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Chair

The Honourable Kevin Sorenson

Standing Committee on Public Accounts

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• (1530)

[English]

The Chair (Hon. Kevin Sorenson (Battle River—Crowfoot, CPC)): Good afternoon, everyone, and welcome.

It's Thursday, December 1, 2016. This is meeting number 38 of the Standing Committee on Public Accounts,

I remind everyone that we are televised today, and I would encourage you to shut your cellphones off or mute them so that they aren't disrupting the meeting later.

This afternoon we are beginning our hearings on the fall 2016 reports of the Auditor General of Canada. Appearing before us this afternoon, we have from the Office of the Auditor General, Mr. Michael Ferguson, the Auditor General of Canada. He's accompanied by a number of his principals: Gordon Stock, Carol McCalla, Jean Goulet, and Richard Domingue. They are all available to respond to questions from members on our committee.

I invite our Auditor General, Mr. Michael Ferguson, to proceed with his opening statement.

Welcome.

Mr. Michael Ferguson (Auditor General of Canada, Office of the Auditor General of Canada): Thank you.

Mr. Chair, I am pleased to present my fall 2016 reports, which were tabled in the House of Commons this past Tuesday. The reports provide the findings of seven audits and three special examinations. I am accompanied by Gordon Stock, Richard Domingue, Carol McCalla, and Jean Goulet.

Many of the issues we are raising today we have also raised in the past. We see government programs that aren't designed to help those who have to navigate them, programs where the focus is more on what civil servants are doing than on what citizens are getting, where delivery times are long, where data is incomplete, and where public reporting does not provide a clear picture of what departments have done. These recurrent problems create increased frustration for individual citizens.

[Translation]

Let us begin with our audit of the beyond the border action plan, where we found that some initiatives have produced little value, and that obstacles could limit the impact of others.

For example, several departments spent almost \$80 million on a system to let importers submit customs information electronically.

This system has been in place for more than a year, and it is used to process less than one per cent of shipments entering Canada.

[English]

Also, the Canada Border Services Agency spent \$53 million on a system to track who is entering and leaving the country. However, the agency can't make full use of it because it can't legally share travellers' information with the United States.

The governments of Canada and the United States launched the action plan in 2011 to enhance border security and speed up travel and trade. The plan was ambitious, comprising 34 initiatives with an initial deadline of three years.

[Translation]

We found that the organizations involved could show some progress for the almost \$600 million they have spent. For example, the Canadian Air Transport Security Authority was using new baggage screening technology at seven Canadian airports. However, there is still significant work to be done before the government achieves value for the more than \$1 billion allocated to this action plan.

Let us turn now to our audit of tax objections.

The Income Tax Act is complex, and taxpayers often disagree with the Canada Revenue Agency's interpretation of the Act. Our audit found that the Agency took too long to decide if a taxpayer's objection was right. For example, it took more than five years to resolve 79,000 cases worth almost \$4 billion.

[English]

We found that the agency's time frame for a decision on straightforward files was about five months. For medium complexity files, the agency told taxpayers they could expect to wait up to a year before even hearing from an appeals officer.

Furthermore, the agency's performance targets didn't consider timeliness from the point of view of the taxpayer. For example, the agency didn't count days that a file spent waiting for an appeals officer to be assigned.

Overall, we found that in 65% of objections, the agency ruled in whole or in part in favour of the taxpayer. However, the agency rarely used these results to improve future decisions.

In our audit of the Correctional Service of Canada, we found that as the indigenous offender population grows, the Correctional Service can't provide them with the rehabilitation programs they need, when they need them.

More than three quarters of indigenous offenders were sent to medium or maximum security institutions. From these institutions, most couldn't access the programs they needed for their rehabilitation before the earliest possible date they became eligible for parole. As a result, the Correctional Service prepares indigenous offenders for parole hearings less often than non-indigenous offenders.

● (1535)

[Translation]

We found that two thirds of released indigenous offenders had never been on parole. Half of them moved directly from medium or maximum security institutions back into the community, which means they had less time to benefit from a gradual and structured release.

Indigenous offenders are caught in a vicious circle. Most do not get timely access to the programs they need, and because they have not completed a rehabilitation program, they do not get released on parole as early as they could.

Let's turn now to another first nations' issue. In 2007, the federal government committed to a new process called Justice At Last to try to resolve long-standing specific claims, which often relate to the administration of reserve lands.

The government wanted to resolve specific claims fairly and transparently, preferably through negotiations. It also wanted to resolve the claims faster, to provide justice for first nations and certainty for government, industry, and all Canadians. However, some reforms have in fact created barriers that have prevented first nations and the federal government from resolving claims.

[English]

For instance, Indigenous and Northern Affairs Canada changed its negotiation practices without consulting first nations. It also significantly reduced its funding to first nations to research and negotiate their claims. These changes made claim resolution more difficult. The department was aware of these barriers but didn't address them.

The department publicly reported that the 2007 reforms were a success. However, in our view, most of the settlements used to support this assertion were either resolved or close to being resolved before the justice at last process was implemented. In fact, since 2008, almost as many claims were closed without resolution as were resolved.

Now I want to address our audit of motor vehicle safety. Through its oversight of the motor vehicle safety regulations, its monitoring of public complaints and vehicle recalls, and its investigations into alleged defects, Transport Canada plays an important role in keeping passenger vehicles safe. However, we found that Transport Canada hasn't kept the regulations up to date, so the department is lagging behind the pace of changing technologies. For example, the regulations don't allow vehicles to be equipped with software-operated advanced headlights, but semi-autonomous vehicles controlled by unregulated software are currently on Canadian roads. It can take Transport Canada more than 10 years to update its regulations.

[Translation]

This means that Transport Canada's approach to setting vehicle standards could prevent Canadians from having access to some safety technologies available in other markets.

We also found that Transport Canada generally did not consult stakeholders other than manufacturers about proposed regulations, and it did not actively gather information from manufacturers about their investigations into vehicle safety defects.

In the first of two audits related to the military, we looked at recruitment and retention in the Canadian Armed Forces. We found the Forces did not have the right number of trained members in the right occupations so that Canada can meet its national and international military commitments.

Four years ago, the Regular Force was about 2,000 trained members below the number it needed, and at the end of our audit, we found it is short-handed by 4,000.

In 2016, there were 21 military occupations that were significantly understaffed, and there were 23 with high attrition rates. National Defence must understand its staffing challenges and tailor its recruiting and retention approaches by occupation.

[English]

We found that the Canadian Armed Forces' recruiting process fit its own needs and not those of applicants. On average, it took 200 days to enrol a recruit. In some cases, the recruiting group closed the file of an applicant who was still interested in enrolling. This meant that the Canadian Armed Forces lost some qualified candidates. We found these same problems in 2002 and 2006. We believe that without significant changes to recruiting, it's unlikely the regular force will reach its target of 68,000 members by 2018-19.

● (1540)

Turning to the second of our military-related audits, National Defence depends on having equipment available and in good working condition when they need it. Costs to operate and maintain military equipment can be more than twice the cost of buying it, and if National Defence doesn't manage support costs properly, the equipment may not be available or its life may be shortened.

