the number of staff? Have you already begun to plan for this?

• (1630)

Mr. Leonard Edwards: Due to the great number of details, I will ask Ms. Desloges to answer.

Ms. Christine Desloges: It is difficult to tell how many people will need passports, because those who apply for passports are people who want to travel. Quite a few people will never want to have a passport, because they are not interested in travelling. Our work is typically quite unpredictable.

Nonetheless, according to current observations, about 70% of people in Canada's big cities have passports. This applies to very large cities. We can also see that in the eastern part of Canada, there is a lower proportion of passport-carrying citizens. This means that the volume of passport applications in the east of Canada is currently on the rise.

Mr. Desnoyers, let me tell you about the passport clinics, how they work and how we make them available. First, a passport clinic, as far as we are concerned, consists in the delegation of a certain number of our employees, according to the type of municipality. Sometimes we can send two persons or five persons who stay there for a certain number of days. They study people's passport applications, they answer questions, they check the information in the applications for accuracy and they make a report of all the passport applications.

In some border cities, someone may suddenly need a passport. We do a follow-up and when we see that there is a high level of demand, we send in the passport clinics. Thus, we collaborate a great deal with municipalities. Members of Parliament also help us to spot the centres that really need help. In some cases—for instance, in the Quebec-Montreal corridor—we will be setting up several clinics in order to meet the demand.

I do not know if I have answered your question.

Mr. Luc Desnoyers: You have answered it well.

Ultimately, once the crisis is over, what will you do?

Ms. Christine Desloges: Our organization can recover costs up to nearly 100%. In such a case, we must simply be diligent, envisage potential scenarios and start planning our moves.

We adjust our volume on a quarterly basis. We are currently redesigning our business model and our financial model. This constitutes a major task. We are also remodeling our governance structure and everything that has to do with it to find the most efficient ways of delivering service to the Canadian public.

[English]

The Chair: *Merci.*

[Translation]

Mr. Luc Desnoyers: Is there any time left?

[English]

The Chair: No. Well, 10 seconds....

Mr. Shipley, you have five minutes.

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

Thank you, witnesses.

Ms. Desloges, I have a couple of questions. Again, we certainly, at our local offices, knew that it was a bit of a crisis, and I think you did too. I remember the minister at the time and the amount of time, input, and energy he actually put in at that time to help walk through it. In terms of the amount of time he actually spent in the offices, I think, working with staff to help rectify it....

I think from that, quite honestly, came some other good things. Maybe it isn't all our responsibility, but a lot of MPs now.... I put it out all the time that we help our constituents do and prepare passports.

That's working together. I think that's important for everyone, and we learn a lot more about it, quite honestly. Out of some things that are tough going, we often get some good things come out for all of us outside the passport division.

What percentage of Canadians actually have passports?

• (1635)

Ms. Christine Desloges: It's about 53%, and it depends on the region of the country.

Mr. Bev Shipley: We were told, actually, when we were talking about WHTI a lot, the western hemisphere travel initiative, that we had a higher percentage than that. The number that seemed to be used was closer to 70%. I didn't know—I'd never heard, actually, from Passport Canada—whether that was accurate or not.

Ms. Christine Desloges: It depends on the region of the country, sir. In the large cities, it is around 70%.

Mr. Bev Shipley: Okay. Countrywide, though, it is in the 50% range, is it?

Ms. Christine Desloges: Yes.

Mr. Bev Shipley: In the numbers you are processing, do you track the renewals as opposed to the new ones that are just coming on?

Ms. Christine Desloges: Yes, we do. I should say, though, that there's a part that's difficult to track, and that is that some people choose to come in person. They don't need to come in person when they renew, but they show up in offices anyway. In terms of channels, that's a little more difficult to account for.

Mr. Bev Shipley: Okay.

One thing that has come up, Mr. Edwards, involves discussions around security. You spoke in your presentation about a simplified renewal process. Was there ever any concern, when you simplified it in terms of the guarantor and those things, or a perception of concern, about a lack of security that would pop up because of that simplified process? I've heard this from some of the....

It seems to me that now it's not quite as tight as it used to be, in terms of what you had to go through to get it. We're trying to simplify it, but I think the other side of that is that it was all about the whole security issue. I wouldn't mind having your comments on this.

Mr. Leonard Edwards: When we made that decision, as I recall back in August 2007, there was a lot of concern that we not do something that would harm the security of the passport. After studying it very hard, we came to the conclusion that, in the end, dropping the guarantor policy that we had and simply substituting the one we have now wouldn't make that much difference.

I think that was the conclusion we came to, but I can always ask the experts who were there at the time.

Mrs. Jody Thomas: We studied the renewals process, and it took us quite a bit of time to implement, because we had that concern about security and ensuring that we had enough information to make decisions. We made some significant process change in the analysis that the officers do to make the identity and entitlement decision on the individual. They do a comparison to the previous application. They make sure the photo hasn't changed that radically, so that the person looks the same in each of the passports, so we're ensuring that we're giving the passport to the same person the second time.

