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Chair

The Honourable Joseph Volpe

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• (1100)

[English]

The Chair (Hon. Joseph Volpe (Eglinton—Lawrence, Lib.)): I call the meeting to order.

Pursuant to Standing Order 108(3)(g) and the motion adopted on Thursday, October 21, 2010, we are considering the report of the Auditor General of Canada referred to the committee on Tuesday, October 26, 2010.

I am pleased to have with us again today, from the Office of the Auditor General, the Auditor General, Madam Sheila Fraser.

[Translation]

Good morning, Ms. Fraser.

[English]

We also have the assistant auditors general, Jerome Berthelette, *bonjour et bienvenue*, and Mr. Ronnie Campbell. Good morning. It is good to have you with us.

Madam Fraser, you probably know that I am still relatively new in this spot and am fascinated by the reports, as are all Canadians, that say we operate in a system where there are rules, that we follow the rules, and that we revise the rules and then have the Auditor General comment on whether we have observed everything. So I am just dying to hear what you have to say.

Ms. Sheila Fraser (Auditor General of Canada, Office of the Auditor General of Canada): Mr. Chair, we are pleased to be here today to present our fall 2010 report, which was tabled this past Tuesday.

As you mentioned, I am accompanied by Assistant Auditors General Jerome Berthelette and Ronnie Campbell.

[Translation]

This report covers a broad range of programs and activities that are important to Parliament and have an impact—whether direct or indirect—on the lives of Canadians.

[English]

We are reporting on the first of two audits of Canada's economic action plan. This first audit took place while the plan was being rolled out, and it focused on how programs were designed and projects were approved.

Our second audit, which will be reported in the fall of 2011, will look at whether the approved projects were completed as intended.

[Translation]

The Economic Action Plan is a huge undertaking, involving some \$47 billion in federal money and a further \$14 billion from the provinces and territories, within a two-year timeframe.

[English]

Departments and central agencies worked hard to accelerate their selection and approval processes and put in place the appropriate controls. We are pleased to see the important role that internal audit played.

[Translation]

In 2007, we began a program of auditing the management practices of small federal entities. This year, we looked at the Canadian Forces Housing Agency, the Canadian Pari-Mutuel Agency, and the Pension Appeals Board. We are pleased to report that management practices in the areas we examined are sound.

[English]

The federal government delivers a broad range of services that have a direct impact on the well-being of Canadians. To achieve and maintain high-quality service, organizations must define service standards, monitor performance, and take action to make improvements when they identify service issues.

We are pleased to note that the Canada Revenue Agency and Human Resources and Skills Development Canada have set service standards and are using them to improve service delivery.

• (1105)

[Translation]

Citizenship and Immigration Canada has been working since 2007 to improve its service delivery. However, it has established service standards for very few of its major programs. We encourage Citizenship and Immigration to complete the work it has begun towards a comprehensive set of standards for its services.

[English]

This report also looks at the way conflict of interest is managed in the public service. We found that the Treasury Board of Canada Secretariat has yet to put in place the new policy required under the Public Servants Disclosure Protection Act of 2007 and to provide related guidance.

[Translation]

Avoiding situations that could lead to conflict of interest is key to maintaining the public's confidence in an impartial and objective public service. Public servants need to be able to recognize potential conflicts and know how to deal with them.

[English]

Departments need to do a better job of determining the areas where they are most exposed to conflict of interest and of taking the required action when conflicts are identified.

[Translation]

We also looked at how the federal government regulates and supervises Canada's six largest banks. We found that the Department of Finance and the Office of the Superintendent of Financial Institutions have appropriate practices in place. Banks play a key role in just about every economic transaction and are major sources of credit. Canada's economic well-being depends on the health and stability of its banking system.

[English]

Experts have linked Canada's relative success during the recent global economic downturn to its approach to regulating and supervising banks. Rapid changes in financial markets present an ongoing challenge.

[Translation]

Chapter 6 of my report presents the findings of our audit on the acquisition of the Chinook and Cyclone military helicopters. We understand that acquiring complex military equipment like these helicopters presents unique challenges. Nonetheless, the results of this audit are troubling. National Defence did not follow its own rules in managing and overseeing the acquisition projects. We identified several gaps with respect to the completeness of information presented to decision-makers as well as approvals and oversight by senior boards at key decision points.

[English]

We found that National Defence and Public Works and Government Services Canada generally complied with the policies and regulations regarding contract management with respect to the acquisition of the Cyclone helicopter. However, this was not the case with the advance contract award notice used by Public Works and Government Services Canada to procure the Chinook helicopter. As a result, it is our conclusion that the contract award process was not fair, open, and transparent to potential suppliers. Public Works and Government Services Canada disagrees with this conclusion.

We also found that National Defence underestimated and understated the complexity and developmental nature of the helicopters it intended to buy. The substantial modifications to the basic models resulted in significant cost increases and project delays. After lengthy delays and significant cost increases, National Defence still has not completely estimated what it will cost to operate these helicopters. Without this costing information and sufficient funds, National Defence may have to curtail planned training and operations. This is cause for concern.

[Translation]

Let's turn now to the chapter on registered charities. We examined how the Canada Revenue Agency encourages registered charities to comply with the Income Tax Act. Canadians donate millions of dollars to Canada's 45,000 registered charities each year. We are pleased to note that the agency is doing a good job of administering the Income Tax Act as it relates to these charities.

[English]

Turning to the Canada Border Services Agency, we found that the agency's practices facilitate the flow of imported commercial goods into Canada. This is important when you consider that Canada imported over \$440 billion of commercial goods in 2008. The agency is now working to ensure that it has the information it needs to effectively assess risks and to collect the revenues owed by importers. It is important that it complete its plans and strategies to achieve this objective.

[Translation]

The last chapter of this report looks at whether the Canadian Food Inspection Agency has planned for and responded to animal disease emergencies. Animal disease outbreaks are particularly costly in terms of lost production—not to mention the threat to animal health, and in certain cases, human health. The agency must be ready to act quickly when such emergencies arise.

• (1110)

[English]

We are pleased to note that the agency has learned from its past experience and has put a lot of effort into improving its capacity to respond to emergencies. We encourage it to complete the remaining work that it has identified.

I thank you, Mr. Chair. This concludes my opening statement. My colleagues and I would be pleased to answer any questions that committee members may have.

Thank you.

The Chair: Thank you very much, Madam Fraser.

We're going to go to Mr. Bains first.

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Thank you very much, Chair.

I'd like to take this opportunity to thank the Auditor General and her office again for all the hard work you have done in preparing these reports. It's greatly appreciated and it is very important for us in the committee as well.

I'll be talking about chapter 6, "Acquisition of Military Helicopters", this morning, and focusing my comments on the mismanagement that you raised, which equates to the billions of dollars in cost overruns.

You mentioned in paragraph 6.59 of your report that, "In 2006, the project was described by National Defence internally and to Cabinet and the Treasury Board as an off-the-shelf procurement", and then you further stated that, the "Risks were generally assessed as 'low' to 'medium'....".