We found that when National Defence decided to buy major military equipment, it used poor planning assumptions about support costs, how it would use the equipment, and how many personnel it needed to operate and maintain the equipment. This means that National Defence paid for services that it couldn't use.

[Translation]

In addition, National Defence assumed that the cost to support new equipment would be no more than the cost to support the replaced equipment. However, we found that the maintenance costs for the new Hercules airplane were actually \$7,000 more per flying hour than for the airplane it replaced.

National Defence needs to better align its equipment support, including personnel, operating costs, and maintenance resources with its life cycle planning of how that equipment will actually be used.

This brings me to the reports of our three special examinations.

In the case of the Pacific Pilotage Authority, we are satisfied that the corporation had good control of its resources and activities. However, we made recommendations in seven areas where we felt improvements were needed.

[*English*]

In the case of the International Development Research Centre, we found that the centre's ability to conduct business was significantly at risk because it didn't have enough board members. This problem persisted for at least three years, although recent appointments should now help.

As for the Atlantic Pilotage Authority, it experienced a number of significant problems ranging from a lack of strategic direction to its inability to confirm that its pilots and boat crews continuously met skill and safety requirements.

To close, I want to go back to my earlier remarks about the frustration of citizens with government programs.

One way or another, everything the government does is intended to serve Canadians. As such, departments should do service well to benefit Canadians both individually and collectively.

[*Translation*]

As I mentioned, there is nothing new about the issues we found in these most recent audits. We have seen many of these problems before. And in some cases, they are getting worse.

It often takes departments too long to deliver, such as in the case of Canada Revenue Agency making decisions about tax objections.

Public reporting is not very good. Sometimes, it is incomplete or even inaccurate, such as we found in our audits of the beyond the border action plan or the resolution of first nations specific claims.

[*English*]

Elsewhere, it's clear that departments can't always show value for the money they've spent, such as National Defence's support contracts for military equipment or the implementation of initiatives under the beyond the border action plan.

It's critical for government departments to understand that their services need to be built around citizens, not process. As they work to implement our recommendations, I encourage them to take a step back and focus on how they can deliver services that work for Canadians.

● (1545)

[*Translation*]

Mr. Chair, that concludes my opening statement.

I will be happy to answer any questions you may have.

Thank you.

[*English*]

The Chair: Thank you very much, Mr. Ferguson, for that statement, and also for your report that you tabled earlier this week.

We'll now move into our first round of questions.

[*Translation*]

Mr. Lefebvre, you have the floor for seven minutes.

Mr. Paul Lefebvre (Sudbury, Lib.): Thank you, Mr. Chair.

Mr. Ferguson, sir, I would like to congratulate you and your team on your excellent work. I believe these reports are timely. I also commend you for taking the time to cover the last five years in your own report and for providing us with your observations on the government's bureaucracy.

I find it interesting, especially as a new member of the House of Commons, to see your suggestions and recommendations on how the bureaucracy could be improved. I really appreciate the fact that you do not blame the people who work with us here, but instead make practical suggestions. Thank you for that as well.

I found certain reports very frustrating, as you did also. I would like to talk about them a bit. National Defence and first nations issues come up very often in reports. Unfortunately, we do not see any improvement from year to year. It is almost offensive that nothing changes.

[*English*]

In your report at page 4—I have the English version in front of me—is the message from the Auditor General, in which you talk about Canada's indigenous people and say that your predecessor, Sheila Fraser, near the end of her mandate summed up her impression of 10 years of audit and related recommendations on first nation issues with the word “unacceptable”.

Since your arrival, you have continued to audit these issues and to present at least one report per year on areas that have an impact on first nations, including emergency management, policing services, on-reserve access to health services, and most recently, correctional services.

When you add the results of these audits to those you reported on in the past, I can only describe the situation as it exists now as beyond unacceptable. We had unacceptable before, and now we are beyond unacceptable.

I'd like to get from you your sense. For the past 10 years, and even before that—I'm not saying it is just the past 10 years—there has been a systemic problem in addressing first nations concerns. As the committee does its work here, what can you share with us about how we can do better in trying to change that culture and get to the systemic problems that exist in the system?

Mr. Michael Ferguson: Mr. Chair, in relation to the issues with services for first nations, really what we've been focusing on is just for the departments to deliver the services that they themselves have said they need to deliver. We're not trying to take it any further than that.

Even if you look at the audit we have—these audits on the specific claims process and the justice at last program—you see that the department decided to change the process without consulting with first nations.

One of the primary things the Department of Indigenous and Northern Affairs should be doing is consulting. When they reduce the budget so that the first nations don't have the money to research the claims, or they set limits on the amount of the loan, they don't share all the information. They set up the mediation services within the department itself, which meant that the first nations didn't have faith that those mediation services were going to be independent.

For me, it's just a matter of.... I don't know about fixing all of these problems, but I know the departments could do the things that they have set out for themselves to do, and that would be the first step on the road to getting better services for first nations.

• (1550)

Mr. Paul Lefebvre: Thank you. I agree with you.

In your conclusion, at page 5, you make an observation. You say that parliamentary committees play a crucial role, and you suggest, given the fact that every year there are many reports from your office that have been produced.... I'm not even sure that some committees are aware that the Auditor General.... I'm sure they are, but do they actually use the reports? As a committee, starting from your suggestion that we use our audit reports not just to understand what has happened but also to make sure that changes take place, I suggest, Auditor General, that any time we have a report from the Auditor General or provide a report from this committee, we should share it with our colleagues on whatever committee it reflects upon.

Thank you for that suggestion. I think that is a way we can improve internally as well between committees.

I'll pass it over to Madam Mendès, who will say a few words.

[*Translation*]

Thank you very much.

You have done an excellent job. I look forward to reading the documents and asking questions.

Thank you.

Mrs. Alexandra Mendès (Brossard—Saint-Lambert, Lib.): Thank you for being here.

I will continue in the same vein as my colleague. The most important thing for us at the Standing Committee on Public Accounts is to receive reports on what has happened and to hold the government to account for its actions. We must of course also be sure that the departments will learn from your recommendations. They must not only present an action plan, but truly learn from your recommendations.

The greatest injustice we can do to our fellow Canadians is to focus too narrowly on the process to the detriment of services. It is not the process that is important, but rather the services that have to be provided.

I imagine you have already done comparisons with other bureaucracies or other countries, in the Commonwealth in particular. Are there other countries that face the same problem?

Mr. Michael Ferguson: The only comparison we did in these audits pertains to the problem at the Canada Revenue Agency. About four years ago, the United Kingdom completed a study of taxpayers who had income tax objections. We found that the Canada Revenue Agency took four times longer to process these cases than the six other countries included in the study.

We cannot do that kind of comparison for all audits, but we can do it from time to time. We found the response times for these decisions to be problematic.

[*English*]

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

We'll now move to the opposition side, and we'll go to Mr. McColeman, for seven minutes, please.

