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The Honourable Shawn Murphy

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• (1530)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): It is 3:30, and I'm certainly very pleased that everyone's here. I want to welcome everyone to this meeting.

This meeting of the Standing Committee on Public Accounts has been called pursuant to the Standing Orders to deal with the Public Accounts of Canada 2008.

We are pleased to have before the committee today, on behalf of the Auditor General of Canada, John Wiersema, Deputy Auditor General. Welcome, John. John has been before the committee many times. He's accompanied by Doug Timmins, Assistant Auditor General, and Tammy Squires, principal. Welcome to you all.

From the Treasury Board Secretariat we have Mr. Rod Monette, the Comptroller General of Canada, who again has been before the committee many times; John Morgan, Assistant Comptroller General, financial management and analysis sector; and Bill Matthews, executive director, government accounting policy and reporting. In the case of both Mr. Morgan and Mr. Matthews, this experience is not new to them.

Colleagues, I should point out we also have with us Ms. Cheryl McMullin, coordinator of fiscal policy with the Department of Finance. The regular finance department official is not here. Ms. McMullin is here not so much to answer questions as to take any questions under advisement and get back to the committee in writing.

Before we go any further, witnesses, on behalf of the committee I want to thank you all very much for coming and for being prepared on such very short notice. This committee was constituted only on Tuesday. I know you people didn't get very much notice. You agreed to be here today, and on behalf of the committee I want to extend to you our appreciation.

Colleagues, before we call upon Mr. Wiersema for his opening comments, I want to make a few remarks. This is an annual meeting of the public accounts committee. You could state that it's probably our most important meeting. It's not the most contentious. It's the meeting to deal with the consolidated public accounts of Canada for the fiscal period ending March 31, 2008. Normally, this meeting would be held in October or November of the same year. We are running three months late, for reasons of which everyone is aware.

This is the final step in the government fiscal and accountability cycle starting with the budget and followed by the estimates, the supplementary estimates, the departmental reports on plans and

priorities, the departmental performance reports, and of course the final document, the audited statement of government operations, which includes more or less \$242 billion coming in and approximately \$242 billion going out.

Having made my opening comments, I turn the floor over to you, Mr. Wiersema.

Mr. John Wiersema (Deputy Auditor General, Office of the Auditor General of Canada): Good afternoon, Mr. Chairman. Thank you for the invitation to be here this afternoon.

Mr. Chairman, because our December 2008 report was tabled earlier today in the House of Commons, the Auditor General is not able to be with us this afternoon. On her behalf, I would like to extend our congratulations to all of you on having been elected to this 40th Parliament, and a particular congratulations to you, Mr. Chairman, on having been re-elected to the chair of this committee. We look forward to working with each and every one of you over the course of the coming weeks and months.

I am pleased to be here today to brief the committee members on the Auditor General's report on the audited 2007-08 financial statements of the Government of Canada. As you indicated, Mr. Chairman, I'm accompanied today by Mr. Doug Timmins, Assistant Auditor General, and Tammy Squires, the principal. They are responsible for the audit of those financial statements.

[Translation]

We are pleased to see that the committee is holding this hearing on the Public Accounts, a key accountability report of the government. The Comptroller General will be explaining the main points in the government's financial statements to the committee. I will focus on the highlights of our audit opinion and observations.

The Auditor General's report on the 2007-2008 financial statements is included on page 2.4 of Volume I of the Public Accounts. The opinion provides Parliament with the assurance that the government's financial statements are fairly presented in accordance with the government's stated accounting policies which conform with generally accepted Canadian accounting principles. It can be referred to as a "clean" opinion. Our Office has been able to issue such an opinion on the government's financial statements in each of the past 10 years.

• (1535)

[English]

We commend the government for producing financial statements that are fairly stated, in conformity with Canadian generally accepted accounting principles. In our view, Canada continues to demonstrate leadership in financial reporting by a national government.

I would now like to discuss several issues that we have presented in our observations. Those can be found on pages 2.32 to 2.39 of volume 1 of the Public Accounts of Canada.

First of all, a project to develop a new methodology for the government's allowance for doubtful tax receivables began in the fall of 2006. Delays were encountered in finalizing the estimate for the year-end 2008. In our view, improvements are still required for the government to have a reliable methodology for estimating its allowance for doubtful tax receivables. We have received a plan from the government that addresses these concerns, and we therefore expect it to deliver on those commitments in the plan.

Second, in March 2008 this committee asked for modifications to the tax revenue estimation methodology, the largest and the most significant management estimate affecting the Government of Canada's financial statements. In response to this, changes were made to the methodology and were reflected in the March 31, 2008 tax revenue estimates. The impact of these changes on the overall accuracy of the government's reported tax revenues will only be known in the future, when tax assessments are completed. It is important that the government continues to regularly monitor the reliability of this estimate and to identify improvements on a timely basis.

Third, in relation to departmental financial statements, as announced in 2004, the government's plan to transform public sector management included measures to strengthen comptrollership and oversight. One of the initiatives was to have the annual financial statements of all departments audited. The strategy of the Office of the Comptroller General to implement this initiative continues to focus on the 22 large departments.

We reiterate one of our comments from last year, that when departments are ready for an audit, our office will gladly play its part in the process. It is our view, however, that most departments have much work to do to achieve the goal of readiness for an efficient audit of their departmental financial statements.

In our observations, we also raised the question of accrual-based budgeting and appropriations by departments and agencies. The government has outlined the plan to phase-in accrual-based budgeting. The implementation plan will start with a two-year pilot project involving ten departments.

After many years of studying this issue, we are disappointed that the models proposed by the government all have an annual focus that still does not include long-term budgeting for assets and liabilities and that the government has yet to make a commitment to an implementation date for accrual appropriations.

[Translation]

Other matters are discussed in more detail in our observations, which are found starting on page 2.32 of Volume I of the Public

Accounts. In these observations, we have also provided an update on issues raised in previous years.

In conclusion, we would very much like to thank the staff of the Office of the Comptroller General and those in all of the departments involved in this work. The preparation of these accounts reflects many hours of painstaking work.

Mr. Chair, we would be pleased to answer any questions the Committee may have.

[English]

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

We're now going to hear from the Comptroller General, Mr. Rodney Monette, who is also going to take us through the presentation in front of us here to explain how this process worked.

Mr. Monette, the floor is yours.

Mr. Rod Monette (Comptroller General of Canada, Treasury Board Secretariat): Thank you very much, Mr. Chairman.

We do appreciate the invitation to appear before the committee to discuss the public accounts this afternoon.

As you've mentioned, Mr. Chair, I have two members of my staff with me: Mr. John Morgan, the assistant comptroller general, financial management and analysis sector; and Mr. Bill Matthews, the executive director, financial management and analysis sector.

For the tenth consecutive year, the Auditor General has issued an unqualified opinion on the government's financial status.

[Translation]

Mr. Chair, we have tabled a slide presentation outlining some of the key financial results for last year as well as our preliminary comments on the Observations of the Auditor General included in Public Accounts 2008. If you like, we can go through the presentation. I believe you indicated that you would like to see it. I'd be happy to oblige.

• (1540)

[English]

Before concluding, I would like to thank the Auditor General and the Office of the Auditor General for the continued professional working relationship that we have enjoyed.

Thank you, Mr. Chair.

If you wish, I could go directly to the presentation.

The Chair: Thank you, Mr. Monette. I invite you to do that. I think it would be very helpful.

Mr. Rod Monette: Thank you.

Members of the committee, please turn to the blue presentation, entitled "Public Accounts of Canada 2007-2008", and flip to page 2 for the presentation overview. I thought it would be useful to provide you with some information on the process we use around public accounts and to talk a little bit about the results for the year 2007-08 along with some of the observations of the Auditor General.

Page 3 of the presentation outlines the financial accountability process. A number of steps in the accountability process are worth mentioning. The first one is that before the year starts, of course, there is a budget. Now, of course we're talking about the year 2007-08, so that would start in April of 2007 to go to the end of March in 2008. So the budget would be a couple of months beforehand, just as the budget now prepares us for the upcoming year.

Then, the government always has an economic statement at some point during the year. That can influence what happens as well.

During the year, there are estimates that you vote on, of course. The main estimates are tabled just before the year starts, to get the year ready.

Then there are the supplementary estimates, which are tabled during the year as well, for unforeseen items.

The budget for 2008, which was actually in February 2007.... Although it tends to focus on the next year, sometimes there are actually things in that budget that affect the last couple of months. That was the case this last year as well.

Then, as Mr. Murphy has said, finishing off the cycle, a couple of things happen. One is that the finance department tables its annual financial report. That is usually the report where you hear what the surplus or the deficit would be. For example, this year it was done in September. That's when you would have heard the surplus figure for last year.

Mr. Chair, am I going into too much detail here? No? Okay.

[Translation]

The fourth page of the presentation provides a description of Volumes I, II and III of the Public Accounts of Canada. Volume I contains the government's financial statements, the Auditor General's report and observations, as well as financial statements analysis and discussion.

[English]

You have the volume I document in front of you. There is a number at the bottom of each page, in the corner. If you were to turn to page 2.4, for example, you would see the start of the report of the Auditor General. Every page has first a section number then a page number; there are various sections in it. So this is kind of the big report for the whole of government at the consolidated level.

[Translation]

Volume II contains comparisons of actual spending by departments to spending projections contained in the Estimates.