We're putting technological tools in place to improve that process before we issue the ten-year passport. We will use facial recognition technology to help us ensure that it is the same person. It's a very good, scientific method of making sure that the person is the same person we gave the previous passport to.

We use all the information we have in our database—which is quite significant—from the first application to ensure that the second application is as secure and that we're protecting the integrity of the process.

Mr. Bev Shipley: Speaking of photos, I always think that when you look like the photo on your passport, it means you need a vacation.

Voices: Oh, oh!

Mr. Bev Shipley: At any rate, I'm wondering about the state of the art. What is the state-of-the-art processing plant in Gatineau? Was that sort of on the books, or was it just that it finished off, or...? What stage was it at when the crisis hit?

Mrs. Jody Thomas: It wasn't on the books.

Mr. Bev Shipley: Okay.

It's amazing, Auditor General, but I think there are some departments that actually could take some very good lessons from the passport division of Foreign Affairs and International Trade.

Thank you. I guess I'm out.

•(1640)

The Chair: Thank you, Mr. Shipley.

We are back to Mr. Christopherson now for five minutes.

Mr. David Christopherson: Thank you, Chair.

I don't have any questions, so calm down.

Voices: Oh, oh!

Mr. David Christopherson: I just have one comment and then I'll pass my time, Chair.

Deputy, you mentioned in passing that 2007 was a near-death experience. I choose to believe that part of that was being hauled in front of this committee and being held to account for that report.

The reason I say this is that it reminded me, as one of those among us who had the opportunity to mentor under John Williams, who was for so long Mr. Public Accounts and Mr. Accountability, that one of his expressions—I'll just pass it along, and I'm paraphrasing—was that this committee will know it has succeeded and has reached the proper level of performance when a deputy, upon receiving notification that there's a command performance in front of public accounts and that they are going to be held accountable...it should ruin their entire week.

When you said it was a near-death experience, I was reminded that maybe we're getting closer to achieving Mr. Williams' target.

I'm good. Thanks, Chair.

The Chair: Thank you, Mr. Christopherson.

Mr. Young, you have five minutes.

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

I'm looking at a statement here in Madam Desloges's report: 99% of applications were processed within published processing times. I've worked at small companies—one-person operations, under 20, under 200—and at Bell Canada for 14 years, and have rarely seen a situation in which they meet 99%. That exceeds most private sector performance, and I think you've done it by innovating. You got \$55 million and you innovated, and it's really outstanding performance.

I want to ask you briefly what your published timeframe is to issue a passport and how it compares with that of other countries—Japan, the United States, Britain perhaps.

Ms. Christine Desloges: In terms of our published standards, for in-person service it is ten working days. For mail-in applications—other channels, recipient agents—it's 20 days.

Mr. Terence Young: How does that compare with the United States, Japan, and Britain, for example?

Ms. Christine Desloges: If you compare with the United States, it would be six weeks. If you compare with other countries, we are doing pretty well. You're looking at ten business days in person, plus shipping and delays, in Australia. You're looking at something similar in New Zealand, as well as in the U.K.

Mr. Terence Young: Would it be safe to say you're at the top in performance terms?

Ms. Christine Desloges: We're pretty competitive.

Mr. Terence Young: Thank you.

You're losing about \$7 per passport. Now, you're not a profit structure, but it's costing you \$7 per passport more than you get back. I'm wondering if you have any ways—you don't want to be complacent—to reduce costs, so maybe you can become totally break-even in the future. Or in terms of revenue opportunities, do you do any printing for any other government bodies that need secure printing, whereby you can use excess hours or get new revenues from the existing resources?

Ms. Christine Desloges: This is a good question, sir. In terms of looking at how we can reduce cost, we are doing it on a very regular basis, because we have not had a rise in the fee for the last eight years. What it means is that every three months we diligently go through budgets to make sure that we can optimize returns from our investment.

As to the possibility of exploring other sources of revenues and business, I think this is something that we would need to do. Honestly, I've been in the job for two months, so I... We have not looked at that yet.

Mr. Terence Young: I'm not suggesting you do anything drastically different, don't get me wrong; I was just wondering.

What are the challenges you face in the future? If you get a rise in demand, what might make it occur?

Ms. Christine Desloges: We are experiencing a rise in demand right at the moment.

Mr. Terence Young: Because of phase two, right?

Ms. Christine Desloges: Yes.

•(1645)

Mr. Terence Young: In the longer term, do you have any other challenges with a rise in demand?

Ms. Christine Desloges: It's not as much a rise in demand as it is dealing with the fluctuations, because there are certain patterns when Canadians travel. Typically, it starts in October. Because people like to travel in the winter months, you have an increase in the demand. Typically, the demand would slow down in the months of March and April, and things would quieten down.

So in terms of challenges, it would be adjusting to the fluctuation in demand.

Mr. Terence Young: It's like that throughout the year, yes.

The only complaint I get is that people would like to see a ten-year passport. Can you explain the electronic ten-year passport? Is it going to provide people with a passport they can use for ten years in Canada?

Ms. Christine Desloges: That is the purpose, sir.