Mr. Phil McColeman (Brantford—Brant, CPC): Auditor General, thank you to you and your principals for being here today.

I want to address a couple of questions about the report on the CRA and on income tax. Then I want to take some time after that to try to articulate my eight years of service here as a member of Parliament relative to my frame of reference, which was being an owner of a small business for 25 years. Allow me to do that, afterwards.

On the time it takes for citizens to get decisions on their objections, you were asked in another venue the questions, "Is this a manpower issue? Is this an issue where they don't have enough people working, hence the backlog results from that, or is that part of the issue?" I'd like you to expand on that for me and do it publicly in this environment.

Mr. Michael Ferguson: I think, Mr. Chair, I'll refer to paragraph 2.33 in that audit. In there we point out that the rate of growth of the number of new objections far outpaced the increase in resources that the agency dedicated to managing them, and that in the past 10 years, the inventory of outstanding income tax objections increased by 171%, while the number of employees dedicated to resolving these objections increased by 14%.

There definitely is a certain component of this that has to do with resourcing, and if you look at exhibit 2.5 in the audit above paragraph 2.76, you'll see things like, in 32% of the cases, it was that the taxpayer had to provide new facts that were not asked for at the assessment or reassessment stage; in 28% of the cases, the information was already on file at the Canada Revenue Agency, but they didn't recognize it at that point in time; and in 8% of the cases, the Canada Revenue Agency improperly applied the facts, the law, or the policy.

Yes, there's a certain component related to resourcing, but I think there are a lot of things that the Canada Revenue Agency can do to improve its process. One of those things would be just learning the lessons from later decisions when one of their assessments or reassessments is overturned, and building that back into their process. I think there's a lot they can do even with the resources they have.

● (1555)

Mr. Phil McColeman: Thank you for that answer.

I have a full-time employee in my constituency office, and probably 60% to 70% of that person's time is spent working on CRA interventions. This is because people come to our counter, or they call us, and they are trying to resolve something that's happening at CRA. Although I speak for myself, I think every member of Parliament could attest to that fact. The debriefing of those situations, which I sometimes do with my staff person, exposes this problem.

I know the problems. I know it is anecdotal to talk about the Brantford member of Parliament's office, but let me tell you, this is something we see every day. We see it. My staff sees it. I use the word "customer". In terms of the customer, the unfriendliness, the barriers that are put up—often for no good reason—the duplication of work, the many things that happen along the way, the change of a file going from one desk to another desk, these things must....

It was mentioned earlier that we're not going to point a finger, but at a certain point, we must point a finger, not at a particular individual, not at one of the senior managers, but we need to point a finger at the processes that they follow, which absolutely frustrate Canadians day after day when they're dealing with agencies.

I said in an earlier meeting that if a survey were done of Canadians who've dealt with government bureaucracy, the people who are inside government, about their issues, and how satisfied they were, what their experience was like, I suspect you would find that it's not very high, because I've seen frustration over the years. CRA is one of them. We have other ones here. We hope to study them all.

Going back to what you provided for us in your report this time, which is your message of observations since you've been in this role, and you're about halfway through your mandate, I see it as a window of opportunity. I'd like to ask you publicly, do you see this as a window of opportunity to expose, from the 30,000-foot level, the kind of cultural change that we should be driving towards in terms of government services being provided in what I call a customer-friendly way, a citizen-friendly way, versus the way it is today?

Mr. Michael Ferguson: Mr. Chair, that's the crux of the message that I've been trying to deliver. The services need to be built around the citizen, not built around the process. I think there's a role for us all to play. As Auditor General, we will continue to bring these things forward. The audit we've done on the Canada Revenue Agency shows that even though, as you mentioned, it may be anecdotal, it isn't just anecdotal. It shows that there are systemic issues around this.

We have another audit under way right now at the Canada Revenue Agency, looking at how they handle calls through their customer call centre. We are going to continue to look at the issue of customer service through the Canada Revenue Agency. Then, of course, there's a very important role for this committee, which we talked about earlier, and for other committees at the House of Commons and at the Senate. It is to help make sure that the departments are getting the message that they need to improve these services so that they are delivered from the point of view of the citizen.

● (1600)

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

We'll now move to Mr. Christopherson, please, for seven minutes.

Mr. David Christopherson (Hamilton Centre, NDP): Thank you, Mr. Ferguson, and your staff, for another fantastic job on behalf of Canadians by your department.

Like Mr. Lefebvre, I want to spend a few minutes of my opening time talking about your message. We don't receive those very often. It's somewhat outside the normal procedure. I thought it was interesting, given the impact of your predecessor's final message, and you have picked up on that. I must say, as someone who was here before and after, that for us it has been seamless going from one fantastic auditor general to another.

This message is resonating with this committee. You note that you're halfway into your term, and this is a reflection of some of your observations. It's also timely, because we're just a little over one year into a new majority government that has publicly committed to do things differently, so it's a great opportunity to revisit these things.

I thought the quote you used was interesting. You said that in terms of the audits and what's going on, in the immortal words of Yogi Berra—I attributed them to you in the news clip, but it was actually you attributing them to...but take the credit while you can—it's like déjà vu all over again.

That is exactly what it seems to be like, particularly when we're now seeing more and more repetition of audit findings that are similar. We've been on this over and over, but we're getting a bigger buildup of case study that shows this is the case. It's the "one and done"; as long as the departments can get through the immediate public scrutiny when you launch your report and when we hold a hearing, they are pretty much into safe waters. Our goal is to work with you to ensure that doesn't happen, and that we hold more focus on these things.

One of the things you have mentioned over and over again—you already commented on it but we have to keep drilling it down—is to do service well. I would like you to talk again about how you think government is looking too much at measuring how well they are doing their internal steps, and not doing enough measurement from the point of view of citizens.

I completely agree with Mr. McColeman that not only with regard to Canada Revenue Agency but in most areas where there's interaction with government, there's great frustration. People feel like they just don't matter. They are lost in the system. That's why they come to us asking, "Can you help me cut through all this?"

In terms of the refocusing that you think needs to take place, how does that happen? I assume it starts with the ministers and deputy ministers and works its way through, but how do you see you and us working together to bring about that cultural change so that the view of success is how well things are being delivered to the actual citizen, rather than how well we check off our internal boxes?

Mr. Michael Ferguson: Mr. Chair, I think we have now started that work. I'm quite happy to be on record as saying that I think the work that this committee has done over the last—whatever it is—year and a half has been exactly the way a public accounts committee should be working. I think the committee has taken on the task of holding the departments accountable and making sure that they are actually going to implement...and make progress. It's not just about saying they agree with our results. It's not just about bringing forward an action plan. It's about being able to show that the results are getting better for Canadians.

As I think I've said before, there are multiple players in this. We have a role in the Office of the Auditor General to keep bringing the audits forward. This committee and other committees have a role to play in holding the departments accountable for actually delivering better on services, not just talking about our recommendations or how they are going to deal with our recommendations, but how what they are going to do is actually going to make things better.