First of all, do you believe that is accurate? Secondly, why is this description important? Then, thirdly, I have a follow-up question with respect to comments you made with respect to the F-35s as well.

Ms. Sheila Fraser: Thank you, Mr. Chair.

As we note in the report, we disagree with the description of these helicopters as being off the shelf. There were significant modifications that were needed to the Chinook. In fact, at that time, even in 2006, National Defence itself recognized that there would be modifications that would be required.

I doubt, at the time, that they realized the full extent of the modifications because they actually didn't define the full set of requirements until three years later. During those three years, they continued to look at design, their requirements, and I guess request additional modifications.

Obviously, rating this project as low risk to medium risk would not have adequately informed decision-makers about the potential risks, both to increasing cost and to project delays that subsequently occur.

Hon. Navdeep Bains: Are these same lessons, in your opinion, applicable to the current F-35s that are being purchased by the government as well, the same lessons with respect to the description of low risk to medium risk, and the comments we hear from the minister and the government with respect to that acquisition? Do you see the same challenges with those purchases?

Ms. Sheila Fraser: Mr. Chair, we have not looked at the acquisition of the F-35s. From what I do understand, it would appear that, again, this is an aircraft that is not off the shelf. One would expect that there will be risks involved in this project. We would expect National Defence to document what those risks are and the mitigation strategies they are putting in place.

It's really about informing the decision-makers about what their commitments mean and what the projects are actually getting into.

Hon. Navdeep Bains: One risk that I think gets overlooked but is important to note is the operational expenses in these projects. You've been quoted as saying:

After lengthy delays and significant cost increases, National Defence still has not completely estimated what it will cost to operate these helicopters. Nor has it put in place all the elements, such as personnel, needed to maintain them over the long term.

You said this is a cause for concern. In your opinion, what are the additional costs? Is this normal practice for the department, and why weren't these costs included? Again, do you see the same challenges with respect to this particular process, and also with the unique elements of the F-35, as you described?

Ms. Sheila Fraser: Thank you, Mr. Chair.

In the report, in exhibit 6.6, we lay out the various costs and their estimates that National Defence has prepared to date. You will note in there that the estimate of personnel and operating costs has not been completed. This is important because the Chinook is a new helicopter for National Defence. They need to put in place about 500 people to maintain and support it. These are new technical requirements. They have to put those people in place, and the costs of all of that have not been fully been estimated at this point.

We can recognize that at times it may be difficult to do estimations early, but there should be some indication, again, given to decision-makers. If the department doesn't know what those costs are and doesn't receive proper funding, they themselves have indicated that they will have to go back and either reduce operations or reduce training, or look to other areas to obviously find the funds for these operations.

•(1115)

Hon. Navdeep Bains: Because the F-35s are not off the shelf, as you mentioned, because of the unique elements to them as well, what are some of the challenges you see with the operational costs that you've come across in the discussion taking place around that, and some of the challenges and the parallels with the helicopter purchase process and the operational costs estimated with the F-35s?

Ms. Sheila Fraser: I really hesitate to get into a discussion about the F-35 because we have not looked at it. We will be, of course, doing some work on that issue going forward. Again, it really comes back to trying to assess what the risks are, what the requirements will be, and a range of costs that would be required to maintain and operate these helicopters or planes.

Hon. Navdeep Bains: Ms. Fraser, following the release of your report and the comments on the F-35, the Minister of Industry stated that the scathing report that you released about cost overruns in a previous Ottawa procurement contract for the helicopters "actually adds to our position that we should go full-steam ahead".

Do you agree with the conclusion of the minister, in light of the fact that you keep mentioning that they need to have all the information—that the decision-makers need to have all the information—on the costs and the unique elements of the purchase before they make sound decisions regarding value-added and, more importantly, operational requirements?

What have your thoughts been on the minister's comments based on what you said in this report, that their position is to go full steam ahead? Do you agree with that statement?

Ms. Sheila Fraser: I will not comment on comments by the minister. I think that would be inappropriate.

Hon. Navdeep Bains: I have a very quick question on transparency.

In paragraph 6.95 in your report, you indicate:

...we were unable to conclude on this aspect of our audit. For six of the eight Treasury Board submissions requested, we received almost no documentation.

Then you mention that there were verbal submissions as well.

How did this particular process cause challenges or problems in your audit?

Ms. Sheila Fraser: This is an issue that has been outstanding since about 2005—issues around our access to cabinet confidence. At one point the Treasury Board Secretariat had classified all of their analyses, and documentation around analysis of submissions, as being a cabinet confidence of a nature that we could not access. We raised this issue in a report in the fall of 2005.

Subsequent to that, a new order in council was agreed to by the government that gives us access to those documents. Then in this audit there was a very strict legal interpretation that again limited our access. We went into some fairly vigorous discussions with officials and were able to resolve the issue, and new direction has been given to public servants.

Hon. Navdeep Bains: These were verbal?

Ms. Sheila Fraser: I'm just saying that's why we received it. There were two reasons. One is that the e-mail and information we received were heavily redacted, because they were based on this legal opinion that has now been corrected. Treasury Board Secretariat also indicates that much of their challenge is an iterative process and is not documented. This is also an issue that we raised previously, where we believe there should be documentation on file as to the nature of the analysis and challenge, how it was carried out, and the kinds of responses. The Treasury Board Secretariat does not agree with us on that. There was a previous hearing that dealt with that issue.

The Chair: Thank you, Madam Fraser.

Madam Faille.

[*Translation*]

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

Good morning, Ms. Fraser. I am pleased to be seeing you once again this week.

I will be focusing on chapter 4. My colleague here is our defence critic. He will be looking at chapter 6 with you, and he will do so capably and in detail.

Chapter 4 deals with conflict of interest, and you seem to be less than satisfied with the measures taken since the beginning by Treasury Board in this area. I undertook a little exercise: I went back over the reports published over the past 10 years where you identified conflict of interest situations. I have the impression we have seen this all before and are getting bogged down. Nothing seems to be moving forward on this issue. I am really wondering why. I would be tempted to give you a long list of the conflict of interest situations that have been identified over the past 10 years. As you know, I am interested in the relocation file. I have looked into a number of cases where a conflict of interest was reported, as well as the investigation reports.

The Michel Genest report, for example, showed that all members of the selection committee for the procurement bids were in a conflict of interest situation. I also learned about the work done by the Department of Justice on this issue. They defined what constitutes a conflict of interest and a serious conflict of interest situation. A Justice Canada report talks about “[...]bribery, influence peddling, accepting benefits from persons dealing with government, accepting secret commissions, fraud, self-dealing, selling or influencing appointments and breach of trust.”

Regarding Treasury Board's MAF, some, but very little, of the work has been provided. There is still nothing about the legal provisions expected since 2007. I would like to know whether, in the exchanges you have had with people at Treasury Board, you have had the impression that they are willing to address this issue once and for all. This is ridiculous. When we were working recently on

the modernization issue, I raised the topic of the Interchange Canada program, which was criticized in 2006 and 2007, when human resources practices were audited. I am extremely concerned about the direction things are taking with that program. I do not know if you can comment on that.