Why an electronic passport? It's because there is a chip inside the passport that would have the information you have on page 3 of the passport. That's the tombstone data plus the picture, so as to enhance security. It would be coupled, of course, with facial recognition, which Madam Thomas was mentioning, as well as with a greater scrutiny of our databases to make sure that we protect Canadians' identities. There is great concern around identity theft, so we have to make sure that people are who they say they are.

Mr. Terence Young: Thank you.

Thank you, Chair.

The Chair: Thank you, Mr. Young.

We're back to Ms. Crombie for five minutes.

Mrs. Bonnie Crombie: Thank you.

I want to go back to staffing levels, if I may. Now that the peak is over—it's June 9, not June 1 anymore—you mentioned that you would be operating at a short-term deficit. Do staffing levels ebb and flow? Are there full-time equivalents, either part-time staff whom you let go or contract workers whom you bring in when you need them?

Ms. Christine Desloges: What I think our forecasts are telling us is that this year is going to be a pretty steady, high-volume year. And it's going to be the whole year, because people will wake up one morning and say, "Let's go on a trip to X. Let's take the family on a holiday."

Mrs. Bonnie Crombie: Do you mean even with the economy the way it is?

Ms. Christine Desloges: In some parts of the country it still happens, if I may say so. What it means, particularly if they decide to go by car to the United States—this is still something that will happen....

We anticipate that the whole year will be fairly busy, but as I said, we're monitoring demand on a daily basis and we're making adjustments. We adjust our financial forecast every three months in order to adjust. Constant vigilance is going to be the motto for this year.

Mrs. Bonnie Crombie: One of the changes that interested me—actually, it affected me personally, and perhaps this is a response to some of the security concerns the Auditor General brought up—is that children now need to hold their own passport. What was the rationale behind this change? I reapplied for my passport assuming I could just put my children on it as well, as I used to in the past, and I found out that, no, they each need their own passports now.

Mrs. Jody Thomas: That's been a requirement since 2002. It was a change to bring us to international standards. Children used to be allowed to be added to a parent's passport. It wasn't something we encouraged. It was cumbersome. The child could only travel with that parent, but couldn't be on both parents' passports.

We made the change in 2002 with a number of policy changes. It is a major initiative to help reduce child smuggling and to protect the integrity of children and their identities and their safety. We found it to be very effective.

It was a surprise when it first happened, but it's been really very effective.

Mrs. Bonnie Crombie: Maybe as a revenue generator as well: I have three kids.

Mrs. Jody Thomas: Well, we lose money on every child's passport.

Mrs. Bonnie Crombie: I'd like to go back to this high-security electronic passport. We've talked about it a little bit. What is it exactly? What does it look like?

Ms. Christine Desloges: We have the expert on the e-passport here. In fact, Mr. McDonald sits on a committee at ICAO .

What I would simply say is that it has a chip inside that has the same information that you have on page 3 of your passport; that's the tombstone data and the picture. That's what it is, and it is read at borders.

I will let Mr. McDonald give you a good understanding of it.

Mrs. Bonnie Crombie: Also, what are the development costs of it, and how is it being funded?

Mr. Gary McDonald: Thank you.

The electronic passport looks very much like a standard passport. It has a chip embedded in either the front or the back cover. Different countries approach it differently. It has the data, as Madam Desloges explained.

It certainly makes the document itself more tamper-proof, because now you have to go beyond simply.... If you did want to tamper with a passport, you'd have to also be able to change the information on the chip, and it is extremely difficult to do so. It adds a layer of security to the book.

Having the photo on the chip also allows border officials, if they choose to do so, and many are starting now to do so, to link the booklet to the individual who's standing in front of them. They can use facial-recognition technology at the border to match the person who's standing in front of them with the photo that has been securely stored on the chip. You create this linkage between the booklet and the person who's presenting it.

As for development costs, budget 2008 provided Passport Canada with \$65 million to develop and introduce the e-passport.

• (1650)

Mrs. Bonnie Crombie: Are you considering lengthening the amount of time that this particular passport will be valid, increasing from five to ten years?

Mr. Gary McDonald: Yes. The announcement was that we would produce a ten-year e-passport by 2011.

Mrs. Bonnie Crombie: How will that affect security?

Mrs. Jody Thomas: It will increase the security of the document, and the tools we're putting in place, because of the lengthened validity, will, we think, increase the security of our entitlement processes as well.

Mrs. Bonnie Crombie: What if individual circumstances change; will you be aware of it within that timeframe? And what if technology changes, for that matter? Ten years is a long time to have a document in the system.

Mr. Gary McDonald: From a technology point of view, there is an international standard for e-passports. It was developed by the member states, Canada included, of ICAO, the International Civil Aviation Organization, a UN specialized agency headquartered in Montreal. There are about 60 countries now issuing e-passports. All issue their e-passports to that specification.

The working group, the subgroup at ICAO that developed those specifications, continues to meet and to explore how new technologies could be added to the current specification and how we could leverage the existing specification for the future.

Mrs. Bonnie Crombie: How will it affect the business plan? Right now you're looking at revenues turning over every five years, and hereafter it will be every ten.

Mr. Gary McDonald: That's right.

Mrs. Bonnie Crombie: That's it, Mr. Chair?