[English]

This is a much bigger document, because what it does is it shows all of the information on a department-by-department basis. At the front of it is a table of contents that shows all the ministries. Just as an example, if you were to turn to the table at section 2, you would find all of the information and details on Agriculture and Agri-Food Canada. And you will find that for each department.

[Translation]

Volume III contains the financial statements of revolving funds as well as special information, such as information required by the Financial Administration Act.

[English]

It contains special information if, for example, you are interested in something like the real property acquisitions. For example, land, buildings, and works would be in there, as well as public debt charges and transfer payments. So it's really extra information in support of the other documents.

The fifth page of the presentation talks about the financial results for 2007-2008. It says there has been a clean opinion on the financial statements for the tenth year. Of course, since last year ended March 31, 2008, there was a surplus of approximately \$9.6 billion, which at that time represented the eleventh consecutive year of surplus, and also it shows that the deficit has in fact gone down by about \$105 billion from its peak in 1996-1997.

Slide number six shows the comparison of the actual results to what had been in the budget. You'll see that there are a few differences. Probably the most significant one is in the revenue. The budget had estimated revenues of about \$236.7 billion, and the actual revenues were about \$242 billion. That probably accounts for the surplus being a little bit higher than it had been in the budget documents.

Page number seven compares the financial results from the year before to those for this year, so from 2006-2007 to 2007-2008. A couple of numbers jump out there. For one thing, if you look at total program expenses, you'll see that in 2006-2007 they were about \$188 billion, and the year after, 2007-2008, they were about \$199 billion. So that went up about \$11 billion, which was probably one of the more significant changes there.

If you look to the middle of the page where you see surplus, you'll see that the surplus in the year 2006-2007 was about \$13.8 billion, and of course in 2007-2008 it was \$9.6 billion.

Page number eight looks at all of the revenues, so it shows you where they come from. An interesting part of this table is that it shows that quite a big chunk of the revenue comes from personal taxes. It's about 46% to 47%. That has been fairly constant over the years. You can see the distribution among the various sources there, and at the very bottom the total revenues of approximately \$242 billion.

Page number nine shows the financial results on the expenses side of the ledger. I think an interesting part of this presentation is that if you look about halfway down, where you see "total transfers", it's interesting to note that that is actually over half of what we spent. So 56%, or about \$131 billion, relates to transfers for things like benefits for the elderly, employment insurance, children's benefits, transfers to other levels of government, and so forth. Then you can look down at the bottom and see the total expenses of \$232 billion.

Page 10 shows the financial results on the debt side. Probably one of the more significant numbers there is the unmatured debt, which is the biggest component of that figure. It represents about \$390 billion, down from \$414 billion the year before. If you look down at the very bottom, you'll see a couple of statistics. An interesting one is the percentage held by non-residents, which is about 12%.

• (1545)

[Translation]

Slide number eleven shows the Auditor General's observations, the first being management estimates with respect to the allowance for doubtful accounts.

As my colleague mentioned, a project is underway to improve the methodology for estimating the allowance for doubtful tax receivable. We have submitted a plan to the Auditor General and we have a commitment to this plan that will help improve the provision for estimating the allowance for doubtful tax receivable.

• (1550)

[English]

Page 12 has to do with the tax revenues and that scenario where we have tried to make some improvements every year to that figure. Of course that's a big figure on the revenue side. A lot of those improvements have to do with looking at statistical analysis of what's happened in the past and using that to project forward. We'll have a look at these changes we've made over the last three years, and hopefully we'll continue to improve them.

Page 13 is on the audited departmental financial statements. Here we have plans for all the large departments. Although, as my colleague has said, a lot of work on the documentation and systems is required, we're very pleased that we were able to get a little bit of investment funding in the budget this year to work on some of our systems to improve that. I think that will be very helpful as we move toward doing that work.

Page 14 is on the accrual-based budgeting and appropriations. We're phasing in the accrual-based budgeting starting with the estimates documents for next year, which will be tabled in about a month or so. We're starting off with five departments, a mix with some big ones. I think the Department of Public Works is in there, and a few other big ones, and we're moving ahead with that. I do have personal views on some of the issues around accrual appropriations, and I'd be pleased to have that discussion.

Page 15: these are the international financial reporting standards. The committee will be chaired by my colleague Mr. Wiersema of the Public Sector Accounting Board in about two months. This group decides how these standards should be applied. We are having a discussion now in terms of some of the implementation to make sure it's appropriate for crown corporations, and we are working with the crown corporations just to make sure they're moving ahead with that.

Mr. Chair, I hope I haven't taken too much of your time by going through that. I'd be pleased to answer any questions.

The Chair: Thank you very much, Mr. Monette. Your presentation was extremely helpful.

Colleagues, before we go to the first round of questions, there is a housekeeping item I want to deal with, because if I don't I'm going to

end up forgetting it, and that's what's circulated in front of you, the minutes of the steering committee. We met on Tuesday of this week, and the only relevant part is that on February 12 the committee will commence consideration of chapter 4, first nations child and family services program. That was the recommendation of the steering committee. However, to keep order, that has to be ratified by this committee, so the chair would invite a motion that those minutes be adopted as circulated.

So moved by Mr. Christopherson.

(Motion agreed to)

The Chair: We're going to go to the first round of the examinations. Ms. Ratansi, for seven minutes.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you very much.

I'd like to thank you all for being here. It must have been a long day for you all.

This is interesting. We've got three volumes to go through, and we've all been appointed just recently, so we had to scatter through. So you'll have to bear with us if we ask you questions that you may have already addressed.

As you stated, the Public Accounts of Canada is a major accountability report, and I see that for the tenth year in a row we've had an unqualified statement, which is very good. And in the past we've had surpluses with good economic management and good forecasting predictions so we can pay down the debt, which has been slowly coming down, which is a good thing, and we want to be able to put some money into contingency. But I have a question. This question pertains to paragraph 1.11, where you talk about risk and uncertainties. When one looks at the past, when we had to move from the real problematic situations the government was in in 1993, it had to do a proper projection, it had to take risks into consideration, it had to ensure that the management or the competency with which it predicted its figures were well taken care of, because otherwise programs would be at risk.

When we looked at the fall economic statement, which predicted a surplus despite the fact that we were aware that the economic downturn in the United States was going to affect us, and that the financial institution was going through a downturn, what sort of methodology or what were some of the parameters you used at the Treasury Board that gave the government the thought process that it was going into a surplus, and then suddenly projected a deficit a few weeks later of \$30 billion? Could you just explain that to me?

Thank you.

• (1555)

Mr. Rod Monette: I'll be relating some of the methodologies that the Department of Finance uses in their projections.

I'm going from the presentations that I've seen the Deputy Minister of Finance provide, and I'm going a little bit from memory here, Chair, but I know they look at various projections in the private sector. I've actually seen the tables where they will look through the high projections and the low projections and at the assumptions that have been built into that, and then they'll try to average them out. That actually isn't work that my office does; it's work that the finance department does. But I do know that they go through a fairly detailed kind of analysis of the information that's available to them.

On the very specific question as to when the point came when folks actually were feeling we might have a deficit this year, I would actually leave that particular, if I may, to the Department of Finance to answer.

Ms. Yasmin Ratansi: That's fair enough. I did mention that we are looking at stuff and we can ask you questions. It would be very interesting to know that, because you can't, within eight weeks, go from a surplus to a massive deficit that could go on for a long period. We do not want to go back into the era of the eighties.

I have some technical questions for the Deputy Auditor General. These are just for my clarification so that I understand.

We talk about the financial statements being prepared on an accrual basis but the estimates being on a modified cash basis. Do you see a problem with those two? If so, are they material enough for our ability to give credence to these figures?

Mr. John Wiersema: Thank you for the question.

The short answer would be yes, indeed, we do see a problem with those two. As I said in my opening statement, we are disappointed that the government has not yet made a decision or committed to move forward with what we call accrual appropriations, where the money is voted on a full accrual basis in the estimates, similar to the way the accounts are prepared, to facilitate, among other things, comparisons between the estimates documents and the actuals. So yes, we see a problem. We would like to see the government move toward and make a decision with respect to accrual appropriations.

These public accounts themselves, though, are prepared on a full accrual basis of accounting, so we're quite happy with these accounts and have issued an unqualified opinion for the past ten years.

On the numbers that are presented on the financial statements for the budget document, you will see, for example, that Canada's statement of operations has a budget comparison.

Ms. Yasmin Ratansi: On what page?

Mr. John Wiersema: It's on page 2.5 of the English version. I'll give members a second to find that. There's a column on the far left on page 2.5 that is called "Budget". That budget number isn't the budget from the estimates or the appropriations; those are the budget numbers presented in the Minister of Finance's budget, which is also prepared on a full accrual basis of accounting. The Minister of Finance's budget is prepared on a full accrual basis of accounting, the public accounts are prepared on a full accrual basis of accounting, and the estimates are still largely on a modified cash basis. We think all three should be moved toward the same basis.

Ms. Yasmin Ratansi: Yes, so you are comparing apples to apples and not apples to pears.

How many minutes do I have?

The Chair: One minute.

Ms. Yasmin Ratansi: On the CRA projection of doubtful accounts receivable, in my business I would say if I projected my doubtful accounts at \$8.7 billion, on an accrual basis, does it...? The CRA collects, what, \$74.6 billion and has an accrual for doubtful accounts receivable of \$8.7 billion? Does it in any shape or form reflect away from the revenues that the government will be able to collect?