The government as a whole has a responsibility to keep setting the tone on this, and to convey their expectation that these results are going to get better for individual citizens. Then it's very much the department's responsibility to make sure they understand that, and that they are implementing and measuring their performance from the point of view of understanding what the citizen experiences when that citizen tries to navigate those government programs.

• (1605)

Mr. David Christopherson: Very good.

I don't think I'm telling tales out of school when I say that we are actively considering responding in kind. In the 12 years that I've been on this committee, we've never responded directly to an auditor general message. We're looking at doing so and taking action to give this as much heightened attention as we can, too, to show that it really is an auditor general public accounts system; that the two go hand in hand, that there's a partnership in making these changes.

Thank you for your leadership. It's our intent to hold up our end of the system and to respond in kind by shoring up your macro-messaging, which you have brought halfway through your term.

I only have a moment left, but I'll turn to one specific in these reports. This is a pretty devastating round of reports, but I'm also concerned that we're getting to the point in some of the reporting from government that—these are my words—it's borderline misleading of Parliament in terms of the cherry-picking of what is reported.

Take the submarines, for example. I'd like you to just quickly, if you would, in a nutshell give us what the government told us about submarines and their readiness and availability versus what you actually found when you studied their own numbers in National Defence.

Chair, obviously, I'll conclude with that.

Thank you.

Mr. Michael Ferguson: I'll just make a high-level response and then pass it to Mr. Stock, if I may.

At the high level, the government reported that their submarines were available 100% of the time, when in fact their own internal numbers showed that they were only available 42% of the time.

I'll ask Mr. Stock to give you more detail.

Mr. Gordon Stock (Principal, Office of the Auditor General of Canada): Mr. Chair, within the reports that National Defence provides to Parliament, in a departmental performance report they said that there was no requirement to actually provide this specific information, but since the information was there, we audited it to make sure that it was verifiable.

The numbers for the submarines are accumulated with figures for other types of vessels and divided into east coast and west coast, so you don't actually see within the departmental performance report the actual results for the submarines or for other major pieces of equipment.

The way they put it together and the way they got to the 100% was that it was beyond what they expected to provide, so they used the 100% figure and aggregated it with other types of vessels to provide the overall number that was then provided to Parliament.

From the starting point, we thought it was misleading, from the perspective that it is including a number that is not what their own number was and is not providing the information Parliament would need to be able to assess the progress and performance of the department.

The Chair: Thank you, Mr. Stock.

We'll move to Ms. Shanahan, please.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you very much, Auditor General, for being here with your panel. I know we're going to have ample opportunity in the months to come to study each one of these reports, at least I think that's the intention of this committee, and I look forward to doing so.

We have discussed on previous occasions just what we should be looking at when we're faced with.... As an office, you have a number of audits going on at any one time, and these come to us as they're completed. There are various timelines accorded to them. When we receive them here, I as a member of this committee am looking first and foremost at which reports represent a direct and personal risk to the safety and security of Canadians.

What strikes me here is that a number of them touch on the idea of personal risk, but I am particularly struck by report number three, "Preparing Indigenous Offenders for Release—Correctional Service Canada", particularly because I know that one of our fellow members is presenting a private member's bill concerning fetal alcohol syndrome and there being an overrepresentation of offenders, particularly indigenous offenders, who have this condition, FASD.

I'd like you to talk to us about that report in more detail and expand upon your concern, as you put it in your message, about this not being the first time that issues like this have come to your attention and about its being beyond acceptable.

•(1610)

Mr. Michael Ferguson: Mr. Chair, I guess I'll start at the back end of this issue, which is that more than 50% of indigenous offenders, when they are released from federal penitentiaries, are coming out of either medium or maximum security institutions. They are coming out at their statutory release date, which is two-thirds into their sentence. That means they have only that one-third of their sentence to be under supervision. The department, Correctional Service Canada, is not preparing them for parole early in their sentence. If they were being prepared for parole, they would be able to come out in a more gradual, supervised way to make that transition back into the community.

One thing to remember is that in order for an offender to get parole, they need to have at least gotten down to a minimum-security facility, but what's happening is that these people are not getting their correctional programming in a timely manner, so they are not being prepared for parole. Many of them are staying at those higher-level security institutions, so when they come out, more than 50% of them are coming out from medium or maximum security right back into the community, with that shorter period of time under supervision.

It starts, though, right from the very beginning, when they come in the door, because there are certain pieces of information that the Correctional Service has said they need in order to be able to assign the right level of security to a particular offender, and they are not getting all of that information. In fact, we found that, in a sample of 45 files that we looked at, only in one case was it clear that they had received all the information they should have received to be able to make that assessment.

Then, they have a tool that they use to assign the individual to a security level and also to assign correctional programming to that individual, but the tool was designed only for assigning a level of security. It wasn't built for dealing with what the right programming for an offender is, particularly an indigenous offender with a different cultural and aboriginal social history.

Right from the very beginning, they may be assigned to a higher level of security than necessary and to more programming than necessary, and the programs don't start on time. Therefore, they are not getting prepared for parole. I think the numbers were that only 31% of them are prepared for parole, compared to 48% of non-indigenous offenders, at the earliest possible date they are eligible for parole.

Mrs. Brenda Shanahan: We clearly have a lot more questions on that report. Thank you, Auditor General.

Back to the message, your call is for government to start looking at how the services are delivered to Canadians, and that there needs to be better control of data. Data integrity is something that has come up before. We seem to be at a point where we need to look at how we deliver government in a different way. I would just like to have your opinion on the kinds of tools that government should be looking at to be able to do so. Is it more interdepartmental cohesion? We know that the Treasury Board has a project now about aligning the budget and the estimates process. Can you talk to us about that?

•(1615)

Mr. Michael Ferguson: From what I've seen over the last five years, I think what ends up happening.... In some ways, we have

probably partly contributed to this, because what we do in a number of our audits is tell departments that they should have ways of measuring whether they have success in their programs. What actually happens, I think, is that a lot of times government departments put in place measures to measure their performance, but they put in place a measure around something that's easy to measure. They don't put something in place that measures the process from beginning to end, taking into account the experience of the citizen; they measure a piece of the process that's easy to measure.

Again, if you look at the Canada Revenue Agency audit on income tax objections, you'll see that they do track how much time their agents have to spend on a file on an income tax objection. In fact, you can see in the audit that they set standards for it. The standards are for their agent to work on a file anywhere from four hours for the easiest files to 28 hours for the most complex files. They monitor how much time the agent is spending, but this is totally disproportionate to what the individual citizen is going through. On those most complex files, where they say that the standard for their agent is 28 hours, we said that the taxpayer could be waiting over 900 days to get an answer. They are not measuring the process from the point of view of how long this person is waiting. Yes, they are measuring a little piece of the process to help them understand what's going on there, but it's not getting them to realize the fact that we are making people wait around too long for these decisions, and we need to figure out how to do a better job on that.

The Chair: Thank you, Mr. Ferguson.

We'll move to Mr. Godin.

[*Translation*]

Mr. Joël Godin (Portneuf—Jacques-Cartier, CPC): Thank you, Mr. Chair.