● (1120)

Ms. Sheila Fraser: To begin with, Mr. Chairman, I would point out that we are not satisfied with the work done by the secretariat. We clearly indicated in our report that TBS needed to create a new values and ethics code under legislation passed in 2007. But the new code still does not exist. So the 2003 code has to be used. Of course, there are rules in the public service regarding conflict of interest situations, but beyond the rules and codes, the main thing is that the secretariat does not provide solid support to the departments.

In this chapter of our report, we looked at cases identified in earlier audits. We noted that the departments had reacted and had implemented mechanisms to deal with specific cases. But they need to do much more to make public servants aware of possible conflicts of interest and their obligations in those cases. I believe that ongoing attention and education are needed so that people can recognize conflicts of interest and know what they need to do.

It should be noted, I think, that just because a person is in a conflict of interest situation does not necessarily mean that inappropriate action is then taken. A conflict of interest can arise simply because of circumstances, such as knowing a certain person very well or having ties to someone through marriage. People need to identify these situations and be sure that nothing gives the impression that an inappropriate action has taken place.

Ms. Meili Faille: Yes, but certain cases have been clearly identified as problematic, like the one in front of me, which is the Royal LePage relocation contract. It talks here about a trip to the Caribbean with Royal LePage employees and a cruise in Alaska. It also says that National Defence officials did a tour in western Canada with Royal LePage representatives and accepted gifts, lodging, golf tournaments and luxury meals. All this is described in an investigation report. There have not been any consequences. The people involved are still working in the public service. The employee who was fired as a result of these dealings later came back into the public service.

We also have the case of someone named Scott, who was working as a CRTC employee and who took part in the Interchange Canada program at the same time as he was a registered lobbyist under the Lobbyist Registration Act. One way or another, the rules on conflicts of interest are not being followed. These people cannot plead ignorance or say that they did not know how to recognize a conflict of interest situation. I think that there have been too many examples of conflicts of interest in the public service for these situations to be ignored.

I am wondering what measures are put in place afterwards. Is there enough work being done to prevent the problems? You answered that question in part when you said that the departments have not done enough in this regard. The Treasury Board representative will be coming before the committee, and she will certainly be asked the same questions. I would like to know whether the enforcement measures imposed afterwards are inadequate and whether the efforts should be invested upstream.

• (1125)

The Chair: There is not much time left, but Ms. Fraser has a few seconds to answer your question.

Ms. Sheila Fraser: Mr. Chairman, we did not look into how the departments dealt with these cases, except for the three that we have identified. And they did implement procedures to prevent those situations from recurring.

I want to come back once again to the idea of education. Moreover, the departments need to do risk assessments to determine the sectors where conflicts of interest might create the most problems. They need to make sure that procedures are put in place. Regardless, I honestly think that, in such a large federal public service, there will always be cases of this kind. At a future meeting, the committee may want to question deputy ministers about the steps they are taking to educate their employees and what action is taken when serious situations occur.

The Chair: Thank you, Ms. Fraser.

[English]

Mr. Rafferty, you're up next. Do you want to just forgo the round? Do you want to pass?

Mr. John Rafferty (Thunder Bay—Rainy River, NDP): No, I don't want to pass. Absolutely not. I certainly don't want to pass.

Ms. Fraser, thank you for being here. It's very nice to see you.

Mr. Berthelette and Mr. Campbell, don't feel left out. Feel free to participate in this discussion as we go along.

Ms. Fraser, this government has repeatedly suggested that it has created 420,000 jobs, and I will give you some quotes here. In the last week alone Mr. Menzies said, "I would love to repeat the number, and that is 420,000 net new jobs."

Mr. Flaherty: "Canada has created over 420,000 net new jobs since July 2009", and the next day, "...more than 420,000 net new jobs since the end of the recession".

Mr. Baird said on the 25th, "...the creation of some 400,000 jobs in the last 16 months".

Ms. Fraser, these are very definitive statements. They're not saying we have attempted to create these jobs or we suggest when we do the final accounting that we have created these jobs. They say they have created these jobs. Now, from what I understand, your report does not support these claims. There's no way to tell whether they have or not. What gives the government the right to pull the wool over the eyes of Canadians?

• (1130)

Ms. Sheila Fraser: Mr. Chair, we report in our audit that government did attempt to collect information program by program,

but it was judged that in many cases it was unreliable or not complete, and as well, the nature of the data was quite varied, so it was very difficult to aggregate that. So instead the government has turned to macroeconomic analysis provided by the Department of Finance. We have not gone into any kind of assessment of that. I believe the Parliamentary Budget Officer is doing that kind of work, has made comments on this, and I presume will continue to do so.

In our second audit coming next fall we will be looking at the kind of information that has been reported, but this was simply here to say that they were unable to rely on the specific information program by program and instead went to this macroeconomic analysis. I can only presume this is where this 400,000 number came from.

Mr. John Rafferty: Ms. Fraser, when you had a look at that, did you in your audit have any indication at all, any firm figures, as to how many jobs could have been created?

Ms. Sheila Fraser: All I can say is that the Department of Finance is producing this macroeconomic analysis, which is an accepted way of doing these estimations. I think we can recognize that trying to do it program by program is very difficult and can at times be very unreliable. So the alternative is to turn to these macroeconomic analyses, which is accepted in many areas as being a reasonable way to estimate the economic impact of these programs.

Mr. John Rafferty: So you're suggesting that I and Canadians should be looking forward to your next audit? Is that—

Ms. Sheila Fraser: That, and I would say as well the assessment done by the Parliamentary Budget Officer, who is probably better placed to comment on that kind of analysis than we are.

Mr. John Rafferty: Let me move on to some border issues. I'm very pleased you're here because I have been having a lot of trouble meeting with border services people about issues. I have three international border crossings in my riding, for example—lots of tourist issues and all sorts of other things. But I want to ask about the specific thing in your report.

We have an issue whereby in the United States they've received \$9 billion in subsidies in the forest sector over the last three years. We've had virtually none and have lost 60,000 jobs in that sector. That's not imagined jobs, by the way; that's real jobs. If we can't be sure that Americans are paying tariffs, are paying the proper amounts coming across—in this particular case, pulp and paper, but on all sorts of goods that are coming into Canada—I guess we can't be sure we're even at a further economic disadvantage than we are. I mean in the case of pulp and paper, but also in general.

All three are certainly welcome to comment on this.

Ms. Sheila Fraser: Chair, what we found in the audit is that there are difficulties with the quality of the information that Canada Border Services has and with the processes they have to make sure the information that's being declared to them is accurate, and, consequently, of course, that people are paying the right duties and taxes.

One of the problems the agency has—and we report this even when we do our financial audits—is that many of the systems they have are still paper-based, and there is a need to invest in electronic systems so they can have better information. They also need to change the way they're doing their audits to be able to extrapolate and understand their error rates.