• (1600)

Mr. John Wiersema: The numbers the member has quoted, Mr. Chairman, relate, I believe, to the amount of receivables on the balance sheet.

Ms. Yasmin Ratansi: Sorry. Yes.

Mr. John Wiersema: That's not the total revenue for the year. The total revenue for the year approaches some \$240 billion. Of that, about \$70-odd billion is receivable at March 31, and the government has estimated that approximately \$7 billion of that—

Ms. Yasmin Ratansi: It's \$8.7 billion.

Mr. John Wiersema: —or \$8.7 billion of that is not collectable. If that \$8.7 billion were fully collectable, yes, Canada's revenues would be higher by that \$8.7 billion.

Ms. Yasmin Ratansi: But you expressed concern about the methodology that was used and you said you saw a flaw in the way that they.... Maybe I am misunderstanding it. Could you clarify? Is there a flaw in the methodology with which they calculate their doubtful accounts?

Mr. John Wiersema: We are encouraging the government and CRA to continue to improve that methodology, as the Comptroller General has indicated. Through a lot of extra work by both the government and our auditors, we were able to satisfy ourselves that it was materially correct for purposes of the financial statements, but we think the government could do better in the methodology for that estimate. We've encouraged them to continue to improve that methodology and test it to make sure it's reliable and robust. They are huge numbers: \$80-some billion of receivables, and \$8 billion announced for doubtful accounts. We think the numbers are big enough to warrant rigorous and thorough analysis and methodology.

Ms. Yasmin Ratansi: Thank you.

The Chair: Thank you, Ms. Ratansi.

Thank you, Mr. Wiersema.

Madame Faillie.

[Translation]

Ms. Meili Faillie (Vaudreuil-Soulanges, BQ): Thank you, Mr. Chair.

Again, thank you for coming here. I'm sure it's been a long day for you. Certainly, I'm as enthusiastic as my colleague opposite to be able to discuss the implementation of accrual-based budgeting. Since Ms. Ratansi has enlightened us so well on this matter, I will talk instead about Volume III of the Public Accounts of Canada.

I examined the 2006-2007 and the 2008 Public Accounts of Canada. The loss of public funds stemming from offences, illegal acts or accidents appears to be on the rise. The various losses incurred over the past year as a result of misdirected electronic payments total close to \$4.4 million. A total of \$2.7 million has been lost as a result of employee malfeasance. What exactly is the situation at Public Works and Government Services Canada?

Another issue is the use of fraudulent credit cards. And I could go on. A whole series of problems are listed in one of the sections. There is also the loss of public property to consider.

With regard to the auditing process, I thought you were supposed to receive from the different departments a detailed plan outlining ways of improving the current model for managing equipment or estimates of doubtful accounts.

Could you also tell me if the Auditor General's Office has received a detailed plan like this and if so, whether it meets your expectations?

Mr. John Wiersema: I can provide some explanations at this time. When we undertake to audit public accounts, we audit only those financial statements contained in Section 2 of Volume I, that is the government's summary financial statements, not the actual details contained in volumes I and II.

The member spoke about losses of public money in volume III. Perhaps the Comptroller General could make some comments on that. The one brief comment I would make is that in an organization as large and complex as the Government of Canada, there are going to be losses and abuses of public moneys periodically. One of the good things in the public sector is that we're fully transparent about that. You had before you today in the public accounts a detailed listing of all those losses. It's made available to the Auditor General's office.

[English]

M. John Wiersema: The member spoke about losses of public money in volume III. Perhaps the Comptroller General could make some comments on that. The one brief comment I would make is that in an organization as large and complex as the Government of Canada, there are going to be losses and abuses of public moneys periodically. One of the good things in the public sector is that we're fully transparent about that. You had before you today in the public accounts a detailed listing of all those losses. It's made available to the Auditor General's office.

● (1605)

[Translation]

Mr. Rod Monette: Mr. Chair, I would also like to respond to that question.

You are absolutely correct. To minimize risk, it is a good idea to ask each department to submit a plan for improving its internal control systems. We also try to recover any losses and occasionally, we are successful. This is a serious problem and we try to avoid these kinds of situations. It is important to have a plan in place for recovering losses in the case of a criminal offence. Prosecuting such offences is another possibility.

Ms. Meili Faille: This morning, the Auditor General's report highlighted the lack of IT resources at the Canada Revenue Agency.

Over the past year, losses have amounted to about \$31.6 million. I would imagine that the chances of recovering this money are virtually nil. Is my assumption correct?

Mr. Rod Monette: Perhaps I can ask one of my colleagues who is more knowledgeable about such matters to answer the question.

Mr. Bill Matthews (Executive Director, Government Accounting Policy and Reporting, Treasury Board Secretariat): Thank you. Which page are you referring to?

Ms. Meili Faille: In the English version, the section on the Canada Revenue Agency under the category:

[English]

"Losses of revenues due to fraud or wilful misrepresentation discovered and detected in 2007-08".

[Translation]

The reference is to eleven incidents resulting in a loss of \$31.6 million. That is an enormous sum of money. Could you possibly break down this loss figure for me?

[English]

Mr. John Morgan (Assistant Comptroller General, Financial Management and Analysis Sector, Treasury Board Secretariat): Concerning the recoveries, the table on page 2.16 in French shows that of the \$31.6 million in losses, they recovered \$4.3 million in the current year and expect to recover an additional \$21.7 million in future years.

CRA goes through these, and of course with the power of the Income Tax Act they're able to recover a substantial proportion of them. They estimate and disclose in this document how much they have recovered in the current year—

[Translation]

Ms. Meili Faille: Is the government managing to recover these amounts? Do you do a yearly follow-up to determine if any losses have been recovered?

Mr. Bill Matthews: Thank you for the question. Indeed, in the public accounts,

[English]

there is a follow-up table from one year to the next such that you can go through from each year and see losses reported in previous years and collections against those losses.

What you'll find in each year is new losses reported during the year as well as an amount that was recovered during the fiscal year, and then a forecast as to what we would expect to recover in future fiscal years, and then an amount that would estimate what we do not expect to recover. That would be in cases where somebody has gone bankrupt or a business no longer exists, where there's a very slim chance of recovery; we disclose that. But there is an accounting of the losses reported in previous years, going back and reporting how much was actually recovered.

The Chair: Thank you, Madame Faille.

Mr. Saxton, you have seven minutes.

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

First of all I'd like to thank you all for coming today. I know it's been a busy day, as my colleagues have mentioned.

I'd like to thank the Auditor General and her team for all the hard work she's done in ensuring that we're getting value for tax dollars. I'd also like to thank the Comptroller General and his team for the good work they've done behind the scenes.

I've only been in Parliament a short period of time, but I must say I'm very impressed with the quality of the public service workers and officers of Parliament I've come in contact with. It's very encouraging.

I'm also encouraged by the AG's report. I understand that this is the tenth straight year that we've had a clean report. I'd like you to elaborate on what exactly that means for Canadians.

• (1610)

Mr. Rodney Monette: I think what it shows, looking internationally.... I was talking with my colleagues today and asking about Australia and New Zealand. To my knowledge, there's no other country that has had ten clean audit opinions at the government level.

I'll credit my colleagues here. John Morgan, who has been doing this for the last ten years, has been very careful in ensuring that we have the right controls over financial reporting. You have to have a control system in place.

In a big organization like the Government of Canada, as you collect his information from very many different departments and sources you have to have an appropriate system to do it. We do it through our Receiver General for Canada system, which is, I think, a world-class system compared with those of other countries.

Last, I'd just say, as the chair has said, that in terms of an important accountability back to you as parliamentarians and to the people for the purpose of saying that we have a fair set of books showing how the money was spent, it's an important accountability. For our part, it's something I'd say we are proud of—and more my colleagues, because they've been doing this for quite a few years. I think it reflects some very good work on their part.

Mr. John Wiersema: Mr. Chair, just to supplement what the Comptroller General has indicated, stated simply what it means for Canadians is that Canadians can trust the numbers that are in section 2 of the Public Accounts of Canada. The numbers of the total tax revenues, the total expenses, the total assets and liabilities of the Government of Canada are trustworthy and are fairly presented.

Mr. Andrew Saxton: Do you think that has an impact on foreign investors, or even purchasers of our debt internationally, when they know this?

Mr. John Wiersema: I wouldn't presume to speak for foreign investors or purchasers of debt, but there have been studies that show that debt-rating agencies do credit organizations for financial statements with unqualified auditors reports; that you will, in the private sector at least, pay a premium on your borrowings if you don't get a clean auditor's report, and in fact you might not even get those financial statements accepted by a securities regulator.

So yes, it is a noteworthy achievement. Canada can quite rightly, in our view, be proud that we have a good set of summary financial statements.

Mr. Andrew Saxton: In effect, then, it could affect our credit rating, which in effect could affect the cost of our borrowing as well.

Mr. John Wiersema: Yes, I think it is possible that it could affect.

Mr. Andrew Saxton: In a positive way, right?

Mr. John Wiersema: Yes.

Mr. Andrew Saxton: Okay. Thank you.

You've identified an issue with the implementation of international financial reporting standards. Am I correct in understanding that these will be applied to crown corporations but not to the public sector? Can you please explain why crown corporations and not the public sector?

Mr. John Wiersema: This is going to get into the details of accounting standards in Canada.

The crown corporations in Canada, pursuant to the Financial Administration Act that was first passed in 1984, were required to prepare their financial statements in accordance with what was called "generally accepted accounting principles in Canada". In 1984, generally accepted accounting principles in Canada existed only in private sector standards, private sector accounting standards for commercial enterprises. So crown corporations in 1984 were legislated to follow the same accounting standards that apply to commercial enterprises in the private sector.