The Chair: Yes.

Mrs. Bonnie Crombie: You can respond, I think, even though I can't ask anything more.

Mr. Leonard Edwards: You've put your finger on an interesting subject. Indeed, part of the work that needs to be done going forward is to cost out the new passport, its delivery and so forth. That work is under way.

Right now we have the commitment and we have the initial funding in the budget to develop it. There will need to be some work done now on funding it over the longer term.

Stay tuned, as I would say.

The Chair: Thank you, Ms. Crombie.

Mr. Preston, five minutes.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): Thank you so much.

Just a comment, first of all, Chair. I don't get to come to public accounts very often, so I'm happy to be here today. But I'm disappointed that we're dealing with such a good response to a report that Mr. Christopherson got to just be himself today. This is unfair to me. Please let me know, next time, before I sign up.

I take it the steps you've put in place.... Well, you now know where your bumps are. You've described it as a crisis, as a pretty serious situation. Five years from now, or five years less six months from now, you'll be starting to deal with that hump all over again. I guess knowing it's out there makes it a little easier to deal with at this time, but you'll take that into account, I take it.

We've had some other questions about how you deal with that. You know it's there, and you know that this year is a pretty busy year; the WHTI second phase has come in and you're going to stay fairly busy all this year.

Do you expect a slow couple of years and then a rev back up? Or how do you address this?

Mr. Leonard Edwards: Sitting where I do, in the deputy's chair, this is why I have top executives running the passport agency. Obviously it's a huge management challenge that you've put your finger on, and it does, I think, require a lot of talent in the executive chair.

Certainly this year, with the introduction of WHTI at the land border, there will be some very high demand, and I think we're seeing it now in the figures and so on.

Indeed, going back to some earlier questions, we've wanted to ensure that we do not encounter the same problems we had in 2007, which means that we have the new processes, the print plant, and the staff in place to deal with that kind of demand. There is a little bit of redundancy built in so that we can deal with spikes and so forth. Of course, we have in place the management of overtime and temporary help and so forth to ensure that we don't have so much redundancy that we're making bad management decisions.

So that's this year. Going forward, the strategic view is that, first of all, we're moving to the ten-year e-passport. That will impact upon demand and so forth. It's why I responded a little earlier that we still need to work out the business case, the costing and so forth, of all of that.

I think with the trends in Canada towards people using the passport almost as an identity document—we're talking about 53% or 54% nationally, and in some parts of the country much higher, out west and in urban areas and so on—the passport is becoming a bit more than a travel document. So there too we have to deal with that kind of trend in our projections.

All I can do is assure you that we have all of these factors very much in play. The coming years with Passport Canada will be challenging ones as we move to this new kind of format and we deal with the fact that, as I said, many Canadians see the passport as more than a travel document.

•(1655)

Mr. Joe Preston: Okay.

I have one more quick question, if I may, for Ms. Fraser.

In 2005 this department had some pretty big issues. In 2007 you revisited them. Much had been completed, but there was still a ways to go. Then we really moved into a serious overload of passports. In 2009 they've done great work and it's completed.

Are you going to leave them alone for a couple of years?

Voices: Oh, oh!

Ms. Sheila Fraser: Things are never completed.

Voices: Oh, oh!

Mr. Joe Preston: Oh, I recognize that.

There must be someplace else you can go for just a little while. Give 'em a break.

Ms. Sheila Fraser: I'll just say that they are certainly not on...any immediate plans to revisit them.

Mr. Joe Preston: Thank you kindly.

That's all, Mr. Chair.

The Chair: Madam Faillie.

[Translation]

Ms. Meili Faillie: I have a question that has to do with what my colleague mentioned regarding the 10-year electronic passports that you will implement in 2011, if I am not mistaken. The implementation date is 18 months from now.

Just out of personal curiosity, may I ask if you have studied the profitability of this technological project?

Ms. Christine Desloges: We are currently finishing that work before submitting it to Treasury Board.

Ms. Meili Faille: Thus, as we speak, you do not yet have authorization from the cabinet?

Ms. Christine Desloges: We announced it in the budget.

Ms. Meili Faille: Yes, but you still have not obtained the cabinet authorizations to launch this initiative?

Ms. Christine Desloges: We have the cabinet authorization, in general terms. However, before beginning a project, we always need approval from Treasury Board. Afterward, there are two stages, one is an approval in principle, which is followed by an effective approval. This is what we are preparing for so that we can get it very rapidly before the December 2011 deadline.

Ms. Meili Faille: It is at the end of 2011 and not at the beginning of 2011.

Ms. Christine Desloges: The end of 2011.

Ms. Meili Faille: So we are not dealing with 18 months, but two years.

Ms. Christine Desloges: Yes.

Ms. Meili Faille: Thus, the profitability study has not been done yet?

Ms. Christine Desloges: No. We made an initial business case, a first profitability study. However, we must always adjust things to make sure that we are reflecting current reality. This will be submitted to Treasury Board again very soon.

Ms. Meili Faille: Let me just add two points.

Could you give us some information, especially the table that shows passport applications by province over the past three years, and the table of gains and losses for each product?