There are projects under way, we note in the report. We didn't go in to assess those particular projects, but certainly the agency gives us the assurance that those projects have been designed to try to address these problems and to be able to give them better information. We do see there is an issue. They did audits on about 3% of the shipments coming into Canada and assessed an additional \$59 million of taxes. I would caution everyone that we can't extrapolate that because they do this on a risk basis, so they may have picked the highest risk, but they don't really know what the potential could be.

It is really about getting systems that can provide them with better information and then a more rigorous audit program to be able to assess what the lost revenues are.

• (1135)

Mr. John Rafferty: I'm not sure you can answer this next question. Did you get a sense in your audit with Border Services that perhaps they're spending too much time, energy, and money turning back American tourists who have a 25-year-old DUI as opposed to making sure that Canada gets its due from goods coming across the border?

Ms. Sheila Fraser: That was not an issue we looked at.

The Chair: Thank you, Mr. Rafferty.

I'm going to go to Mr. Saxton.

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

Thank you, Madam Fraser and colleagues, for being here today and for the fine work you're doing on these reports.

I'd like to focus first of all on chapter 5, "Regulating and Supervising Large Banks". As a former banker, I'm pleased to see that Canada's banking system is appropriately regulated. As you mentioned, Madam Fraser, Canada's economic well-being depends on the health and stability of the banking system. Over the last two years, during the global economic recession, this has been more important than ever, and it's been proven to be the case.

In your opinion, has the strict regulation of Canada's banking system played a role in Canada being able to avoid some of the problems that occurred in the United States, the United Kingdom, and other countries?

Ms. Sheila Fraser: I'm not sure there's an auditor general who can actually assess that, but certainly the experts in the area have pointed to the regulatory supervision of Canadian banks as being one of the

successes in the recent economic downturn, and the stability of our banking system has been recognized worldwide, as we did not have the problems many other countries have had.

We were very pleased to see the results of this audit as well, but it basically confirms what a lot of people already knew.

Mr. Andrew Saxton: Thank you.

Can you briefly discuss the scope of this particular audit?

Ms. Sheila Fraser: We looked at the relationship between, essentially, the Department of Finance and the Office of the Superintendent of Financial Institutions, with, as well, the Canada Deposit Insurance Corporation, and very briefly with the Bank of Canada. What we were really looking at was how well they exchanged information and worked together in order to deal with crises that many countries have gone through. We found they worked very well. There was a good exchange of information, both domestically and internationally. They kept abreast of changing developments, new products coming onto the market, new requirements, and that really enabled them to be proactive and responsive to changing financial markets.

Mr. Andrew Saxton: I believe you interviewed the six banks themselves during the audit. Did you have an overall impression of the banking regulatory system from your discussions with the banks?

Ms. Sheila Fraser: The banks were again quite favourable. They did raise some questions, obviously, about the paperwork they have to provide. They raised as well a concern about the ability of the government to recruit and retain the really high-quality professionals they need to be able to deal with these changing markets. But I would say overall they were positive.

Mr. Andrew Saxton: Would you say that the difficulty in being able to retain and maintain these jobs is because of the competition with the banks themselves?

Ms. Sheila Fraser: Absolutely. I think these people are very sought after in financial markets. These are people who have quite unique skills and they are very much in demand. They'll go into the financial sector, and some may even go into political life.

Mr. Andrew Saxton: Stranger things have happened.

Can you comment on the importance of cross-departmental information sharing?

Ms. Sheila Fraser: I think we show in this report that it was absolutely critical that they exchange information quickly. Things happen very, very quickly in financial markets, especially during these recent turbulent times.

It was very important that there be that good exchange of information between the various players and that we saw it was ongoing; they met regularly and worked very cooperatively together.

• (1140)

Mr. Andrew Saxton: Would you say the development of derivative products and structured products over the last decade has led to some of the issues because of the complexity of these new products? Obviously they led to this financial crisis as well to some degree.

Has that been an issue?

Ms. Sheila Fraser: I think many experts would say there were a lot of products and that people really didn't understand what they were buying or getting into, and that it was one of the causes that led to many of the problems worldwide.

Again, what we come back to is that it's important that these institutions share the information about new products coming onto the market, that they be alert to them, and that they have the people who are able to understand the risks associated with them.

Mr. Andrew Saxton: Thank you.

Mr. Chair, how much time do I have left?

The Chair: A minute and a half.

Mr. Andrew Saxton: I'd like to go to Canada's economic action plan.

This was one of the largest stimulus programs that has ever taken place in Canada. Would you agree with that?

Ms. Sheila Fraser: Absolutely. It was a \$47 billion program that was to be carried out over two years.

I sincerely doubt there has been anything like that in recent history.

Mr. Andrew Saxton: You place the emphasis on sound risk management.

Can you highlight what actually took place in that regard?

Ms. Sheila Fraser: As we mentioned, I think this audit is really about the delivery of the program and how it was established.

As you can imagine, when we saw that the government wanted to get this money out very quickly, we were somewhat concerned that people might disregard some of the controls that were in place. We were very pleased to see that there was a lot of attention paid to identifying risks, managing them, and at the same time speeding up the approval processes and the processes to flow the funds out.

We give a lot of credit to the public servants who worked extremely hard to deliver these programs very quickly while at the same time ensuring there was responsible management of the programs and appropriate controls.

In particular, I would like to note the work that was done by the internal audit groups. We saw that they changed their plans, in some cases carried out audits to give assurance to senior management, and in other cases provided advice on how programs should be established. We were actually able to rely on the work that internal audit had done, which hasn't happened very often in the past.

I think the public servants deserve a lot of credit for what they have done.

The Chair: Thank you, Madam Fraser. Thank you, Mr. Saxton.

Madam Fraser, before I go to the next intervener, I'd like to ask a couple of questions.

We are all very anxious to make sure that everything is transparent, that there's accountability, precision of information that comes forward, and that it is critiqued at all times.

You said something a moment ago about jobs and the action plan, etc. About a year ago, I personally raised the issue of \$19.5 million that was contracted to a company in Wisconsin—Avalon Rail—in order to renovate a dozen VIA rail cars.

Did you look at that contract?

Ms. Sheila Fraser: No, we would not have looked at that.

The Chair: This would have been in September 2009.

Ms. Sheila Fraser: This is part of the economic action plan?

The Chair: Right.

Ms. Sheila Fraser: We did not get into a lot of the specific projects. We looked at whether the projects were approved, whether they met the eligibility criteria. The second audit we will be doing, which will be tabled in about a year from now, will get into more of the specific projects that occurred. That may be one that would be selected. I don't know.

The Chair: I'm hoping, because I have a little bit of a problem with my geography. I thought Wisconsin was outside of Canada. It might have a difficult time meeting the criteria established by the department.

Ms. Sheila Fraser: All the projects we looked at met the eligibility criteria.

• (1145)

Mr. Andrew Saxton: Mr. Chair, we have a lot of things to cover today, and I don't think there's a clarification anymore. Could we move on to the next...?

The Chair: You might find my next comment clarifying as well.

You mentioned something a little while ago about the helicopter, the military equipment acquisition. I just wanted to understand what you said in terms of your concern. I thought I heard you say that if there were funds that would have to be attributed to something that had not been calculated in the overall initial price, National Defence would have to make an adjustment to its annual budget later on. I thought I heard you say that.