Since then, the Public Sector Accounting Board, on which both the Comptroller General and I are members, has become far more active. We now have generally accepted accounting standards for governments as well. So with respect to these financial statements, they're prepared in accordance with public sector government accounting standards set by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

With respect to the private sector and the crown corporations, they follow commercial standards, and the commercial standards are harmonizing or converging towards international accounting standards set by the International Accounting Standards Board. Those standards are called IFRS, international financial reporting standards. So most crown corporations, or at this point, all crown corporations in Canada, will be moving towards adopting those standards for year-ends in 2011, as I recall. The issue, however, is under study by the Public Sector Accounting Board. There is some move afoot to suggest that perhaps some crown corporations shouldn't follow those international standards but should continue to follow Canadian standards.

So at present there are basically two sets of standards that are followed by government organizations in Canada: CICA standards, which will eventually converge towards IFRS; and public sector accounting standards that are used by the government.

• (1615)

Mr. Andrew Saxton: Just to follow up on that, are there international standards for public sectors?

Mr. John Wiersema: There is another body, called the International Public Sector Accounting Standards Board, IPSASB. In fact, the Auditor General of Canada is a member of that board.

The Canadian standards setting board has not yet made a decision to converge towards international accounting standards, so in Canada we still follow domestically set accounting standards. We have not yet made the decision to converge towards those international standards set by that international board, but I think it's possible that decision might be made at some point in the foreseeable future.

Mr. Andrew Saxton: Thank you very much.

The Chair: Thank you, Mr. Saxton.

Mr. Christopherson, you have seven minutes.

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

Welcome to all assembled. Here we go again.

This is somewhat removed, but it concerns a comment Mr. Monette made when page 8 was up. Indulge me; it's related.

When you were referring to tax revenues over the last couple of years, the report we have here shows 46.7% and 46.8% respectively for the percentage of revenue that comes from personal income tax. On the corporate side, it's 16.7% and 16.0% respectively. So the contrast in 2007-08 is that 46.7% of all tax revenue comes from personal income tax, 16.7% comes from corporate taxes, and you made the statement that it's fairly constant.

I'm assuming that you mean "fairly constant" in the modern economic era. This is where I'm seeking help from anyone here who can answer. It seems to me you don't have to go back too many decades to when it was actually reversed. There was actually a time when we received more money from the corporate side than we did on personal income tax. Is that correct?

Mr. Rod Monette: Thank you for that clarification. My comment is that I'd looked back the last probably seven or eight years or so—

Mr. David Christopherson: Yes, that's what I thought.

Mr. Rod Monette: I saw it was around 47% over the last seven years.

Mr. David Christopherson: And I'm talking decades, I know, but is what I said accurate? If you go back a handful of decades you start to get to the point where there was that...?

• (1620)

Mr. Rod Monette: Mr. Christopherson, I don't actually have the figures at that time. We could probably try to get that for you.

Mr. David Christopherson: If you would. It's a side thing, but it just seems to me that more and more over the years.... The last budget—not this budget, but the previous budget—showed going into the future that there would be even more revenue, as a percentage, coming from personal income tax and a further lowering of the percentage from corporate taxes. Correct? I'll leave it with you to give me the information.

I don't want to put you on the spot; it wasn't a trick question. But I looked at this and I recall reading not that long ago and understanding that at one time corporations actually paid the

majority of the revenue of Canada, and now we're almost at the point where it's personal, and the difference between 46 and 16 is huge. As I say, the last budget of the current government sends us even further into that trend line, which some of us would argue is not all that healthy.

If I might, I'm going to read this from volume I, page 2.37, the chart you referred to in your opening comments, the second box, Canada Border Service Agency: "This manipulation of data"—and you're going to explain to me what "this manipulation of data" means—"involves complex and cumbersome manual processing and reconciliation. These nonetheless fail to explain differences between the amounts receivable in the general ledger and the various reports taken from the tax program systems in support of the reported amounts. Management of Canada Border Services Agency has identified underlying causes of some of their unreconciled differences. However, unexplained differences remain at year-end."

Please explain "unexplained" for me.

Mr. John Wiersema: Mr. Chairman, I'll ask Mr. Timmins to respond to that.

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

This basically relates to the fact that the accounting records they have for revenues deal with what we would call a sub-ledger system, and the sub-ledger system doesn't necessarily always reconcile—

Mr. David Christopherson: That's not a two-book system. That's a—

Mr. Douglas Timmins: It's not two books, but it ends up that there are problems with all the complexity of the entries going into what we call the sub-ledger system and what would go into the general ledger system or the consolidated revenue fund. So they have to go through and analyze that and find out what those differences are, and at the end of the day they can't explain them all. So we continue to put pressure on them to find out what is the cause of the discrepancies that are not reflecting properly between the sub-ledger and the main records.

Mr. David Christopherson: Okay. When we get too detailed I don't pretend. I'm not an accountant by any stretch. But are you talking about money that can't be identified? Is there missing money, or is this really a detail of your profession, or is there a real legitimate question of where some money is or went?

Mr. Douglas Timmins: I don't believe there's a—

Mr. David Christopherson: You don't believe? Give me something a little more clear than that.

Mr. Douglas Timmins: I think all of the revenue.... We're quite confident that the revenue they collect gets deposited. There are no issues there. So I think it's an accounting reconciliation issue that they need to figure out why—

Mr. David Christopherson: Has this been an ongoing problem?

Mr. Douglas Timmins: Yes, it's—

Mr. David Christopherson: For how long?

Mr. Douglas Timmins: Well, it actually would have been before, but certainly since—

Mr. David Christopherson: Since they've come into being.

Mr. Douglas Timmins: Certainly since the border agency separated from CRA..

Mr. David Christopherson: What's taken so long? Who answers that question? Why is this taking so long, please?

Mr. Rod Monette: Thank you, Mr. Christopherson.

I think they need some investment to.... They have different systems, and I'm probably not using very good technical language, but they're not talking with each other. So they need to make these systems talk with each other, and to do that costs a little bit of money. Actually, in this last budget we have received some money that will help them fix that. We call it systems interfacing, and I think that will help fix that problem.

Mr. David Christopherson: So we should get a different report next year in this area?

Mr. Rod Monette: I would say maybe two years. It will probably take two years.

Mr. David Christopherson: Chair, if I could ask, I wouldn't mind it being noted that from the beginning this has not been correct, and we're hearing there may be some action, but I'd like to see some reflection of work in progress, something so that we don't lose this. Two years from now, if that's what I'm hearing, we'd like the accountability piece then.

I'm just worried about an agency that's created and from the day it's created until now—and how long has it been? it's a number of years, correct?—they're still not even doing the accounting right, to the point where our professionals are coming forward and saying to us, hey, we've got problems with this.

Mr. Rod Monette: The issue of systems not talking actually exists in a lot of organizations and departments.

Mr. David Christopherson: I understand that, sir, but you don't say that about everybody else.

Mr. Rod Monette: No, it's because some talk a bit better than others. It's an issue that needs a bit of fix in a lot of different places, if I could put it that way.

Mr. Chair, I did say two years, and I would appreciate the opportunity to go to the Border Services Agency before I commit on their behalf and get them to confirm their plan.

Mr. David Christopherson: That's fine, I'll move on.

Do I have time, Chair?

The Chair: No, you've run out of time, Mr. Christopherson.

Are you going to get back to the committee on that issue, Mr. Monette? Is that the deal?

Mr. Rod Monette: Yes, we will.

The Chair: Okay.

Do you have a brief comment on that, Mr. Wiersema?

Mr. John Wiersema: Very briefly, Mr. Chairman, as is noted on page 2.37, I think, in part, this is a result of the move toward accrual accounting—when the government adopted accrual accounting. Accrual accounting for tax revenue poses some particular challenges. Some of the sub-systems we've referred to here were never designed to work in a world of accrual accounting. This is what's causing the

differences between the general ledger, which is working on an accrual accounting basis, and the sub-system, which was never designed to do that. That's causing some of the difficulty here.

Mr. David Christopherson: Certainly it's big enough that the Auditor General felt it necessary to say, and I quote again, "However, unexplained differences remain at year-end". For us lay people, that's a red flag.

• (1625)

The Chair: Mr. Timmins.

Mr. Douglas Timmins: Mr. Chairman, I would like to clarify two things.

Yes, that's correct, but in the end we gave an unqualified opinion, so we don't believe it's a material difference. That's number one. Number two, we keep this table in our observations, so we will continue to report until this is resolved.

Mr. David Christopherson: That is the point. At some point this has to be fixed, but it doesn't look right now like it's being taken seriously enough to be fixed.

The Chair: Thank you, Mr. Christopherson.

Before we go to the second round, there's one issue on which I want to get the opinions of Mr. Monette and perhaps Mr. Morgan and Mr. Matthews too.

This morning we had the report of the Auditor General. I'm sure you're aware of the government trusts, the \$37 billion that was sent out in the last four or five years. As it's told to Parliament, it's sent to the provinces on the auspices that it's being spent on certain very specific purposes.

An example is the \$1.5 billion clean air and climate change trust fund. As you people know, when it reaches the provinces there's absolutely no accountability. They don't have to spend it in that manner, and in some cases—probably in most cases—they don't. It leaves Ottawa as an apple, and it arrives in the province as an orange. There's no consistency in the ten provinces.