One more thing. Are there any differences between the passports issued abroad as compared to the passports issued in Canada? Many people tell us that they have difficulty in finding people to sign their passport application when they are abroad. I am talking about university professors, among others.

Mr. Gary McDonald: Let me answer. The procedures are essential identical. As for the booklets, all Canadian passports are issued in Canada, except the temporary passport that is available to those who urgently need one abroad. However, the regular five-year passports are all printed in Canada and they are distributed to the clients through Canadian missions abroad.

You spoke about guarantors. You mentioned professors and so forth. When they are abroad, they can use either the old or the new policy with regard to guarantors, who can be either a Canadian passport holder or a professional included in the list.

• (1700)

Ms. Meili Faille: I just have one question for Ms. Fraser.

Regarding usage fees, in 2008, you severely criticized the consular services. Has this problem of excessive user fees for consular services been solved?

Ms. Sheila Fraser: To my knowledge, we did not do a specific follow-up. The department had indicated that it would make some clarifications regarding the fees that can be charged and included in consular fees. We did not do a follow-up. I do not know whether the deputy minister has some information about this.

Ms. Meili Faille: That is all, unless the deputy minister has some answers.

Mr. Leonard Edwards: Following the Auditor General's recommendations, we reviewed the costs that go into consular service fees. We are currently discussing the matter with Treasury Board.

Ms. Meili Faille: Could you send the committee a written follow-up?

Mr. Leonard Edwards: Yes.

Ms. Meili Faille: That is all.

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

[English]

That concludes both rounds, members.

What I'm going to do now is to invite the Auditor General, Mr. Edwards, and Madam Desloges to make any closing remarks they want to make.

Ms. Fraser.

Ms. Sheila Fraser: I would like to thank the committee for their interest in this report, especially since it was a favourable report. We were very pleased to see the progress that Passport Canada has made in addressing what was a very difficult situation. Obviously, they did a really good job in learning from that and in implementing the corrective action that was necessary.

Thank you, Mr. Chair.

The Chair: Mr. Edwards.

Mr. Leonard Edwards: Well, I guess it is very pleasant to be part of such a positive review by the Auditor General, for which I take no personal credit, because I think it really was the people in the passport office who did the work.

I would only say in response to some of the questions we've had that we continue to believe that the role of this committee is important in our work. We may have had difficult times in 2007, but we're quite prepared to come here every year and talk about what we do, because we're trying to do it well and we need to have the experience of this committee and the questions of this committee to help us do the job better.

Finally, as to the earlier questions about services to members of Parliament, I just want to assure you that we will continue to be providing that service. I'm sorry if some folks don't have the number. We will make it available on the website, if it's not there already. Last year, I think almost 2% of the passports we issued were in fact routed through MPs' offices. So it's a significant service that we're prepared to continue.

The Chair: Madam Desloges.

[Translation]

Ms. Christine Desloges: I want to thank the committee members for listening to us and for offering suggestions. To complete what Mr. Edwards mentioned, let me add that we also provide briefing sessions to the personnel of MPs and senators to inform them about the functioning of passport services and other services that are offered. These briefing sessions are normally extended twice each year.

[English]

It's a real pleasure. We organize sessions for members of Parliament and their staff on passport services at least twice a year. It's really a pleasure to organize other sessions, if they are needed in order to look at better serving you.

Merci.

The Chair: Thank you very much.

Just to make a few closing comments, I first want to congratulate Passport Canada for what I consider to be sound management. I'm certainly pleased that we did this chapter. The way the public accounts committee works is that we do get a report from the Auditor General, but for time reasons, the committee usually doesn't do a hearing on every chapter that the AG's office does. We usually pick out the worst of the worst. Normally in the hearings this committee has, there are problems.

But I'm glad we did do this chapter, because it does reflect the reality, as the auditor would agree, that the vast majority of transactions done here in Ottawa are done correctly and Canada is well served by a non-partisan, professional, competent civil service, which we've seen today. I just want to indicate that this reflects the reality. So again, it's a little different from what this committee usually deals with, and we'll be back to the normal run later this week and next week.

Anyway, the committee has other business to do, so in closing, I just want to thank the witnesses and the members.

I'll ask the members to stay on because we have the steering committee minutes to deal with.

Thank you very much.

● (1705)

The item of business, colleagues, is the adoption of the steering committee minutes...that were held earlier today. They've made some recommendations.

With the steering committee minutes is the draft schedule. I can go over it with you in summary form.

The meeting on Thursday at 3:30 is on the Governor in Council appointment process. The witnesses have been confirmed, and that's set.

What the steering committee is recommending is that on June 16 we hear from the Comptroller General of Canada regarding the motion on vote 35 for one hour, and then go to draft reports for the final hour.

Then, on the 18th, we hear for the first hour from a designated individual from Public Works and Government Services Canada on the audio cassettes. This relates to Madam Faille's motion. As you recall, there is an issue whether the Department of Public Works and Government Services...still maintain that the Privacy Act applies to this motion. This committee and our legal counsel are of the opinion that it does not. We want to resolve that issue. I think it's important to resolve it before we adjourn for the summer break.