Mr. Ferguson, I would like to thank you and your whole team for being here this afternoon. The reports you present are a tremendous help to us in our work.

I would like to congratulate you, sir. I liked what you said to the media. We have the same objective of improving systems. You help us move forward. I have been a member of Parliament for just over a year and I could use the help.

Let me explain. We have noticed certain things. As the Radio-Canada headline said, the Auditor General is tired of repeating himself and is demanding results. I feel the same way. You are no doubt familiar with my usual rants.

When I meet new witnesses who appear to talk about certain reports, I always say that we see problems. If the Auditor General does not pay them a visit, they are lucky not to be audited that year. Time will pass and they will probably hope that they are forgotten.

In my opinion, there is a philosophical or existential problem. You stated that the departments must understand that their services must be structured to serve citizens and not structured around processes. You, my colleague and I mentioned this earlier. These are not attacks on public servants because individuals are in good faith. We should in fact tip our hats to federal public servants for their excellent work.

Beyond that, we need to eliminate the model that is structured around processes but forgets citizens. We have the Canada Revenue Agency report in front of us. What do you think? Is it a philosophical problem?

Mr. Michael Ferguson: This problem has probably existed for many years. It is nothing new.

This is common to all government programs nowadays. So it is probably not a philosophical issue. It is part of the fabric of government programs. I also think it is possible for all departments to improve their services if they focus on the citizens' experience.

To my mind, that is the reason behind our message. It is possible for departments to change their practices and improve their performance, provided that they find a better way of reviewing their processes and programs. The citizen must become the focal point.

•(1620)

Mr. Joël Godin: Do you have any potential solutions or tools to suggest? I am not an expert on procedure. As members of Parliament serving on the Standing Committee on Public Accounts, can we do more, can we ask the departments to be accountable in order to improve results?

Mr. Michael Ferguson: I think so.

We have found for instance that the departments' public reports contained a few problems. When we see these reports, we understand how important it is for members of this committee and of other departments to ask questions to make sure the information is complete and accurate. That is probably one way.

In addition, we have to ask questions about action plans. When a department puts forward an action plan to resolve the problems we identified, I think the members of this committee should ask direct questions to the departmental officials to find out if it is really possible to implement everything in their action plan and if these measures will produce the desired results.

Mr. Joël Godin: As you said, as members of Parliament, we ask questions, but could we do something more to demand results?

Mr. Michael Ferguson: In my opinion, it is simply a question of exerting pressure. We must continue to ensure that the departments understand that they have to change the process and the way they offer services to citizens. I think it is simply a question of continuing to ask questions and having expectations. I think it is possible to improve results that way.

Mr. Joël Godin: Thank you, Mr. Ferguson.

[English]

The Chair: Thank you.

We'll now move to Mr. Chen, please.

Mr. Shaun Chen (Scarborough North, Lib.): Thank you to the Auditor General and to his departmental officials for being here today and speaking to our committee.

I want to talk about the income tax objections and your report on the Canada Revenue Agency. I want to highlight some of the things that I found and then ask a question about what you looked into in the process of objections.

I know how challenging it is for people. There are constituents who have come to my office saying that they have had to wait for months, but in your report, you highlight that some Canadians are waiting not just months but years or over a decade for a particular objection to be resolved. It's quite disheartening to hear of that lack of service being provided to our taxpayers, particularly when we have a Taxpayer Bill of Rights that specifically gives Canadians 16 rights that are centred around accuracy, professionalism, courtesy, and fairness.

When a taxpayer files an objection and then perhaps is not successful, they potentially end up having to pay interest, sometimes hundreds of dollars. Over the past decade we've seen that these objections have more than doubled and almost tripled.

In your report, you say that objections were not being processed in a timely way. You specifically say that the CRA didn't "adequately analyze or review decisions" and at the same time, "there was insufficient sharing of the results of these objections and court decisions within the Agency".

In any department, of course there is policy, procedure, and practice. At the beginning of your report where you outlined the objections process on page 1 of report 2, you talk about how CRA manages its process through the appeals branch of the department.

At the same time, I am aware that taxpayers can also file complaints about service, and they can do that first through the CRA, and then if they are not satisfied with the result of that complaint, they can go to the taxpayers' ombudsman.

Did you have a chance to review with the taxpayers' ombudsman what happens at that level, and how effective they were or were not in helping taxpayers get their issues resolved in a timely, fair, and accurate way? I know there's been a conversation. I previously sat on the immigration committee, and in speaking to colleagues, I know that people have talked about the idea of an immigration ombudsman. I wonder if you had a chance to look at how it's working within CRA and whether or not it's helping.

I suspect many of the objectives of an ombudsman would be similar to the types of inquiries you are making into how effectively the department is running and how well it is serving Canadians.

•(1625)

Mr. Michael Ferguson: No, we did not look at the role of the ombudsman. When we scope these audits, we scope into them whatever we feel we can get done in the time frame, but certainly, we looked at things such as the Taxpayer Bill of Rights that you mentioned. We identified that and particularly the right to receive timely information, but we identified that the Canada Revenue Agency hadn't really defined what "timely information" would be.

I think you also referred to the policies, procedures, and practices, but one thing that's missing, which you referenced in your comments, is the continuous improvement side of it for the Canada Revenue Agency: learning from the decisions—these may be decisions coming out of the ombudsman's office, decisions coming out of the Tax Court, or decisions coming out of overturning decisions through the objections process—and using that information to go back and improve the policies, procedures, practices, and all of what is involved in getting to a decision.

The direct answer concerning the ombudsman role, then, is that we didn't look at it, but we have lots of other opportunities to go into Canada Revenue Agency.

Mr. Shaun Chen: Knowing what you know and what you found concerning cases not being processed in a timely way, were you able to look at any data that examined how some taxpayers might have resorted to the ombudsman and whether or not that resort was effective in getting their case resolved in a more timely fashion? Was there any consideration of what the current avenues are for Canadians to have their cases processed in a more timely way?

Mr. Michael Ferguson: Mr. Chair, no. The process we looked at is a well-defined process, in terms of how people get into that objection stream and what happens. That was the focus of this particular audit, and we didn't go beyond that into what might be happening through the ombudsman's office, because this was a well-defined process that we could look at, and it is what we focused on.

The Chair: Thank you, Mr. Ferguson and Mr. Chen.

We go back to Mr. McColeman, please, for five minutes.

We're on the second round, so it's a little shorter round. Take five minutes, please.

Mr. Phil McColeman: Thank you, Chair.

Earlier in the week I was making notes based on your comments, Auditor General. I'm going to read some of the notes from what I believe you said. They're a little bit scattered, but bear with me.

There was a “struggle in each of the seven audits”, meaning that data integrity and information was not good. “Services take too long.” That's a recurring theme, which we've talked about today. Then there are these: problems with “training in departments getting worse”; “armed forces—the same issues as 2006, problems getting worse”; departments with “no performance indicators”.