As a member of Parliament, I find that extremely troubling. I think Parliament is being misled, and the Canadian public is being seriously misled as to what's going on. It's contrary to the principles of accountability. I think it's also contrary to the fundamental principles of accountancy. There's no consistency. The statements do not fairly reflect the underlying economic nature of the transactions that have occurred.

I know the reason is that these are the Public Sector Accounting Board's standards we're following. But as a member of Parliament, I have a real problem with these standards. I think this body is controlled by the provincial senior financial officers.

Do any of you, Mr. Monette, Mr. Morgan, or Mr. Matthews, have any problem with these standards? Do you share the concerns that I have?

Mr. Rod Monette: Thank you for the comment. You made the comment to us last year as well. We noted that. In fact we have done some work on it, because we know it is a concern to you and this committee.

We've been speaking with the provincial comptrollers about what they're doing to make sure things are being done consistently from province to province, and also about visibility, so that when something is transferred from the federal government to a province, the visibility will be clear.

We've started these discussions. You mentioned a particular example last year. In fact, Bill has actually done some work in particular on that one to find out the visibility and so forth.

I believe these transfers should have visibility in the provinces. I think the provincial comptrollers and auditors can make sure it's clear that the money was received for a certain purpose and what's happened to it.

The Chair: The point I'm making is that the standards are the problem. The provincial governments are allowed to take this money into general revenue and spend it in whatever way they want. That's what they're doing. We know that. The public is being misled to a certain amount because of this, and the reason is because of the standards published by the Public Sector Accounting Board of Canada, which I have a real problem with.

Do you share my concerns?

Mr. John Morgan: I could comment, Mr. Chair, on a couple of fronts, one being the accounting standard of the Public Sector Accounting Board for government transfers. That standard has been under review for three or four years now, to arrive at a general view of what the appropriate accounting treatment is for revenue recognition or expense recognition. That work is under way, but it hasn't been completed yet.

With respect to the trust arrangements, I do know that prior to any money being transferred to a province, that province must agree to spend the money for the intended purpose, and also to report to their own constituents on how it is being used.

So we're relying on the regime within each province, and the auditors general of other provinces as well, to review those transactions and to report to their constituents. We have done some work to look at the financial statements of provincial governments, in which they disclose the balance of the trust that has not been used and how much of it has been taken into revenues. So there is some disclosure on that matter.

A final point to note is that we've just issued a new policy on transfer payments for the Government of Canada, which outlines the general directives governing all transfers, whether they are transfers to not-for-profit recipients or to provinces. And there is a separate section on provinces, which gets at the accountability requirement to get information or to be held accountable for the use of those funds. So we believe that we have raised the bar in that area.

• (1630)

The Chair: Thank you very much.

Ms. Crombie, for five minutes.

Mrs. Bonnie Crombie (Mississauga—Streetsville, Lib.): Thank you.

I thank the members of the Auditor General's office and the Treasury Board Secretariat. It's nice to meet you all for the first time.

In fact, I was newly elected to the House of Commons this past October and it's my second committee meeting. I'm very impressed by the proceedings, and I thank my committee members for their indulgence. You've already had a very long day.

I just want to qualify that I have an MBA, but I am not an accountant, so I need some indulgence there too.

I want to better understand how the financial reporting works. I just bring your attention to page 1.3 of volume 1 of the public accounts, to the financial highlights there.

It just seems to me that the government is understating their projected revenues. Of course, in my riding of Mississauga—Streetsville, we would be concerned about that for program funding. For instance, you see that between the budgeted and the actual revenues for 2007-2008, there seems to be a \$6.5 billion gap. Does that mean there could have been an additional \$6.5 billion that could have been invested in things like social programs for the vulnerable, or infrastructure for cities—my city, in particular, Mississauga, has great infrastructure funding needs, and a large deficit—or for the Public Health Agency of Canada, or affordable housing and transportation?

So what does that gap represent?

Mr. John Wiersema: Perhaps I'll start, Mr. Chairman, and the two gentlemen may add to it.

That number in the budget column is the government's estimate when it tabled its budget in the House of Commons. As I'm sure you can appreciate, trying to estimate the future revenues of the Government of Canada, the amount of tax revenue it is going to collect, is a very, very difficult challenge. It is not money that's gone missing or shouldn't be there; it was their estimate. When the Minister of Finance tabled the budget, he said he was estimating or budgeting for this amount of revenue. The actual amount of revenue came in \$6 billion higher than that, but it is a difference between the budget, or the estimate or forecast, if you will, and the actual results.

Mr. Chairman, very briefly on the Public Sector Accounting Board, if I may just make a quick comment there, you indicated that you were concerned that the board may not be independent and that provincial comptrollers control that board. I would like to assure you that the CICA goes to great lengths to assure itself of the independence of those standard-setting boards; and I, personally, am quite satisfied that the board is setting standards independently of preparers, of comptrollers, of auditors. It is an independent standard-setting board. It consults broadly. It seeks opinions and advice, but it sets those standards independently. So I want to give you that assurance, if I may.

Perhaps the Comptroller General wishes to add something on the budgeted versus actual outcomes.

Mr. Rod Monette: Thank you very much, Ms. Crombie, for the question.

When revenues are being forecast, there are really two variables or lags that are taken into consideration. One of them, of course, would be the economy and predicting what's happening with the economy. The second part is that once the year is up, for organizations or individuals, particularly corporations, there is often a lag before they get their actual tax returns in. So there's a double variable, one with the economy, and another when the system catches up with it, if I could put it that way. So this does make it a challenge to make those predictions.

It is a lot of money; it is billions of dollars. On a percentage basis, though, it's a couple of percent—and I don't mean to diminish it.

Mrs. Bonnie Crombie: No, \$6.5 billion is a lot of money. That is a big gap.

Thank you.

I have about ten questions, and I'll try to get through some of them here.

The Chair: You have two minutes.

Mrs. Bonnie Crombie: Okay, I'll be quick.

I also noticed in the financial highlights that program expenses were about 1.7—that's a smaller number—lower than the forecast. I wondered if you had any idea if the money had been allocated and was not spent, or if it had been allocated and not transferred. I hope that wouldn't be a trend in the future, or hasn't been. Why would the moneys that had been budgeted and accounted for not have been spent? Was the money booked and then not transferred, is the question.

• (1635)

Mr. Rod Monette: Thank you for that question.

I'm asking my colleagues here, and I want to confirm this, but I believe that may represent lapsed money. In other words, a budget has been set, and if you look at all the different departments, no department spends 100% of its money. There's always a little bit there, usually for fear that you're going to go over, because you can't—it's illegal to go over. My suspicion is that it has to do with amounts in departments that aren't spent. Could we confirm that to you? I want to make sure about that.

Mrs. Bonnie Crombie: Do we have more time, or is that it?

The Chair: Mr. Kramp, for five minutes.

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

It's good to see many of you again.

I hate to bring up those dreaded words, "accrual accounting". I recall back in 2004 when I came on the public accounts committee and the first Auditor General's report made some very serious and strong recommendations for the implementation of accrual accounting. To me, we need to run to get the job done, but first you have to walk before you run—if that's a fair assessment.

I recognize after sitting on this, and to the government operations and special committee for the implementation, and I am pleased to see we now have a pilot in place. I think that's a great step forward. I see we also have a plan to implement starting in 2009-2010, and of course you're moving to require all departments within five years. I

have a couple of thoughts on this. We all know it's going to be extremely difficult—it's costly, there's training and manpower. This is not a simple situation. Of course, the Auditor General's office has certainly expressed a desire to go beyond the budgetary and take it to the full implementation of accrual for the appropriations as well.

In your discussions, Mr. Monette, in your original thoughts here today you said that you would like to expand your thoughts on this. I'd like to hear from you now.

Mr. Rod Monette: Thank you very much, Mr. Kramp, for that opportunity.

I'm starting to worry that we're building a system that's so complex that people just don't understand it. I'm feeling that as accountants, and I'm one of them, we're building a system where it's right on paper, all the theory is right and it's good for all those reasons, but it's very difficult for people to understand it. I'm not saying I'm against it, but, for example, with accrual appropriations—and I know your background, that you've studied this with the operations committee and are very knowledgeable on it—saying that you're voting a level of depreciation, even as an accountant I have to wrap my mind around exactly what that means. I'm always asking myself if there is a way to get the same objective, which is better information and better management, without building a system that is going to be so complex that there are not going to be too many people other than we accountants who get the thing.

If you look internationally, for example, in Australia the head of their finance department just said very recently in terms of the appropriation that if they knew then what they know now they probably wouldn't have gone as far down the accrual line. And I'm all for accrual accounting; I think this budgeting is great.

I know it looks as if we're being slow, but I honestly feel it's something you really have to be careful with. I'm concerned, but I don't make the decision, I just keep providing advice on this. My perspective would be, if asked, that we have to be really careful before putting accrual appropriations in place.

I also think—and I do apologize for being long-winded on this—that there are other ways to get some of the good information for decision-making that are maybe less complex. I think some departments, like the Department of National Defence, for example, are already doing that.

• (1640)

Mr. Daryl Kramp: If there are some other suggestions, some other recommendations that you might consider—not as a replacement, but potentially to complement, supplement, whatever—I think the committee would be pleased to hear them.