What the steering committee has recommended is that from 4:30 to 5:30 we invite senior officials from Public Works and Government Services to deal with the procurement process for the integrated relocation program. That's what we refer to as the Royal LePage issue, which we studied and wrote about a couple of years ago.

On the 23rd, two weeks from today, we go to Natural Resources Canada. This comes out of the spring report of the Auditor General of Canada. Then we receive briefly a delegation from Russia at the same meeting.

That is the draft agenda for the rest of the month. Before we deal with it, I want to deal with a technical issue.

I want to insert in the minutes—I hope no one has any problem with this—that we've been requested by Norm Sterling, the chair of the Ontario public accounts committee, to get together, just the chairs, the analysts, and the clerks, to talk about follow-up. They want to talk about what we do. To pay for this lunch, I need authorization from this committee.

I would insert: That the Chair, Clerk and analysts of the Committee be authorized to meet over lunch with the Chair, Clerk and researcher of the Public Accounts Committee of the Legislative Assembly of Ontario, to discuss the Committee's follow-up processes.

That would be added to the steering committee minutes.

Do we agree to insert that amendment?

Some hon. members: Agreed.

The Chair: It is so agreed.

Is there any discussion on the report from the steering committee?

Mr. Saxton.

● (1710)

Mr. Andrew Saxton: With regard to inviting the Deputy Minister of Public Works and Government Services to come before us, I want to point out a couple of things.

First of all, this is an ongoing process. It hasn't been shut. Normally this committee responds after the fact, after the process has already been completed. We take what is like a forensic look at things. This is still ongoing; it hasn't come to completion yet. For us to become involved in something that is still ongoing—this Royal LePage matter—I think is unprecedented, and it's something that I don't recommend.

Secondly, with respect to Public Works, also Royal LePage, a letter was sent to us on June 3. It's a three-page letter, fairly extensive, that goes into great detail about the explanation. Having somebody come here.... He is only going to be verbatim, probably, discussing this letter. I think the letter is a pretty comprehensive letter. What more are we looking for, beyond what's in this letter? Is this letter unsatisfactory to the committee, then?

This is a letter to our chair.

The Chair: Mr. Saxton is referring to the letter of June 3, which was circulated to all members of the committee.

Mrs. Bonnie Crombie: Are we talking about Royal LePage?

The Chair: Yes, we're on the Royal LePage question.

Mr. Christopherson.

Mr. David Christopherson: I hear Mr. Saxton's concerns and I share them, in that—again, to bring Mr. Williams into it—we are a committee of accountability, not of management. We are walking a fine line here; I accept that. I'm repeating what he has already heard at the steering committee, so I apologize to Mr. Saxton, but having been involved in this from the get-go....

And we held so many special meetings. We even set up a video link so that we could have Mr. Gagliano and others testify. We had a whole Russian army involved in this thing. What's going on now is, to my mind, really an extension of that review, because the department accepted our recommendations, but there is now a concern that in enacting those recommendations they're not meeting the ultimate goal, which was a fair process.

Having said what I've said, I'm leaning towards seeing this as more of an ongoing file. I see this as continuing the work we first started out doing. Having said that, I'm still comfortable that we're within our mandate and are not slipping into another mandate.

The Chair: Let me make just a minor correction of Mr. Christopherson's point.

He talked about video and Mr. Gagliano. Actually, in that case everything he said is correct, except that the case was about Place Victoria. We had a hearing and a couple of meetings on Royal LePage and wrote a report.

• (1715)

Mr. David Christopherson: Oh, you're right. I stand corrected.

The Chair: Mr. Saxton.

Mr. Andrew Saxton: I think the Russian army was not involved either—another correction.

Some hon. members: Oh, oh!

Mr. David Christopherson: It's an expression, Conservatives. Don't get all upset.

Mr. Andrew Saxton: Mr. Chair, I want to refer my colleague, Mr. Christopherson, when he says....

First of all, I want to quote from the letter, on page 2 at the bottom. This is François Guimont speaking.

He says: I am confident that the procurement process is being conducted in a fair and equitable manner and that appropriate actions have been taken to attract multiple bidders.

So if that's our concern, he addresses that concern specifically in the letter.

Mr. David Christopherson: But the bidders were saying otherwise.

The Chair: Ms. Crombie.

Mrs. Bonnie Crombie: We discussed this quite thoroughly at steering committee today. One of the key reasons we need to question the deputy minister or his designate is that the process that was outlined by both the Auditor General and this committee, our predecessors, has not been followed. That's the specific reason we want them here, to address those issues.

They have a tendering process that does not follow the procedure that had been put in place. There's a significant amount of money. It encompasses 22,000 files. They've limited the number of days that the applicants have to respond to the RFP to 52. It is not nearly enough time; we've heard that from many other potential bidders who have been excluded as a result of the process. There is no ramp-up period; normally, in excess of three months is permitted.

None of that has been given consideration in this RFP, which they had two years to get right. For those reasons, we need to have them here and question them on this process.

The Chair: Madam Faillie.