Ms. Sheila Fraser: If there are expenses that have to be incurred to operate, be it helicopters or whatever, and the department has not received sufficient funding for that, they will obviously have to reallocate funds from somewhere else. They have indicated that they were looking at possibilities of reducing operations or reducing training in order to find the money that had not been estimated.

The example that I think we used is the Cyclone. They had initially estimated that the cost of all of the in-service support for the Cyclone would be equal to the cost they're currently spending for the Sea Kings. They have since discovered that in fact it will cost over a billion dollars more for the Cyclone than for the Sea King. There has not been any additional funding given to the department for that, so they will have to reallocate a billion dollars, potentially, within the department to be able to pay for that in-service support.

The Chair: Or cut back on military operations.

Ms. Sheila Fraser: Well, they've indicated to us that it could be the number of hours of flying, the training; there are various options open to them. But they have indicated that it is one of the possibilities, yes.

The Chair: Mr. D'Amours.

[*Translation*]

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Thank you, Ms. Fraser, as well as the people from your office, for being here with us this morning.

I want to start with paragraph 6.59 of your report and come back to certain sections that you have identified. You are talking of helicopters and the fact that the department said that they were already available, that they were already in production and that the technology was already integrated. Moreover, the department assessed the risk as being low to medium in these three areas.

In the light of your investigation, would you say today that the procurement of these helicopters, given the information I have cited, still poses a slight-to-average risk?

Ms. Sheila Fraser: It was clear at the time, in 2006, that the project was much more complex. We then saw that the project was much more complex than had been indicated to cabinet at the time. The modifications were very significant. Obviously, in 2006, we may not have known about all of the modifications, but we did know that there were significant modifications.

Consequently, the decision-makers should have been better informed about the nature of these modifications and not being told that this equipment existed already and that such an acquisition involved a risk level ranging from slight to average.

Mr. Jean-Claude D'Amours: It was therefore an error to state that the risk level ranged from slight to average.

Ms. Sheila Fraser: Yes, we do not consider that this was a file with a slight level of risk.

Mr. Jean-Claude D'Amours: We also acknowledge, Madam Auditor General, that a minister is accountable and also a decision-maker. When information is presented to the minister, he is responsible not only for doing his homework but also for ensuring the validity of the information before signing off. I think that we all agree with this statement. Do you also agree?

Ms. Sheila Fraser: Yes, but the minister is not an expert in helicopter technology.

• (1150)

Mr. Jean-Claude D'Amours: Nevertheless, the minister is surrounded by people who should be able to help him make the right decision, validate the information properly.

Ms. Sheila Fraser: Absolutely, and there is also an entire validation process, a challenge process within the department which, normally, assures the minister that the submitted estimates are reasonable. We can see that, in this case, this process was not followed.

Mr. Jean-Claude D'Amours: The minister therefore has to do his homework and validate the information. That being said, we can more or less deduce that in 2006, when the initial decision was made, the minister at that time was asleep at the switch. Indeed, he did not really properly validate the information presented to him, nor did he do his job satisfactorily. So, at that time, he was asleep at the switch.

Ms. Sheila Fraser: Mr. Chairman, you will appreciate that I will not respond to such a political comment.

Mr. Jean-Claude D'Amours: I will continue on the same subject. It is almost as though the new minister said to himself that these were the helicopters he was told he needed to purchase, that he had to continue to follow the same process, and was therefore perhaps going to continue remaining asleep at the switch as well.

I can appreciate that you may not want to respond to this statement either—

Ms. Sheila Fraser: No.

Mr. Jean-Claude D'Amours: —and I respect that.

Madam Auditor General, all of a sudden, the risk level of this helicopter file is no longer estimated to be from slight to average. Should we be concerned if we were to head in the same direction with the F-35s as we have with the helicopters?

Ms. Sheila Fraser: Mr. Chairman, I cannot really comment on the acquisition of the F-35s, because we are not familiar with the analysis nor the way that these planes were purchased. I would hesitate to comment on this issue.

However, it would be important that the committee discuss, with the departments, the acquisition strategy for this complex equipment. Should we expect to have a firm price at the beginning of the process, or should we perhaps proceed on a step-by-step basis and state that we are giving our approval for the design and for the requirements? In the case of the Chinooks, this process took three years. Rather than expect to have a firm price at the beginning of the process, perhaps it would be better to have a step-by-step process where we would be provided with better information.

I doubt that, in 2006, we were in any position to estimate all of the modifications and understand all of the complexity of the project. If there is a question that needs to be asked about the way we proceed with these acquisitions, it is as follows: should we not be reviewing the process?

Mr. Jean-Claude D'Amours: Let us be clear: given what we know about the helicopters, there is a serious risk with respect to the F-35s today. This is a direct link, with the same department.

Ms. Sheila Fraser: That is a question that should be asked of the departmental representatives when they appear.

The Chair: I will turn the floor over to Mr. Bachand immediately.

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

Good morning, Ms. Fraser, I'm always happy to see you. I have some questions. My colleague was kind enough to invite me here today to support her as we deal with the issue of military equipment, particularly the helicopters.

I would like to tell you that, a few years ago, I met the president of Boeing Canada here, in Ottawa. And I was very surprised when he asked me to explain what was going on with the Chinooks. I answered him by saying that, since he was the president of Boeing Canada, he should be in a position to know. He told me that he did not really know.

So I decided to go to Philadelphia. I think that you are the right person to hear the following: I paid for my own ticket to travel to Philadelphia and did not accept a seat on the Boeing plane. The Chinook assembly line is located in Philadelphia. The American government is of course by far the largest supplier and purchaser of this equipment. I saw the assembly line and I was told that modifications were being made to the Canadian equipment. I asked about these modifications. I was told that they had been asked to make these modifications in order to have, for example, an additional gas tank and special defensive weaponry. Indeed, this type of craft is, in the American theatre of operations, always accompanied by Apache attack helicopters that provide defence, but we do not work that way. So I said to myself that this meant, in my opinion, that we were going from a low-to-average risk to a high risk.

If I were to ask assembly line workers to install two gas tanks instead of one on my car, and say that I wanted this instead of what is normally found on a car, they would tell me that they would happily comply, but that it would cost me quite a bit more. I think that, in the final analysis, this is what happened.

I have here the MERX contract from 2006, as it was put online. The specifications are indicated. For those who are listening to us—because you are familiar with the process—when military equipment is purchased, the Department of National Defence determines the specifications, Public Works and Government Services Canada puts the contracts online and oversees all aspects of the contract and Industry Canada deals with the economic spinoffs. I do not think that National Defence did its job properly. Indeed, when you determine a specification—the specifications are indicated here—and then, during the course of the contract, state that a mistake was made and that something else in addition is required, well I think that is a major problem.

I would now like to ask you some questions. Also, I should tell you to pick up your pen to note them, because I do not think that you will have enough time to answer all of the questions and I would appreciate your sending me a written response a little later on.