The government has put in an expenditure plan, and I think it's long overdue, simply because we have to have a process to review expenditures in order to get out deficiencies, cut the dead wood and the waste out of there. The Auditor General has identified eleven departments with action plans that are now addressing the specific deficiencies that exist within departments, yet we still have a few departments remaining that are in the process and are bringing forward potential dates for completion.

I would like to know, have they given you specific deadlines for the time when they expect the implementation to be delivered? In other words, is it an open-ended “We hope to have it in place”, or is it “We will have it in place by a specific date”?

Mr. John Wiersema: Perhaps, Mr. Chairman, the Comptroller General could first indicate what his information is as to the status of those departments, and then I could ask Mr. Timmins to explain the audit perspective on the readiness.

Mr. Daryl Kramp: Thank you.

Mr. Rod Monette: All of the departments have agreed to a very specific date for when they will be ready for audited financial statements. That's a date that we put up on our website. One of the reasons it's taking some time is that the departments have to go through a process of documentation of all of their controls. It's not because the controls aren't there, necessarily, it's because they're not documented. You need that to have an efficient audit. Otherwise, the auditors come in and they have to check a whole bunch of transactions; they can't rely on the controls that are there.

As I mentioned, through the recent budget we just received some investment to fix some of these things, to look at the processes government-wide, to fix some of the systems to make sure the systems talk better and so forth. I think that will be very helpful. It was actually my colleague, Mr. Wiersema, who developed this idea a number of years back, and it has had huge benefits in organizations in terms of improving controls and making sure the processes are as efficient as they can possibly be.

Mr. Douglas Timmins: We wrote these observations on work we did last summer, so they reflect the status at that time. We hope there's been progress. We haven't monitored each department. We are focusing on a few departments that have indicated they're closer to being ready for their audits. We've been working with them. We will update this on an annual basis for the observations for next year. We'll be back in, and next year there will be a similar report. But we certainly expect that there's been more progress for most of those other departments.

Mr. Daryl Kramp: If there are laggards, we want to know.

Thank you.

The Chair: Madame Faillie.

[Translation]

Ms. Meili Faillie: My question concerns the May 2008 Report of the Auditor General, specifically the fees charged by selected departments and agencies, as detailed in chapters I and II. Mention is made of fees charged, of disputes and of settlements registered further to court orders. Several departments that collect user fees are named, including Foreign Affairs and International Trade, Citizenship and Immigration, Industry Canada, Parks Canada, Fisheries and Oceans and Health Canada. A growing number of users are going to court to challenge the validity of the fees charged. I know of one class action suit that has been filed against Passport Canada, as well as another against Citizenship and Immigration Canada.

On reading the testimony presented, I have noted some things about the way in which various departments measure their operating costs or the cost of calculating these fees. From a revenue standpoint, the fees charged by Citizenship and Immigration Canada generate

several million dollars in revenue. This year, I believe revenues are up by \$100 million. While fees are collected up front, the public will not be receiving any services during the current year. At Citizenship and Immigration Canada, there is currently a two-year backlog in the processing of applications for citizenship cards. Having served on various committees for four years, I know that this is a significant backlog and that the situation will only get worse.

Are you concerned at all about this situation?

• (1645)

Mr. Rod Monette: Thank you very much for your question. Since I want to use the correct technical terms, I will answer in English.

Ms. Meili Faillie: By all means. I have the benefit of the interpretation.

[English]

Mr. Rod Monette: Merci.

The Auditor General tabled a report on user fees about nine months ago now. I'm familiar with that because I was before this committee testifying on user fees.

My colleagues can jump in here if I don't have this right, but what the Auditor General found was that some departments, like Parks Canada, for example, actually do a very good job with their user fees. Then there are other departments, such as the passport office, and I think another one was foreign affairs—the consular fees—where there are problems.

One of the things that has caused the problem is that user fees now, according to the User Fees Act, must come to Parliament and have a review to have the fees increased, but not everybody is going ahead and doing that. We have to encourage them to do that. In fact, what has happened in many cases is that the costs have gone up but the fees haven't. I think that's the general situation. So actually in most cases right now, not all of them, but most, the costs are actually more than the fees. I think that once the fees start coming through, you actually start to see some equalization of that.

Now, on your comment on the systems, you're absolutely right: some of the systems are not very good at setting out the costs. Some of that, again, is this issue we were talking about with Mr. Christopherson, and that is the issue of systems being able to talk with each other and share information. It's something we are working on, and I believe that on user fees you will see improvements in that file over the next year or two, I would say, as we fix some of these systems issues.

[Translation]

Ms. Meili Faillie: As far as the immigration file is concerned, the backlog is about one million applications for which fees were collected in advance. Applicants don't know when they will receive any services. In some cases involving grandparents or parents, files have not yet even been opened. People are challenging the fees charged.

I understand that systems are not communicating with one another. However, we've invested substantial sums of money in immigration over the past 15 years.

I was also wondering if you had any concerns about this or any other department. By virtue of what rule are they allowed to carry forward such large sums from year to year?

[English]

Mr. John Wiersema: As the Comptroller General has indicated, the Auditor General did table a report on the management of user fees last spring, I believe, the spring of 2008. In fact, Mr. Timmins was the assistant auditor general responsible for that work. It included a number of user fees in government, but obviously we couldn't audit all of them. I'm not sure, but I think it did cover the passport fee, the consular fee, but not certain immigration fees.

The Auditor General also has work presently under way in Citizenship and Immigration Canada that will be tabled in Parliament in the fall or winter of this year. That work is looking at immigration programs as well. I'm not certain if fees are included in that, but I can take the member's concerns under advisement, Mr. Chairman, for consideration on that audit that's presently under way.

The Chair: Merci, Madame Faillie.

Mr. Shipley, five minutes.

● (1650)

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

I also want to thank the representatives for being here today, particularly for your great presentations. It helps with our first time on this committee.

I'll just start off with my first question. It goes to page 7 and page 9 in the presentation deck you have. They talk about our total program expenses as we moved from 2006-07 and 2007-08. Actually, those expenses have gone up \$11.2 billion. If you go to page 9, the transfers to other levels of government represent a higher percentage in 2006-07 and higher than that in 2007-08.

I want to thank our chair, Mr. Murphy, for raising the question, because I think it is a significant one. First, could you make comments on the transfer of those expenses with respect to the concern about the trust funds to which most transfers were made? In Budget 2009 we have taken the appropriation of specific funds to transfer payments rather than to trust funds.

I'll be honest with you, when I first read it, the names were misleading. When you hear "trust fund", you tend to think that there are funds put in trust that actually will be accountable. But it's quite the opposite. So I'm wondering if you could comment on that.

Second, I'm going back to the comments you made, Mr. Monette, regarding the building of systems that are so complex. Who's responsible for wanting to initiate those complex systems? The reality is that we in our constituencies need to be able to understand a little bit about how to explain the accounting process to our constituents. If we have accountants who can't explain it, then I'm wondering why we aren't...? I mean, all kinds of businesses use accrual methods that are accepted and go through audits for CRA that are well accepted and easy to understand. Why are we so persistent, it seems, in building systems that are so complex that nobody can actually understand them? If you're going to have

trouble wrapping your minds around them, then I think you've left 98% of the people who are even in the business out of it.

I'm just sort of wondering how we get past that, because we're going to be criticized for building a bureaucracy that is so deep and complex. That's what we battle. People say you're building this big bureaucracy to keep it complex so nobody understands it but them. We need you to help us get away from that for your benefit and ours. How do we remedy that?

Mr. Rod Monette: Thank you very much, Mr. Shipley, for those observations.

On your first observation on the budget, and I don't have all the exact details with me, you're absolutely right. Most of the programs will be delivered through the government's machinery. So it's not going to be like a transfer out to somebody. It will be through Transport Canada or through Human Resources and Skills Development Canada and their programs. So there will be control and accountability of all that delivery. That is my understanding of how that will be focused. There will be more control over it and more accountability with respect to it.

Regarding the building of complex systems, I think there are a number of parts to that. As accountant types sitting over here, and I know that there are a few professional accountants on the committee, I think it's always important for us to ask if we are doing something that people will understand and that is good for taxpayers. I think one of the ways we do that is through consultation with committees, such as this committee or the government operations committee, to make sure that there's appropriate opportunity for other Canadians, either through focus groups or other consultations, to have a look at these things. Then someone can have a look at it and say, "Well, you guys may get this, but we don't". And we can go back and try to fix it.

Government is complex, so there will always be some level of complexity, but I think it's something that, honestly, maybe we've lost sight of a little bit and that we need to fix.

● (1655)

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

Mr. Christopherson.

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

This follows up on an earlier discussion in which one of you mentioned accrual in—I believe you said—Australia and said that if they had known then what they know now, they might not....

This popped a question into my head. Are there any jurisdictions that you're aware of in the world that have reversed, that have made the decision yes and then have decided no before they put more than a toe in the water?

Mr. Rod Monette: There are some jurisdictions that have decided not to do accrual budgeting and accrual appropriations. I'd ask my colleagues to jump in here and help jog my memory. For example, France, I believe, has decided not to do the accrual budgeting and appropriations.

I'm not aware that anybody has actually gone that way and reversed.

Mr. David Christopherson: That's what I wondered.

Mr. Rod Monette: I'm not aware of it, although Australia seems maybe to be thinking about it.

Mr. David Christopherson: Really?

Mr. Bill Matthews: Let me add one comment concerning Denmark as well. The message back from the parliamentarians was that they find this accrual appropriation stuff really confusing. They have not yet reversed it, but they may be headed in that direction as well.