[Translation]

Ms. Meili Faillie: Ms. Crombie just summed up what I was about to say.

For this kind of initiative, the studies and the comments made by the Auditor General in 2006 at the time of the review required a fair number of employees. The time available to the beneficiary of this proposal—a proposal that will be valid until June 19, I believe—to set up his organization is unreasonable.

In my opinion, we need to make some clarifications regarding Mr. Guimont. It would be irresponsible for us, as members of the Standing Committee on Public Accounts and also as guardians of public funds, to fail to question the people at Public Works and Government Services Canada. Moreover, this expires on June 19. I believe that this issue is both urgent and relevant.

[English]

The Chair: Mr. Saxton.

Mr. Andrew Saxton: Madam Crombie mentioned that she's concerned that perhaps the recommendations of the public accounts committee were not being followed. Again, I would like to refer to the letter from Mr. Guimont, dated June 3, which states, on the first page, in the second paragraph: Great care has been taken to ensure that the lessons learned from the relevant Auditor General and Standing Committee on Public Accounts observations and recommendations have been incorporated into the new Integrated Relocation Program procurement approach and documentation.

Secondly, what I would suggest is that if my colleagues in the opposition have questions that they feel need to be answered, they should talk to their colleagues who sit on the government operations committee and have the government operations committee call somebody in to answer those questions. That is the right location for this witness to go, not this committee.

The Chair: Okay, I'm prepared to move the minutes, as amended.

Mr. David Christopherson: I so move.

The Chair: So moved by Mr. Christopherson.

All in favour of the minutes as amended—

Mr. Andrew Saxton: One moment, Chair.

I have an issue with regard to vote 35, where we're calling the Comptroller General before the committee.

• (1720)

The Chair: Go ahead, Mr. Saxton.

Mr. Andrew Saxton: Again, we have had significant correspondence from the Comptroller General, from the Treasury Board, explaining their position. I don't see how any further information will come out of the Comptroller General's coming here. He's already written us, I believe, at least two letters. We got a letter from the president of the Treasury Board, as well.

I think we should look into those letters, rather than jumping to calling him before the committee.

The Chair: Ms. Crombie.

Mrs. Bonnie Crombie: I think one of the key reasons we'd like to have Mr. Monette here is because of the lack of clarity of those letters. He actually contradicts himself in certain cases. I think even the chair has questions about the letters.

I think we want to have the ability to ask him directly: is the money being drawn down, is there an accounting? He does not answer those questions in the letters, in the exchange with our chairman.

The Chair: Mr. Saxton.

Mr. Andrew Saxton: I'm familiar with the letters. I don't see any contradiction. I invite my colleague to explain this contradiction that she refers to.

He has answered the questions he was asked. If we have different questions, then we have to send him a different letter with different questions. But he's been very clear in his responses.

Mrs. Bonnie Crombie: I'm not going to go over where the contradiction is, because I know you've read the letters. You've seen the contradiction—

Mr. Andrew Saxton: I haven't seen any.

Mrs. Bonnie Crombie: —on whether programs or projects are funded, etc.

In addition to that, there is not clarity here. If there were, there wouldn't be need for three or four exchanges with our chairman; there wouldn't have been the necessity for him to respond on behalf of the minister.

I don't see what the issue is over bringing him here and asking him directly to respond with some clarity.

The Chair: If I may just comment, I'm not going to get into the detail, but it is confusing. The motion talks about expenditures. Mr. Monette says there are no expenditures. He goes on and explains that, but I'm a little confused as to... If no money's been spent, then his answer is quite simple: there's no money spent.

What bothers me worse than that, though, is the issue that the motion talks about a weekly report. Mr. Monette gave us one report, but he never came back with any other report, so he could very well be in violation of a motion of an order of Parliament, which I find a little disconcerting. I find confusion, and I'm concerned as to why he's not given us the report.

And he may be quite right; there may be no expenditures from vote 35, but again, it's not totally clear in his correspondence.

Mr. Saxton and then Mr. Shipley.

Mr. Andrew Saxton: Mr. Chair, there may be confusion over this matter, but my take is that the confusion stems from the motion itself, not from the letters that are responding to our requests. Clearly, there is a mistake that expenditures do not come out of vote 35, so this confusion stems from the motion, not from the letters that were sent to us, as Ms. Crombie suggests.

The Chair: You may be right. That may be right.

Mr. Shipley.

Mr. Bev Shipley: Just following up on that, I would need to have somebody show me where the contradictions are in the letter, because there aren't any that I see. I would wait to see that.

To follow through, vote 35 does not approve expenditures. The frustration is clear. That's why we didn't support it. They are not allocated to projects. They're allocated to programs.

It's a mechanism.... We listen to that every day while they hold discussion around the \$3 billion. It was bridge funding that goes to programs.

When I read the letters, clearly one was sent to Mr. Murphy back on June 4 from Mr. Toews. The quarterly report was tabled in March. The second report will be tabled this month, which is June. I'm wondering why....

Clearly it's a little bit like the one on public works. We seem to be intervening prior to the end of something, thinking that we're going to try to find something without knowing if there's anything there, but that we'd better go fishing for it anyway.