As my colleague Mr. Christopherson said earlier, when you read these reports, they're pretty scathing in many ways. Can you take just one of those items—and I'll suggest “no performance indicators”, meaning no measures of how performance was carried out within the organization—and further to that perhaps give us your thoughts on this subject as we move forward?

We're going to address some of these with specific departments when we get them here, but as we get into that process, how can we liaise with you so that you can show us, if you can—I'm not sure you can or whether it's within your mandate to do it—some of the best practices of performance indicators that you may have run across in your role as Auditor General?

•(1630)

Mr. Michael Ferguson: If your notes were scattered, it was probably because my comments were scattered.

In terms of the performance indicators, I think what I would do is look at the audit we did on the beyond the border action plan, in which there was a series of 34 initiatives.

Government departments have spent \$600 million, and the total amount they have dedicated to the action plan is more than \$1 billion. What they were reporting on, though, was whether they had completed something. Did they build a system?

The action plan was all about improving security at the border and speeding up travel and trade at the border. For a department to say that they built a new system doesn't tell you whether the security is any better at the border, and it doesn't tell you whether people and goods are moving faster across the border.

That's the type of thing we mean when we are looking at the performance indicators. If you are going to put \$1 billion into building a number of systems and a number of initiatives and you have a direct objective of increasing security at the border or speeding up travel and trade at the border, then how can you tell whether those initiatives have actually done those things?

I get that it's hard. We struggle in our own office with how to measure the value of an audit. It's not easy to measure the value of an audit. I think we need to at least keep going back to look at an audit to see whether we think we have provided value to Parliament and to the government from doing the audit, rather than just say that we'll measure how long it took or how much it cost to do an audit and then say that we have a measure. That measure doesn't get at what is important, which is the value coming out of the audit.

Similarly, in this type of thing it's not good enough just to say that they'll measure whether they have completed something or not. They have to find ways of saying that they spent \$80 million on a new single-window system to track what's coming into the country and what goods are being imported into the country but that fewer than 1% of importers are actually using it.

What the department has said is that they're going to improve that rate, because they're going to shut down all of the systems and make this one mandatory. Well, making a system mandatory will increase the number of importers who are using it, but it doesn't necessarily mean you're going to have importers who are happy that they are going to have to use it. How are you going to know that this is the right step to take because it is a good system?

It's all of those types of things that are our frustration when we look at the performance measurement.

The Chair: Go very quickly.

Mr. Phil McColeman: I'll yield.

The Chair: Thank you. You had 15 seconds left.

Mr. Arya, you have five minutes.

Mr. Chandra Arya (Nepean, Lib.): Mr. Auditor General, you mentioned that it is critical for government departments and you suggest to them that they work to implement your recommendations, and you encourage them to take a step back and focus on how they can deliver services that work for Canadians, which is quite important. Do you think that the bureaucracy has the culture to actually do this?

•(1635)

Mr. Michael Ferguson: Well, I think some things have crept into the way government departments deliver the programs. As I said, sometimes they measure what's easy to measure rather than find out what it is, really, that they are trying to achieve.

I think there has been a lot of emphasis on individual steps in procedures rather than the end results. We can even see it with such things as action plans. The way departments respond to our recommendations is that they will say they're going to do this and they're going to do that, and then what they track is whether they have done it, without standing back once they have done all of that to see whether they have actually made the end result any better.

Some things have crept into the way departments have run the programs, but I think that if they take that step back, they will be capable of doing a better job at these things.

Mr. Chandra Arya: I understand what you are suggesting to them. That's very clear to me, but do they understand? I'm sure they understand—they are quite smart—but do they have the culture to actually do what you are suggesting they do?

Mr. Michael Ferguson: Once they take that step back and see that they need to look at this in a different way... There are many very competent people working in government departments. Once they understand that their mission is to look at these not as programs centred around process but as programs centred around people, the skill set is there, I think. It's now just a matter of realizing that they need to change the way they're looking at these programs.

Mr. Chandra Arya: What is it that we can do to help them do what you are suggesting they do?

Mr. Michael Ferguson: Well, as I've said, I think this committee in particular has really started to step up to the plate and is doing a good job of sending the message to departments that you expect them to get to better results.

Again, when they're in front of you, look at their action plan. Look at what they're going to do. I suppose get them to talk about how, when they've done all of this, it is actually going to result in better service and how they are going to be able to show that it will result in better service.

I know we just landed seven audits on you and some special exams and it's going to take a lot of time for you to get through them, but if you can within your schedule find time to bring a department back a year later or whatever so that the message is out there that, as was mentioned before, it isn't going to be a "one and done" situation, all of those things will help.

Mr. Chandra Arya: Coming back to your remark that there's nothing new about the issues you have found, because you have seen these problems before and they are getting worse, and given that many times the deputy minister who comes in here says, "Oh, I

wasn't there when that happened", will it be a good practice for us, in relation to calling the current deputy minister, also to call in the deputy minister who was in charge at the time when you did your previous audit and identified something like that?

Mr. Michael Ferguson: Actually, I think, Mr. Chair, that it's the responsibility of the people who are running the department right now to get the problem solved, so they are the people I think I would put the focus on.

Mr. Chandra Arya: Turning to the beyond the border action plan, you mentioned that several departments spent almost \$80 million but that less than 1% of the shipments entering Canada are using this system.

They spent \$80 million. Is the capacity developed by setting up the process to say that 50% of the shipments can use this and then only 1% of them are using it?

Mr. Michael Ferguson: I believe, if I recall correctly—and we have it in that paragraph in the actual report—that the original goal was something like 40% of all shipments within the first year, but in actual fact it was used by fewer than 1%. That was 40% of the shipments within the first year. The intention of this system is that it will be the single window that importers can use to essentially register their shipments with various government departments.

Mr. Chandra Arya: Okay. Thank you.

•(1640)

The Chair: Thank you, Mr. Arya.

Mr. Christopherson, you have three to five minutes.

Mr. David Christopherson: Thank you, Chair.

I obviously don't have a lot of time. I'll just focus on another example of the growing concern I'm having about the accuracy of what is being reported and the truthiness of what we're hearing. I gave one example with the submarines, and I think it's a pretty stark example of, if not misleading Parliament, coming about as close as you can to it without actually crossing the line. In this case it may have crossed the line, and that may be something that we look at when we're studying that report.

I want to draw your attention, sir, to page 9 in report number six. You don't need to jump to it; I'll read it to you from the report.

It's talking about the rate of claim settlement. Again, the government is bragging that they're doing certain things, but when you get in there and have a look, the story is a bit different. Subs is one example; this may be another good one.

You say, for example, that one claim you reviewed was first submitted in 1987. Probably some members here weren't even born then, something I'm getting used to when comparing theirs with my birth that year. However, I digress:

... one claim we reviewed was first submitted in 1987, and its processing time was just over 26 years before it was settled. However, the Department's database showed that the claim's processing time was just under 5 years.

Give me a bit more context for that, because again, that looks to me to be about as close to misleading Parliament as you can get and may indeed actually constitute misleading Parliament.

If you could, take just the moments left to give us a bit of the details, as you did on the sub deal. What's happening here? It actually took 26 years, but the government bragged it took less than five. What's the deal?