Mr. David Christopherson: Is this a trend, or do you think these are one-offs? I won't hold you to it.

Mr. Rod Monette: I'm not sure it's a trend. And don't get me wrong; I think there are some very important management things that accrual appropriations do that are right. I just think there might be another way to get there that's easier to do, without going down that route.

Mr. David Christopherson: That's fine. The only reason I'm asking is that you raised it, and until now, since I came on this committee almost five years ago, it has been motherhood. Suddenly, maybe there are some questions. Anyway, thank you for that.

Further to questions Mr. Kramp was asking, I have one more. Under the internal audit policy, are at least the audit committees up and running in all the departments? Is that feature at least in place?

Mr. Rod Monette: Right now we have about 30 audit committees up and running. It's just the big departments that have them. I think we're shooting for 46, and they're supposed to have them in place in the next couple of months. The latest report I have had is that by the end of March we will have 42 out of 46, or something like that. So we're pretty much—

Mr. David Christopherson: What's so hard about putting together a committee?

Mr. Rod Monette: A lot of it is just matching, getting the right people. These are people external to the government—

Mr. David Christopherson: I understand that.

Mr. Rod Monette: —so you're trying to get the right sort of mix. You want to have someone who understands finance and statements, someone who maybe just knows the business but may not be a financial expert, maybe someone who knows nothing about the business.

Mr. David Christopherson: And how long has the policy directive been in place?

Mr. Rod Monette: It came in place in April 2006, I think.

Mr. David Christopherson: Really? We're coming up to three years to put a committee together. Usually Parliament is pretty good about putting committees together—it is done to avoid issues. Anyway, hopefully this will get on track.

My last question, Chair, concerns the text under the heading on page 2.39, "Clarity", which is what I'm seeking. The opening paragraph is all I will read, and then I will leave the questions with you.

The government continues to call its accumulated deficit "federal debt" in some of its publications. I understand that the government uses this wording to eliminate confusion about its annual surplus position. However, I

—meaning the Auditor General—

remain concerned that Canadians could misinterpret this expression, which may leave an incorrect impression about how the annual surplus is actually used.

So my question concerns the text under the heading of "Clarity".

Mr. John Wiersema: Mr. Chairman, perhaps I could address that one very briefly.

As has been discussed today, the surplus for last year was \$9.6 billion. Sometimes one reads in the press that the entire \$9.6 billion was used to pay down the debt. The numbers I would call to your attention, Mr. Chairman, appear on page 2.6 of volume 1. This is the Government of Canada's "Statement of Financial Position".

Mr. David Christopherson: Did you say page 2.6?

Mr. John Wiersema: Yes, it's page 2.6 of volume 1.

I will give the member a moment to find page 2.6.

Mr. David Christopherson: No, I'm sorry. I'm getting to page 2.39, and that's the end.

Mr. John Wiersema: Let me refer you to page 2.6 of volume 1 for a second.

Mr. David Christopherson: Gotcha. Thank you.

Mr. John Wiersema: The way that surplus number of \$9.6 billion works its way through this statement is that the accumulated deficit, on the bottom of that page, went from \$467 billion to \$457 billion. If I call your attention to a point a little further up the page, to the line that says "total interest-bearing debt", you'll find that the total debt of the Government of Canada on which we pay interest in fact declined by \$18 billion.

That's the reason for the Auditor General's concern. To say that the surplus automatically goes to pay down debt isn't technically correct, because in this particular year the interest-bearing debt of the Government of Canada went down by an even further amount. In other years it could go up, even though you had a surplus.

• (1700)

Mr. David Christopherson: Why does this issue arise?

Mr. John Wiersema: It arises because—

Mr. David Christopherson: Which one looks better for the government—not the sitting one, but any government?

Mr. John Wiersema: I don't think it's a question of which one looks better; it's a question of clarity and communication. The difference arises because the government's investment in its financial assets or its capital assets might change. If the government buys lots of military equipment, it might borrow money to do that. That appears on the balance sheet, and it might result in an increase in debt even though the new government might be in a surplus position. This is why the Auditor General continuously comes back and says it's not technically correct that the surplus automatically pays the debt. It goes to the accumulated deficit, which is an accounting number, which is different from the interest-bearing debt.

The Chair: Thanks, Mr. Christopherson.

Mr. Young, you have five minutes.

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

Mr. Wiersema, you made a comment that struck me. You said that the public account numbers can be trusted. I think that's a very important statement, because the world is full of numbers that can't be trusted, if you think to Enron, and Worldcom, and more recently Merrill Lynch and a whole bunch of other companies in the United States and in Canada as well. It strikes me as something we should be very proud of, which benefits Canadians in a real way.

If you could, I'd like you to just briefly tell me how these numbers compare in that trust with other nations, for example, with the results in other public accounts in G-7 nations.

Mr. John Wiersema: I don't have complete information on that, Mr. Chairman. Perhaps Mr. Timmins does. I know there are few other G-7 nations that can claim that they, on their summary financial statements, have received ten consecutive years of an unqualified auditor's report.

The General Accounting Office in the United States, which is roughly the equivalent of the Auditor General's office here in Canada, has not been able to give a clean opinion on the summary financial statements of the government of the United States. I believe a similar situation exists in the U.K. at the summary level. Australia is a different story. They have had some clean opinions. I don't have entirely up-to-date information, but as I said in my opening statement, I think this is something Canada can be proud of, and Canada continues to be a leader among national governments for its summary reporting. So, yes, it is an important statement.

Mr. Terence Young: Feel free to pat your team on the back, as well.

Mr. John Wiersema: It's the work of not just our team but of government officials also.

Mr. Terence Young: I'd like to ask Mr. Monette something, if I may. I've watched politics for a long time. I studied political science at York University way back in the seventies. A lot of cabinet ministers who have served in the House of Commons didn't have their ministerial budgets scrutinized and published in the same way in the Public Accounts of Canada. It's a new thing, and it comes from the Federal Accountability Act. I think that's also a very positive measure.

I wanted to ask you about openness and transparency, but also ask you to explain, if you can, what actually governs ministerial budgets.

Mr. Rodney Monette: Thank you.

The inclusion of the section on the expenses of ministers' offices is a new one. It was a result of the Federal Accountability Act. It's new this year. It does reflect increased accountability and transparency, of course, for those budgets.

Those budgets are established according to policies set by Treasury Board. For example, if you were a minister and you had a regional operation, the policy would determine a budget for that. If you were a minister and you didn't have a regional operation, you might have a slightly lesser budget. There's a whole set of guidelines that establish what's appropriate, what isn't, what the rules are, and what the budgets are. Treasury Board ministers approve that, and if they need to look at that, they open it up and look at it again.

Mr. Terence Young: All right, thank you.

Do I have just a little more time, Chair?

The Chair: You have a minute and a half.

Mr. Terence Young: Thank you.

Mr. Monette, I wonder if you can explain to me how I might explain to my constituents, in plain language, the benefits of moving to the accrual basis. I hate to get back to that again, but could you explain in simple language, because it's a complex issue. I'm hoping there's a simple way to explain the benefits to the public and to the taxpayers.

• (1705)

Mr. Rod Monette: The way I usually try to explain it is by saying that an accrual basis looks at what you use. Economists would use a fancier word—they would say something like “consumption”—but it looks at what you use. For example, if you have \$10 and you go out and buy something that's worth \$10, whether it's sitting there in cash in front of you or whether you have this book, you still have something of value that's worth \$10. Accrual basically means let's not worry too much about whether you have the cash or the book; let's worry about what you're using. How much of the wealth that belongs to the taxpayer are we using to run the government? That would be the way I would explain it.

Mr. Terence Young: So it would be a benefit in being fiscally responsible?

Mr. Rod Monette: Yes, that's correct.

Mr. Terence Young: Okay, great, thank you.

Thank you.

The Chair: Thank you very much.

Mrs. Crombie, five minutes.

Mrs. Bonnie Crombie: Thank you, Chairman.

I want to look again at projected versus actual, and let's look at the surplus. The surplus was projected at \$3.3 billion, and it came in at \$9.6 billion, which is \$6.3 billion higher than projected, and that's obviously a good thing. And as you know, the previous prime minister, Paul Martin, had instituted a practice of putting down money for a rainy day, of building a contingency fund using some moneys to build the contingency fund and other moneys to pay down debt.

My question is this. Since we have a much larger—triple that expected—surplus in 2007 and 2008, was there money set aside for a contingency fund to prevent the kinds of economic circumstances we're going into and facing today?

Mr. Rod Monette: Mrs. Crombie, I think I know the answer, but I don't want to say something and be wrong. I know there always used to be this prudence reserve that was set aside. Unless Cheryl can talk right off the top with an answer to that, I would want to get the finance department to confirm that.

The Chair: Ms. McMullin, I'll ask you to respond to that with perhaps a letter and then file the letter with the clerk of the committee, and that will be circulated to all members.

Mrs. Bonnie Crombie: Thank you. I'm sorry to get tabled responses.

I'm also interested in the composition of our revenues. As you commented when you were reviewing it in the package, they've maintained pretty constant at 46.6%—just under 50%—for personal income taxes and corporate pretty steady at 16.8%—just under 17%—of the total. I wonder how that compares to other nations in the G-8. Is that fairly consistent, and have there been any significant changes over the years?