First of all, do you feel, when changes are made to the specifications during the contract, that that could result in unfair competition with respect to the other suppliers? Do you feel that the cost of the project will increase if other suppliers sue? Indeed, any supplier could say that this was not what was requested initially, that specifications were changed mid-stream and that, meanwhile, his services were not retained.

Even though you have already given me your opinion, I would also like to know how you feel about the Advanced Contract Award Notices, the ACANs. I've always given examples related to cars. When I negotiated the purchase of my car, I did not go about it the right way. Indeed, I wanted to buy the red Camaro that I had seen in the show, I thought about it day and night and I even said so to the salesman. I told him that I wanted this car, that I absolutely wanted this colour, and that I wanted everything that came with it, in a nutshell, I wanted the car. My father then told me that this was not how things worked. He told me that I should visit the other salesmen to try and get some competition. So I would like to know your opinion about the Advanced Contract Award Notices.

I do not know if you can go so far as to require that the project managers at the Department of National Defence remain the same. With respect to oversight and management rules, it often happens that, right in the middle of a contract, the manager is changed. It is important to me that I have an answer to that.

In addition, I would like to know whether you asked for any explanations regarding the Cyclone helicopters. The delivery date has been delayed and we were supposed to be able to impose fines, but no one has been fined. The way I see it, we are again deciding to renegotiate the contract and to try to come to an agreement with Sikorsky. I find this weird.

I do not know whether or not you're going to be able to respond to all of my questions in the minute remaining. If not, I would ask that you send me the answers, if you could.

● (1155)

The Chair: Thank you, Mr. Bachand.

I did not interrupt you because you are in charge of your five minutes, you can use them as you wish. I see that you have decided to ask all of your questions. Thank you for giving Ms. Fraser the opportunity to respond to you in writing, because your five minutes are up.

Mr. Claude Bachand: Mr. Chairman, on a point of order. Will Ms. Fraser's answers be sent to all committee members?

The Chair: That would be the case, as usual.

Mr. Claude Bachand: Very well.

The Chair: Thank you, Ms. Fraser.

[*English*]

Madam Fraser, I know you'd love to answer every one of those questions. If there's time at the end, I suppose we could come back to them, but I'm going to go to Mr. Young.

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

Madam Fraser, once again, thank you. We're happy to have you with us here today.

When I look at this audit in its totality, as a parliamentarian I have to say I think it's reflecting on the government; it's an excellent report card.

I look at the economic action plan; that has to be an A or A-plus. Management control of small agencies has to be an A or an A-plus; regulating large banks, registered charities; facilitating flow of imported commercial goods. So I see five out of nine here, A-pluses, and a couple of Bs and Cs.

I was in the provincial parliament before and I've been here for two years. It's the most positive audit that I've ever seen for a government. One of the As is definitely Canada's economic action plan.

You answered a question from my colleague regarding the amount of spending for economic stimulus, it being probably the largest in history. Wasn't it also the largest amount of money spent over a short period of time because of the urgency of the worldwide recession?

•(1200)

Ms. Sheila Fraser: I would believe so. I don't have an exact response, but certainly to flow \$47 billion and another \$16 billion from the provinces over a two-year period is obviously quite unique in Canada's history.

Mr. Terence Young: I don't know if you remember a question I asked when we were at a conference this summer, but when I first arrived here, I found the parliamentary system of approvals for expenses to be rather slow moving, to say the least. So the government had the challenge of not only trying to address a worldwide recession by stimulus spending, but to do it in a very short period of time.

Would you agree that made the challenge much more difficult?

Ms. Sheila Fraser: Absolutely. As we note in the report, public servants worked very hard to find ways to accelerate the process, and in many cases used existing programs, so it didn't have to go through all of the approval process for new programs. They reduced many of the approvals from six months to two months by doing some of the processes at the same time rather than doing them sequentially.

The other thing I would note is vote 35, which enabled the funds to start flowing much earlier than they would have otherwise—I would say probably six months earlier. There were a number of mechanisms, actually. Vote 35 is quite new, and it really did help to accelerate the flow of funds.

Mr. Terence Young: Thank you.

Your audit found that departments and central agencies “paid considerable attention to risk” and put in place suitable controls and mitigation strategies. Could you highlight how this was done and whether there are potential best practices system-wide or for other governments?

Ms. Sheila Fraser: It was very clear that government wanted this program to be successful, wanted it to be well managed, and I think senior people concentrated a lot on making sure that the risks were identified. There were numerous meetings. There was clear engagement of senior people in the programs, in the actual design of them, how they were to flow. There was consideration paid to how they would be managing these and the kinds of controls they would put in place, and there was very close cooperation in a working relationship with the provinces and territories.

I think it goes to show when people take these things seriously, they do them well.

Mr. Terence Young: Right. Thank you.

I think there were 22,000 projects Canada-wide. You surveyed 410 of them from nine different programs and examined from the supplied information whether they were eligible according to the program requirements. If I'm right, you concluded that they all were.

Ms. Sheila Fraser: That is correct.

Mr. Terence Young: So that's 410 out of 410.

Did you find any evidence of a challenge function, in other words, ineligible programs that were turned away or rejected or had requests for further information?

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

Mr. Ronnie Campbell (Assistant Auditor General, Office of the Auditor General of Canada): Thank you, Mr. Chair.

No. The projects that were put forward were approved. We didn't see any that came back. The public servants did the assessment as to whether or not they felt they met the eligibility criteria, and then ministers made the decisions.

The assessment on whether or not the projects were eligible was done within the bureaucracy, so only eligible projects went up.

Mr. Terence Young: Thank you.

On the Chinook helicopters, your report basically says that Public Works and Government Services Canada disagrees with your conclusion. I'm trying to understand what it is about military spending that things can get out of control. Mr. Bachand's comments were very helpful, because things change in the field. If you order a helicopter, you might not get it for four or five years, so needs change in the field—distance flown, number of troops carried, meeting the demands of the weapons the enemies have. Surely it's wise to go back to the manufacturer if they have something that can address a current or new need and say we want to add that to the contract.

The Chair: We are way over. You will have to be very brief, Madam Fraser.

Ms. Sheila Fraser: I have two quick comments. The disagreement is around the requirements of documentation and justification for using an advance contract award notice and our interpretation of the contract regulations versus what the department believes it's doing as a practice. I would be glad to explain to the committee, write to the committee, partly in response to Mr. Bachand, about our interpretation of what those requirements would be.

On the other issue we have, you can understand that there can be a few modifications, but these were very significant modifications to the helicopters. We believe it was not accurate to have presented it as being a purchase of an off-the-shelf helicopter. They knew at the time there would be significant modifications, and that should have been disclosed to the decision-makers at the time.

•(1205)

The Chair: Thank you, Madam Fraser. Maybe you're right that you can expand on that in response to Mr. Bachand, because that's coming to everybody anyway. Thank you.

Mr. Shipley.

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

Thank you, Madam Fraser and your team, for coming back out again to go over and review nine chapters in this audit.

As you know, I always have concerns around agriculture. I would like to touch on one, because there are going to be some follow-up questions on that.