I'm new on the committee this term, but every time that I'm here, we're talking about reports or somebody has actually done an analysis, perhaps the Auditor General. That seems to be what our main focus has been. It would seem to me that's where we're off the rails. That's why we couldn't support the motion in the first place. There will be quarterly reports that come through the supplementaries, and then they'll come to public accounts.

To my mind, vote 35 doesn't spend the dollars, it allocates them. I'll leave it at that.

• (1725)

The Chair: Go ahead, Mr. Young.

Mr. Terence Young: I agree. Allocations for programs are not spending money, so if we ask the assistant comptroller general to come here, we're going to get the same answer, perhaps in better detail. We're going to get an answer that we have here in writing, but we're going to get it verbally. It will take a lot of the Comptroller General's time and the committee's time as well, so there's a fundamental problem with the actual motion.

Why don't we plan to review the motion at another time, and go back and get what we want? At that point I suspect we're going to find out that what Ms. Ratansi wants has been reported to Parliament. It may be as early as next week, or perhaps the week after, but it will be in a quarterly report anyway.

The Chair: Go ahead, Mr. Saxton.

Mr. Andrew Saxton: Mr. Chair, I found a contradiction. This contradiction is between the motion and the letter that the standing committee sent to Mr. Monette, signed by the chair. In the third paragraph of that letter, it says:

Thus, the Committee would still like to receive weekly reports of what expenditures are being supported by Vote 35, even if those expenditures are incurred against other votes.

Mr. Chair, that's a contradiction, because our motion did not say "even if those expenditures are incurred against other votes". That was not part of the motion, so there is a contradiction between the motion and your letter of May 27. I think that we still need to go back and clarify the motion.

Mr. Terence Young: That's just not an editorial change; that's a very significant change.

The Chair: If I may respond, whatever the motion is, we can't change it. That speaks for itself. The motion is addressed to Mr. Monette. The motion talks about expenditures, and that brings it within the mandate of this committee. We don't normally deal with the estimates process, but if they took the money from vote 35 and transferred it to another vote or program and spent it in the program, they still spent it under vote 35.

The \$3 billion was allocated to vote 35 and it was either spent or not spent. If it's not been spent, the \$3 billion is still sitting there. If you took it from vote 35 and moved it over to the Canadian Tourism Commission, which they did in some cases—I know for a fact they're spending it, because I'm watching the TV ads—then it's been spent.

Maybe I'm wrong on this, but I don't agree that there's no confusion. We're talking about expenditures. Mr. Monette may be quite right, and if there were no expenditures then he should have respected the motion and filed a weekly report saying there were no expenditures under vote 35. Maybe you're quite right that the motion was wrongly worded, that it's wrong, but I really haven't been shown that clearly from Mr. Monette.

Did anybody else want to speak?

Okay, let's call the vote on the report from the steering committee that was tabled this morning.

All in favour of the minutes, as amended, raise your hands. All opposed?

It's tied. I'm going to vote for the minutes as amended.

(Motion as amended agreed to [See *Minutes of Proceedings*])

The Chair: I want to make one statement or qualification that I alluded to at the steering committee this morning, and that is on the Royal LePage situation.

I don't have a major problem calling in the deputy briefly to just give us an update or an explanation, but if there are those on the committee who think we can write a report and embed ourselves into the workings of Public Works and Government Services, and change the RFP or somehow adjudicate the process that's going on, I think we have to exercise a lot of caution in that, because this process has started. It's under way. As many people have said, we're a committee of accountability, not management. We can hear from the deputy, but if there are those who think we're going to somehow change or amend the process, I think we'd have to think long and hard about any such action, because that's normally not how this committee works.

Before we adjourn, there's one other issue I want to talk about. On Thursday this week we have a very interesting and I think important issue—I'd urge all members to brief themselves on it—and that is the report on Governor in Council appointments. The Office of the Auditor General has written a report and made certain recommendations. The Office of the Privy Council has indicated that it's their opinion that the Office of the Auditor General has exceeded its mandate.

I've asked for letters from the Office of the Auditor General and from Privy Council. In addition, I've asked for a legal opinion from Mr. Walsh. I think two of them have been circulated. I just urge all members to read it, think about it—it is an important issue—and come with an open mind, because we're not duty bound to follow the advice of the Auditor General, nor are we duty bound to follow the advice of Privy Council.

This is an important academic issue, and I do hope that all members of the committee give it the consideration it deserves.

• (1730)

Mr. David Christopherson: Mr. Chair, on that, is it your intention to deal with that as a separate item, or do you see that woven in?

For what it's worth, I really see these as two distinct issues—one dealing with her jurisdiction, and then the other with the findings of the report.

The Chair: I think we'll weave it in. We'll hear from both parties on Thursday. That will be a vital part, because I assume the Privy Council is going to come and say, no, she has no mandate to do this, and they're going to present us with their side of the argument.

We have, in written form, the statement by the Office of the Auditor General—as for Mr. Walsh—but again, all I'm asking is that the committee members give it the attention it deserves.

If there's nothing else, we will adjourn.

The meeting is adjourned.

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

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

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

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

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