Mr. Michael Ferguson: When the justice at last program came in on October 18, 2008, sort of as the first date, the department went back and reset all of the start dates on all of the outstanding claims in their system. Then they measured how long it took them to resolve that under the justice at last program. That meant the information was no longer really about when the original start date was and how long this claim had been in process.

We also mention—and there's an exhibit 6.6 just above paragraph 6.76 in that chapter—that the report from the department said that there were 136 claims, for a total settlement of \$2.260 billion, when actually we found that 89 of those claims for \$2.209 billion were either essentially settled under the old process, or well down the road. In fact, 28 of them had been settled and compensated before justice at last, on October 18, 2008, but the department included them as settlements under Justice at last.

If what they were supposed to be doing was letting Parliament know what the impact of this new approach, justice at last, had been, then what they should have done was to say, “Here's how many claims first came in the door under justice at last and here's what we have done with them.” Instead, they counted all of that overlap period where a lot of work had been done before, and said, “Okay, we've settled over \$2 billion through the justice at last program.” The way we looked at it, we felt that they had actually settled \$51 million of claims that came in through that approach.

Mr. David Christopherson: We have a problem.

Thank you.

The Chair: We'll now move to Mr. Simms, please.

Mr. Scott Simms (Coast of Bays—Central—Notre Dame, Lib.): It's an honour. Thank you, sir.

The Chair: Welcome to the public accounts committee, Mr. Simms.

Mr. Scott Simms: The pleasure is all mine, more than it is yours, trust me, so we'll see how this goes.

I took great interest in report 5, and I'll tell you why. In my riding, we have the 103 Search and Rescue Squadron under the Canadian military. Several years ago, there was a rash of problems, including that we could not find pilots.

I want to turn to this part of the report, because I read it with great interest, regarding armed forces recruitment and retention. If we're going to look at buying the next generation of fighter jets, who the hell's going to fly them? That's really the deal.

I notice some stuff here which caused great concern for me. Files were closed in some cases while applicants were still interested. It almost seems like they had a process in place that was not adaptable to the current job market. If we're chasing after pilots, we have to go far and wide to find the people who have a lot of experience.

One thing I do want to point out, though, is the recommendation you made to them. Paragraph 5.52 states:

The Canadian Armed Forces should develop and implement a three- to five-year target with an action plan for each occupation to meet recruiting needs....

It was not so much the target numbers or revised target numbers they put out. I think there was a 10% variance to get up to their target. Their response was:

Agreed. The Canadian Armed Forces currently uses a five-year long-range planning model that factors in attrition and growth. That model is then analyzed in detail to produce a Strategic Intake Plan....

It almost seems like there's really nothing wrong at all, other than the fact that they acknowledge they should be more agile toward this.

How big is this problem? If we're talking about new equipment—and you also have a part here about maintenance—then there's a huge gap that will lead us to the future. Do they really believe that being a little more agile is going to help?

• (1645)

Mr. Michael Ferguson: I'll ask Mr. Stock to give you the details of that.

Mr. Gordon Stock: Mr. Chair, in response to the specific question on the target versus the planning model, they are in fact two different things. What we're suggesting within the recommendation is that they have a three- to five-year target, so that within the variation, if they don't get the number they need within the current year, the next year they should be picking up what they didn't get the previous year, and filling in what they still need for the current year.

Mr. Scott Simms: Do you mean, on the specific job?

Mr. Gordon Stock: I mean on the specific occupation, so that they manage it by occupation, whereas the five-year planning model that is mentioned within the response is more in terms of establishing the needs.

The different environments—the navy, the air force, and the army—go through each occupation and figure out what they need, but in terms of actually making sure the target is met, we think there has to be a longer-term target to deal with the variations.

On the pilot side, just for interest, there is no difficulty in getting recruits through the door. The difficulty is in making sure they become trained, because it takes a long time to train the pilots—

Mr. Scott Simms: Exactly.

Mr. Gordon Stock: —and also in the retention of pilots. Depending on what is happening externally in the marketplace, they may lose many of the pilots.

Mr. Scott Simms: I'm glad you brought that up, because I was going to. The retention part of the issue is massive. I understand the private sector pressures on individual pilots who have been around for a while to move on to other things, and I appreciate that.

What I find striking is that here is a way for a young person to receive a free education, essentially a free career, at a time when post-secondary education costs are soaring in some of these sectors, especially for pilots and technicians and the like. I just don't find that there's a lot of movement here. It seems as though they're relying on old ways of doing things.

For instance, on wait times, why are these wait times so long?

The Chair: Thank you, Mr. Simms.

Mr. Ferguson.

Mr. Michael Ferguson: Thank you, Mr. Chair.

One thing I want to touch on—and I'm glad you raised this particular recommendation and this particular response.... Fundamentally, what we are trying to get to is that the Canadian Armed Forces are 4,000 trained members below the number they need. In fact, the problem has become worse over the last couple of years. It was about 2,300, and now it's 4,300, or something like that, so it has become worse. These are the numbers that they themselves have said they need.

When the three environments—army, navy, air force—get together, they identify how many people they need and then they pass it over to the recruiting people, and the recruiting people say they don't have the capacity to do that and so they're going to recruit a lower number.

We made a recommendation here—and our recommendations are about needing to put the focus on the individual occupations and all of that type thing—and we get this type of response from National Defence. As you say, when you read that response, you get the feeling that they're essentially saying, “We already have this in place.” That's fine. You think you have something in place. How is any of this going to get you to the point of having the number of trained members you need to have?

The department can look at our recommendation and can come back with a response that says either what they're going to do or what they are already doing, but none of it is actually telling you whether any of this is going to get you to that point.

The wait time, if I understand what you're referring to, is the amount of time in the middle of a training program that a person has to wait around for the rest of their training.

Is that the issue? That's the issue that we raise, in terms of the waiting: somebody will come in, and they'll start their training program perhaps, and then they have to wait because the next stage isn't ready, and in some cases they'll wait many months. During that time, the Canadian Armed Forces find something else for those individuals to do. It may be first aid training or those types of things, but it's not training that's getting them trained for their actual occupation and ready to get into that occupation.

Again, they need to find ways of making the training more efficient so that there is less waiting time for the recruits coming in.

• (1650)

The Chair: Just on that, is there any area—and this may be a question we ask them—in which budgets are put in place based on the expected number of new recruits coming in? I would wonder why they would put out an objective of so many recruits, if they feel that they probably can't meet it. They must have some idea of what's doable, of what's achievable.

Are there other budgets from which they can access more resources if they show the number of recruits as being higher?

Mr. Michael Ferguson: Again, I understand that national defence is a big, complex, piece of business, but there is a strategy. They have the Canada First defence strategy that lays out what their mission should be. To do those missions, they've identified how

many people they need. Perhaps they've done work around what type of equipment they need. They've identified that they need 60,500 trained members, but then they don't have their system set up to get them 60,500 trained members, because the recruiting group doesn't have all of the resources it needs to be able to recruit the number of people they need. Again, if there have been targets and objectives set, particularly when you're dealing with something like national defence, then they need to make sure that they can figure out how they can align everything from there on so they can get those members in order to be able to meet their objectives. It could even go down into the support of the equipment as well and the contracts that they put in place there.