Mr. Rod Monette: I'm going a little bit off the top of my head right now, thinking about other information I've seen from other countries, but I believe that other countries are kind of in the ball park. I would want to just have my folks check to make sure I haven't said anything that's wrong here, but I think that having the majority come from personal taxes in today's world—and Mr. Christopherson made the point that it was different some time ago—I think that is the case. You would find in many modern countries it's the personal side that does have a larger portion than the corporate side. But I don't have those kinds of figures with me at the moment.

Mrs. Bonnie Crombie: Okay, so we don't know how we compare to the others in the G-8.

Do I have time for a final quick one?

The Chair: Two minutes.

Mrs. Bonnie Crombie: Lots of time.

How about the lag in the presentation of the statements as our fiscal year ends at the end of March but the accounts aren't tabled until September? The Auditor General has noted that the usefulness of the statements is diminished when they can't be made public for six months after year-end. What is the government doing to speed up the completion of the consolidated financial statements?

Mr. Rod Monette: That's a very good question. In fact at one time there was a thought that maybe we could actually have the statements done in three months, in which case they would be done in June. And of course they have to be tabled in Parliament, so you

either make it before the summer recess or if you don't hit that deadline you're basically into September. And typically, if you look at the last nine years, for example, we've had two years when they were signed in July, three years when they were signed in August, and four years when they were signed in September. So you know it has varied.

My own personal view is that given the complexity of government, and now that we're doing all the big accruals that we do—things like inventory at National Defence, some of which is in Afghanistan and is a \$5-billion or \$6-billion figure—I honestly think it would be very difficult to beat the summer recess. I mean, maybe we could do it in July, but even then it wouldn't be tabled until that point in time when you came back.

• (1710)

Mrs. Bonnie Crombie: I'm done, Mr. Chairman. Thank you.

The Chair: On that point, it's my understanding, when I look at what goes on in the rest of Canada, that the federal government is ahead of most of the provinces. I think some of them don't table until December or January of the following year.

Mr. Rod Monette: Yes, thank you, Mr. Chair.

The Chair: Mr. Saxton.

Mr. Andrew Saxton: My first question is in reference to the question of my colleague Mrs. Crombie regarding paying down debt versus having a contingency fund. In your humble opinion, which do you think is more fiscally responsible, to have a contingency fund where you're earning a deposit rate of interest, or to pay off debt where you're saving the borrowing rate of interest?

Mrs. Bonnie Crombie: Mr. Saxton, we used to do both.

Mr. Rod Monette: I hope you don't feel I'm not being direct, but that really is a policy question for the ministers to decide, and I don't feel it would be right for me to comment on it.

Mr. Andrew Saxton: That's okay. I just wanted to get the question on record. I didn't expect an answer. Thank you very much.

Mrs. Bonnie Crombie: Could we get on record the answer that we used to do both?

Mr. Andrew Saxton: Well, very little of one, but that's another issue.

Can you expand on the implementation of the financial management governance, which is due to come into effect on April 1?

Mr. Rod Monette: Yes, I think this is a really good thing, and I have to give the credit to my predecessor, Charles-Antoine St-Jean, who some of the individuals here—Mr. Murphy, Mr. Christopherson—would have seen at committee. He started the policy of having chief financial officers.

We've always had the senior financial person, but we started off with this policy of having very strong qualifications, requirements around experience, education, and so forth. I feel that the community now is strong. I'm not saying that everybody has to be an accountant necessarily, but we talk about our tier-one big departments—that's about 95% of the money. There are 22 or 23 of them. Out of all of those, I think every chief financial officer has a professional accounting designation, many of them coupled with MBAs. I think the one who doesn't has appropriate business experience. So the qualifications are there.

The other big part is that what this policy really says is that the chief financial officer is an important person around the table, just like in the private sector. They have to be part of the decisions and part of the operation, be responsible for risk management and all those important things. I think that has happened really well and has been well received.

The other part is something that this committee did around supporting the notion of accounting officers. The deputy ministers now who are accounting officers need that, and they know they need that. So it's actually worked very well.

Mr. Andrew Saxton: Thank you.

That's it for my questioning, but Mr. Chair, with your permission I would share part of my time with my colleague.

Mr. Daryl Kramp: Thank you, colleague.

We've dropped our debt by roughly \$135 billion, and obviously it's a credit to successive governments for doing that. But a lot of people are really concerned about what's going to happen as we go through a downturn and we accumulate some deficit. Of course, generally the health of the governance of a country, the financial position.... A lot of people see the barometer as basically the debt to the GDP, or the deficit to the GDP. Some people automatically assume that if we spend \$60 billion, \$70 billion, or \$80 billion worth of debt, we've gone dramatically behind. They don't recognize the fact that the GDP in most cases has been steadily growing.

With the basic projections that you have now in front of you, assuming that we come up with an accumulated debt of \$50 billion, \$60 billion, or \$70 billion over the next one, two, or three years, have you done any slide measurements as to how this would affect the debt-to-GDP ratio?

• (1715)

Mr. Rod Monette: Thank you.

This is actually information that the finance department has prepared. Again, I'm going from my recollection of the presentation that I saw the Deputy Minister of Finance provide. I would ask my colleagues to clarify this after this meeting and let you know if I don't have this quite right. My recollection is that our debt-to-GDP ratio was 22%. I believe I recall that figure. Over the next couple of years, if I remember correctly, it was going to go up to somewhere around 29% or 30%, but after five years, because the economy will start growing again, it would come back down to that approximate level.

That's my understanding. It will grow for a couple of years. A number of economists are projecting a few years out that things are

going to get good again and come back, and it would come back down.

I think this is also worth noting, and again, my understanding is that if you look back to the nineties when that ratio was very, very high—I don't have the figures—and compare that to now, the main reason it came down was the growth in the economy. There was some reduction in debt, but the growth in the economy was the big factor. I think the growing economy will be the significant factor.

I'll turn to my colleagues to see if they have any different figures on this.

Mr. David Christopherson: That would create a little bigger gap.

Mr. Rod Monette: When the GDP goes down—

Mr. David Christopherson: Then your debt ratio goes up and your debt load goes up.

Mr. Rod Monette: That's right.

The Chair: That, colleagues, is the end of the second rotation.

I have a quick question to Mr. Monette. On the system of internal audit, every department was to be compliant by what date? What is the compliance date?

Mr. Rod Monette: By April 1 of 2009 they are to have all of their committees in place, so that's about two months away.

The Chair: I think you may have addressed this before, but do you expect every department to be compliant by that date?

Mr. Rod Monette: The latest I've heard is that 42 out of 46 will have their audit committees up and the three or four that won't will be a month or two after that. So it will be pretty close.

The Chair: Thank you very much.

At this time, I'm going to ask for any concluding or final remarks, starting with you, Mr. Wiersema.

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

Perhaps I just will briefly refer to my opening statement again.

Once again, congratulations to the government on a good set of accounts. This is ten years of successive clean opinions from the Auditor General's office.

We encourage the government to continue to work on the revenue numbers. The revenue numbers are the biggest estimate and the hardest to get right for the public accounts, both the total revenue estimate and methodology for the total revenue estimate, as well as the allowance for doubtful accounts. There are big numbers there, and we encourage the government to continue to work on those.

On departmental financial statements, we're moving forward slowly. We encourage the government to continue to make sure that departments move forward for audited departmental financial statements, not only because we think it's better information for Parliament, but because it's going to drive better controls, better systems, and better information for ongoing management of the department.

Finally, with respect to accrual appropriations, with all due respect to my colleague here, the issue has been under study for a long time. I believe the Auditor General first raised it, as Mr. Kramp indicated, in 2004. We are now in 2009. We still haven't entirely figured out the way forward. I take the Comptroller General's point that we need to move cautiously and carefully, but it shouldn't take quite that long, in our opinion.

The final comment, Mr. Chairman, if I may, is that Mr. Timmins has been in charge of the audit of the Public Accounts of Canada for some four or five years now. He's announced that he'll be retiring this summer, so next year Mr. Timmins will not be here to represent the office on the public accounts audit. On behalf of the office, I want to thank him for all the work he's done on this audit—

Some hon. members: Hear, hear!

Mr. John Wiersema: —as well as the many other audits he looks after in the office.

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

Mr. Monette.

Mr. Rod Monette: Thank you, Mr. Chair.

I will be just reiterating what my colleague has said. The relationship with the Auditor General has been very professional. We very much appreciate that. We don't always agree on everything, but we always have a very professional and I think good approach to trying to resolve things. That's the first point.

The only other thing I'd want to say—and maybe I'm saying this more as a taxpayer than a public servant—is that I think the work the committee does on these things, even though there are a lot of numbers here and a lot of detail, is a very important accountability back to the people of Canada. I'm always pleased to be here and be part of that. In fact, it's a privilege for me to be here to be part of it and to have an opportunity to provide you with the information you need to represent your constituents. Thank you for that opportunity. I appreciate it.

● (1720)

The Chair: Before we conclude, I want to thank you all, on behalf of the committee, especially for appearing here on such short notice. We really appreciate that.

As has been said by many of my colleagues, this is a clean report. For ten consecutive years now we've had a clean report, unqualified, from the Auditor General, with a high level of transparency, consistency, and accuracy, and I think we, and all Canadians, should be very proud of that fact. But, again, a lot of the credit goes to the public servants, not only you but the staff who have worked under you. So on behalf of Parliament, I want to pass on our thanks for a job well done.

That concludes this meeting, colleagues.

We're on for Tuesday afternoon at 3:30. It will be a televised meeting dealing with the eight chapters filed by the Auditor General earlier today.

The meeting is adjourned.

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