This report basically deals with the disease portion of CFIA and how they're managing particular aspects of it. The discussion in this report was around the avian flu in Saskatchewan and B.C.

On the preparations for what might or might not happen, I'm wondering if you can give me a bit of an opinion on whether it was well managed. I know that as far as the audits, the management looks basically at the plans and procedures. I wonder if you can give me a quick answer on that, please.

Ms. Sheila Fraser: Thank you, Chair.

Members may recall that there was an outbreak of avian influenza in 2004, and the agency at the time was quite severely criticized for how they dealt with it. We found in this audit that they had learned from that. They have improved their practices and policies. When there were subsequent outbreaks in 2007 and 2009, we looked at how they managed those outbreaks. We found they followed their policies and procedures. They do much better training and they do exercises. So we believe they have made significant progress over that five-year period.

Now they need to complete the same work for other diseases, but they have dealt with the diseases they believe are the highest risk.

Mr. Bev Shipley: Do you get the sense that because that template has been successful, they will follow it as they deal with other diseases?

Ms. Sheila Fraser: Yes. We believe that was appropriate. They have recognized the need to continue to do this work for other diseases. We're simply saying in this report that they should continue on with the plan, set their priorities, and get on with completing them.

Mr. Bev Shipley: I'm glad for those comments that you've made, and I'm also glad that they've picked up and have made significant improvements since the previous one.

I do want to go on to the acquisition of the military helicopters, though, and I find this discussion by some of the opposition a little interesting. I guess that's why the focus is on the F-35 and not the helicopters.

I'm trying to understand a little bit. This goes back actually for over a decade, the concern about the operational expenses, and I don't want to take away, quite honestly, Madam Fraser, any of the recommendations that you have, any of the concerns that you have, because those are the things that we need to learn from.

But I'm curious, quite honestly, when we talk about operational expenses. I don't know how this process for you works. Do you go back, because back over a decade ago the previous government decided to spend about a billion years to not buy anything, by cancelling a contract. So we actually didn't have helicopters.

Unfortunately, it raised—and these are not my words—an incredible amount of frustration, not only within the aerospace industry, but within our Canadian Forces, and particularly National Defence. So what we have now is that to keep these Sea Kings safe, which were to be replaced, they fly 10% or less than 10% of their time, because actually they spend most of the time in the shop so that they can be made reliable—I'm not saying they aren't—and in fact can be used to take our troops, wherever they are, whether it's in Canada or afar, there and back.

Is there any consideration of how we use those dollars in calculating the cost of what it now would be to buy, over a decade

later and with increased costs, as opposed to that operation having gone forward as it should have at the time it was cancelled?

I don't know how deep you go, or is it just strictly that this is the acquisition right now, not considering that actually there was almost an emergency to fix the problem that was out there when we came into government in 2006?

• (1210)

Ms. Sheila Fraser: I think—

The Chair: Mr. Shipley, I'm going to have to direct Madam Fraser in the same way that I had to do with Monsieur Bachand. Again, you're well within your rights to use up all of your time. You've gone beyond the time. I wanted to let you at least finish what you had to say.

Madam Fraser, you can include that in a larger discussion, unless you want to answer in five seconds or less.

Ms. Sheila Fraser: I would just say that we did not look at that issue.

The Chair: Thank you.

I'm going to go to Mr. Rafferty.

Mr. John Rafferty: Thank you very much, Chair.

That was very brief, and feel free to be brief; I have a number of questions for you and only five minutes in which to ask these questions.

Infrastructure in Canada has really been failing for half a century now. There haven't been any real major investments in Canada's infrastructure, and municipalities right across this country put forward fabulous ideas on how they can fix their infrastructure, and of course not all of them could be chosen.

How fair and equitable was the distribution across Canada of this \$47 billion?

Ms. Sheila Fraser: Chair, that is not really something we looked at in this particular audit. What we looked at was to make sure that the projects that were selected met the eligibility criteria.

We can look perhaps in a second audit at how the moneys were allocated. I know in some cases moneys were allocated on a per capita basis. We might be able to explain something like that simply factually in the next audit. We do not get into looking at how funds are allocated, but rather we look at whether the projects meet the eligibility criteria.

Mr. John Rafferty: It would be wonderful if you would do that. Thank you.

You indicated that 93% of the projects did not have any environmental assessment at all, and I've already said that the infrastructure work was important for many municipalities, but do you think that should have been done perhaps as quickly as it was done, at the expense, in some cases, I'm sure, of clean air and water?

Ms. Sheila Fraser: The issue we raised in this report is that the information that was obtained to be able to assess whether it was appropriate that there be no environmental assessment was inadequate, we believed, to justify that, and this is an issue we will be looking at in a further audit. The commissioner of the environment is going to look at the whole question of environmental assessment, and particularly environmental assessments as relates to the economic action plan, for a report to come in spring of 2012.

Mr. John Rafferty: Okay. Thank you.

What value for Canadians was derived from the \$80 million to \$100 million in advertising that accompanied the rollout of the economic action plan?

Ms. Sheila Fraser: That's not something we looked at. I can't answer that.

Mr. John Rafferty: I'll ask it maybe in a different way. Do you think the expense for advertising was justified?

Ms. Sheila Fraser: Again, it's not an issue that we looked at, so I can't comment.

Mr. John Rafferty: Okay.

Immigration is a big issue. I wanted to make sure we touched on all of these categories, and immigration hasn't been touched on yet. Citizenship and Immigration Canada came under particular fire, and I wonder if you could just briefly outline, perhaps in the time we have left, some of the most major issues you found.

Ms. Sheila Fraser: This is a department, as I think all members know, that deals with huge volumes of applications and files that have to be dealt with. In a department like that it's really important in order to manage service that there be standards set, that there be monitoring and then corrective action taken.

When we looked at the Canada Revenue Agency and HRSDC, we saw that those systems were in place and we saw evidence of where they were improving service through the monitoring they're doing.

In the case of Citizenship and Immigration Canada, we found there were only four of the major programs where they did have service standards. They have been working on this since 2007. They really need to complete that work, have the service standards across the department, do the monitoring, and then work to improve their services.

• (1215)

Mr. John Rafferty: Is there a staffing issue? Is that a problem?

Ms. Sheila Fraser: I think there are probably two issues. One issue is of course just the volumes they deal with and the backlogs they have. I think there is a lot of attention put on that.

The other issue, which actually was interesting and came up in a conversation with some senior bureaucrats, is that there have been a lot of policy changes in this department. They go through very frequent changes of policy, which I think is probably absorbing the senior management time and is becoming a priority rather than dealing with the service issues.

I think a discussion with the deputy minister might reveal that obviously the service management has not been the highest priority because of these other issues.

Mr. John Rafferty: Do you feel that staff training is adequate in the department?

Ms. Sheila Fraser: We didn't really get into a lot of the staff training. It was more about the service management system that was in place and that was clearly lacking in many areas.

Mr. John Rafferty: Thank you very much.

The Chair: Thank you, Mr. Rafferty. You're bang on time. That's great.