There are some constraints around the resources that they have available in the recruiting group. In order to fix this, they need to look at what level of resources they need at the recruiting level, number one. That may not just be more people. That may be people who know how to recruit people into certain types of occupations. How do they organize that group so that they will be able to recruit the number that the three environments say that they need?

The Chair: Thank you.

[Translation]

Mr. Godin, you have five minutes.

Mr. Joël Godin: Thank you, Mr. Chair.

We must not make things out to be worse than they are. Some organizations are doing well. Mr. Ferguson, you audited crown corporations such as the Pacific Pilotage Authority Canada and, a few months ago, VIA Rail Canada, and had good things to say. These are very solid and well-run organizations. We should follow their example.

Should we always choose the crown corporation model? That is an existential question, yet we must still tell Canadian taxpayers that it is not a disaster, that we are trying to improve systems.

More specifically, I would like to talk about the Canada Revenue Agency. Over the coming weeks, people will be celebrating Christmas and then a few months later they will have to file their income tax returns. We know this is quite stressful for some taxpayers and I think such lengthy processing times show a lack of respect on the part of the Canada Revenue Agency towards its clients.

In your presentation notes, it says:

We found that the agency's timeframe for a decision on straightforward files was about five months. For medium complexity files, the agency told taxpayers they could expect to wait up to a year before even hearing from an appeals officer.

Can this be interpreted as a way of discouraging taxpayers and thereby eliminating files by wearing people down?

• (1655)

Mr. Michael Ferguson: We found that the agency decides in favour of taxpayers in 65% of cases. I do not think the objective is to discourage taxpayers, but we did identify a great many problems in the system.

I don't think the agency understands all the problems in the process. After our consultations and what we reported, I think the agency will start re-examining the process.

Mr. Joël Godin: Is it due to a staff shortage? What additional tools could speed the process up?

I understand that the agency will evaluate itself, but it should have done so before your audit. You did your audit and now they have the results in front of them and will react.

I do not know how long it will take them to react, but I think this organization should have taken the initiative to evaluate itself, but that is another problem.

In your audit, did you note certain tools? Is there a staff shortage or a lack of tools? If so, what tools should we as parliamentarians provide them?

Mr. Michael Ferguson: Once again, I think it is truly possible for the agency to improve its processes.

First of all, they will need an approach that allows them to draw lessons. When a decision changes, it is important to draw lessons, that is, to understand why the decision changed. Is there a way to change the process, from the outset, in order to reduce the number of cases in which taxpayers object?

In my opinion, the most important thing is having such a step at the end of the process. We have to understand why decisions change and how we can improve the process from the outset.

Mr. Joël Godin: So what you are saying is that we should be working upstream instead of downstream. We have to draw on the experience gained in processing files and consider the slow processing times in order to address the problems.

I think that is a very good solution. Moreover, I think it is unfortunate that you were forced to say that the department could have evaluated itself. We will have to live with that.

I have a quick question regarding “Report 5—Canadian Armed Forces Recruitment and Retention”. You said that the Regular Force had not met its target of 68,000 members. Why did you not make any recommendations in that regard?

Mr. Michael Ferguson: We made recommendations about different ways of recruiting personnel for certain occupations. We think it is important for National Defence to determine the occupations for which targeted measures must be taken in order to attract people with those occupations.

This problem must be addressed through targeted measures for certain occupations in the armed forces overall.

Mr. Joël Godin: Thank you.

• (1700)

The Chair: Thank you, Mr. Godin.

Ms. Mendès, you have the floor.

Mrs. Alexandra Mendès: Thank you, Mr. Chair.

[English]

This is a very quick question, and honest to God, I don't remember who made the change or who took the decision on this. In terms of Revenue Canada, has there been a certain loss of accountability, direct accountability to ministers, to parliamentarians, since it became an agency instead of a department?

Mr. Michael Ferguson: That's not something we noticed in any way.

Mrs. Alexandra Mendès: No? Okay.

Mr. Michael Ferguson: Revenue Canada has done some good things. When you look at some of the work they've done with electronic filing and things like that... They have been looking at other ways to deliver services and those types of things. I can't really do a comparison about before and after, or anything like that. They still have a lot of work to do to understand the delivery of their services to citizens.

Mrs. Alexandra Mendès: It's more on the accountability side of it, whom you are accountable to as an agency. It's almost as if you have another layer of separation from parliamentarians and government, and you feel you're somewhat more separate. That's more my question. I know you probably didn't look at this in the audit.

Mr. Michael Ferguson: No, we didn't, but that is an interesting observation.

Again, as well, we've brought forward three special examinations. The special examinations are work that we do in crown corporations, where there is also that governance layer. When you have those organizations with a governance layer, obviously, as parliamentarians, you are relying on that governing board to make sure that those organizations are doing what they are supposed to do. When that is functioning the way that it should function, then you will see organizations that are run the right way and are achieving good results.

We had the special examination of the International Development Research Centre. Again, they had good strategic planning and a lot of good approaches, but they were at risk—

Mrs. Alexandra Mendès: They had no board members.

Mr. Michael Ferguson: —because they were down to a minimum number of board members. As parliamentarians, you're relying on those governing boards to make sure these organizations are being managed the right way.

If that governing board layer is operating the right way—and we in no way looked at that in the case of Revenue Canada—it actually can be a very good, I suppose, almost comfort to you that there are people overseeing that organization to make sure it's working the way it should.

Mrs. Alexandra Mendès: Well, I'm still curious about Revenue Canada.

Thank you.

The Chair: Thank you.

I think that concludes most of the questions.

I want to thank you for your concluding comments in your presentation today. I want to read them into the record again. I think it's good for all members of Parliament, all those on this committee, to listen carefully to what the Auditor General said:

To close, I want to go back to my earlier remarks about the frustration of citizens with government programs.

One way or another, everything that government does is intended to serve Canadians. As such, departments should "do service well," to benefit Canadians both individually and collectively.

Then he said:

It is critical for government departments to understand that their services need to be built around citizens, not process. As they work to implement our recommendations, I encourage them to take a step back and focus on how they can deliver services that work for Canadians.

I want to thank you for that closing statement. As a businessman, I have been frustrated with government applications for programs. We've somewhat picked away at Revenue Canada today, but there are 900-day waits and months of waits for objections that have been filed.

As we go in as a committee to call these departments together, I think it's imperative for us as well to step back, as the Auditor General said, and run it through the lens of how it serves the average taxpayer, the average Canadian, the average one who may be overwhelmed with paperwork and book work. Is it there for them, or is it there as a make-work project for accountants or for others?

Auditor General, I thank you for these reports, for your report, for your presence here today, and we look forward to meeting again. As we bring other departments in, hopefully we will have a chance to meet again.

Thank you for being here.

The meeting is adjourned.

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