Colleagues, I've avoided making any comments about some of the questions that the Auditor General can or cannot answer. In other experiences, of course, the business about having a witness—in this case, the Auditor General—comment on policy probably doesn't fit the issue. She is well equipped to handle the audit of the performance or the procedures, but I think it is unfair to put her on the spot to try to comment. But I'm glad she deftly moved away from that. It probably should have been my responsibility, as chair, to say that question wasn't really appropriate. However, we're in the business of trying to cooperate to get at the same answer.

Mr. Kramp.

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

And welcome to our Auditor General and her tremendous team.

I'm both encouraged and occasionally disappointed when reports come in. But of course you're doing your job. There are two things I really like about this. If there is criticism that is deserved, it's delivered. But if there are accolades and/or encouragement and lessons to be learned in best practices, that's also stated.

Generally, out of the nine reports, we have a really positive...for at least seven of the nine, so I think that's tremendously encouraging. But that doesn't, of course, delay the circumstances when we have a dilemma and/or a problem and/or a weakness. We zero in on it as well.

I'll touch on both the helicopter deal and the economic action plan to start with.

On the economic action plan, I'm wondering about a best practice—is it a best practice?—that was used very successfully for the stimulus, and that was a sort of parallel approval process. Treasury Board and cabinet really worked in tandem, at the same time, rather than in a consecutive manner in reducing the timeframe from the six months to the two months, with a tremendous amount of work, of course, by the public service. Now, is this something that we should or could consider as the *modus operandi* for other departments, other programs, other situations? Or do you think the emergency requirement of really getting this effective stimulus out in a very short order necessitated that action? What are your thoughts as far as going forward with regard to policy is concerned?

Ms. Sheila Fraser: One of the recommendations we made in the report, Chair, was that the government should look at what lessons can be learned and whether there are simplifications or modifications that can be made to existing processes to speed up and reduce the complexity of some of those processes. They agreed with us on that. If there is a future hearing, perhaps the Secretary of the Treasury Board would comment on where they see the most potential.

My intuition is that this was a very unique situation. There was a lot of pressure on people to do it, but unless it's really necessary to speed things up, I don't know that it's a system we necessarily have to go to. But I'll leave that for the secretary, I think, to comment on.

Mr. Daryl Kramp: Okay. So it might not even be reasonable. The solution might not be just A or B; it might even be a compromise between the two, with improvement needed.

Ms. Sheila Fraser: And depending on the particular program and the particular circumstances, you may have to do it for some but not for others.

Mr. Daryl Kramp: Right. Thank you very much.

There was one statement I was very interested in, because this committee deals almost exclusively with audit and with the recommendations from your audit. We've seen indications in the past, over many years in the history of this Parliament, when our internal audit process was not satisfactory, and this committee has made some very strong recommendations to improve the internal process.

Regarding your statements on the economic action plan, we're pleased to see the important role that internal audit played. Are there lessons from this that we can extrapolate and take to other departments or other agencies, and could they be applied under the same set of parameters for internal audit?

• (1220)

Ms. Sheila Fraser: I'll hold comment on that, because we're doing a follow-up audit of internal audit, which we will be tabling in the spring. I think it's evident from this report that there has been a strengthening of internal audits across government and that senior managers are relying on them for advice or assurance. We ourselves are relying on internal audit, which is something we did very rarely in the past.

Mr. Daryl Kramp: Okay.

Just looking to the Cyclone and the Chinook...two contracts were merged back in 2002 with relation to the Cyclone. Do you know

why those two contracts were merged, and do you have information on that?

Ms. Sheila Fraser: No. Prior to 2006, there were actually quite strict limitations on what information classified as cabinet confidences we were able to obtain, so we were not able to obtain that information.

Mr. Daryl Kramp: So you were not able to get information from documentation that was made by cabinet back in 2002?

Ms. Sheila Fraser: That's correct.

Mr. Daryl Kramp: Okay. Thank you very much.

Do you have the same situation now?

Ms. Sheila Fraser: No. We have been able to resolve that issue and clarify our access rights. We continue to have vigorous discussions at times about that, but it's working.

Mr. Daryl Kramp: Thank you.

Do I have any more time, Chair?

The Chair: No.

Mr. Bains.

Hon. Navdeep Bains: Thank you very much, Chair.

I just want to continue on with the questions I asked earlier with respect to operational costs. You indicated in your opening remarks that the process was not fair, open, and transparent to potential suppliers. Does this take away leverage from the government to get the best value for money? Is that why you highlighted this concern?

Ms. Sheila Fraser: It's very clear in government policies that the contracting process should be open, fair, and transparent. We have quite serious reservations about how it was done for the Chinook. In response to Mr. Bachand's question, I will provide an explanation to the committee as to what our concerns are. Just one example is that the ACAN, the advance contract award notice, was issued in 2006, and yet it was three years before the actual requirements were really finally decided on, and they were completely different from what they were in 2006. So just on that basis alone, we are of the opinion that it was not a fair process and that industry members did not have adequate opportunity to present bids if they were able to supply and meet the requirements that National Defence set out.

Hon. Navdeep Bains: So given what you've seen in this report, do you think it makes sense to sole-source large procurement projects? And with regard to the questions I raised on operational concerns as well, do you think that approach gives the best value for money?

Ms. Sheila Fraser: I think we all have to recognize that there are occasions when sole-source contracting is appropriate. That concept is recognized in government contract regulations. There are four exceptions that are clearly laid out. One used from time to time is that there is only one supplier that can produce or supply that. There could be issues around patents, intellectual property, whatever. Sometimes there is really only one supplier. We would expect in those cases to see very robust documentation as to that fact and the reason there is only one supplier, and that was not the case here. We believe the documentation was not sufficient.

Hon. Navdeep Bains: That's the point I wanted to make. In this particular instance, the sole-source approach was not the accurate one.

Ms. Sheila Fraser: That's right. Government will argue it was not a sole source because of the ACAN, so that's where the disagreement is.

Hon. Navdeep Bains: The next question I have changes topics, and it is with respect to the economic action plan. In chapter 1, you indicate that:

The reports do not explain why information was provided for certain projects and not for others. Officials from Department of Finance Canada told us that the examples of project-level jobs described in the quarterly reports were for illustrative purposes only and were intended to complement the macroeconomic analysis. As a result, we found the reports presented an incomplete picture of project-level jobs created or maintained.

The government cites those reports often. Is it safe to assume, based on what you've said, that this is simply a marketing communication tool, and they're not substantive or accurate in any aspect that you would be able to measure?

•(1225)

Ms. Sheila Fraser: The difficulty is that the information collected is not necessarily reliable to be able to be aggregated to know the numbers of jobs that were created or maintained, and that's why government has had to go to these macroeconomic analyses. I think in their performance report, if they want to present cases of various projects and the number of jobs, it perhaps illustrates for Canadians what was done. But to get the overall assessment of the program, they cannot use that information. It is not sufficiently robust.

Hon. Navdeep Bains: It's simply a marketing communication tool, but it's not accurate or substantial by any stretch.

Ms. Sheila Fraser: It cannot be used to—

Hon. Navdeep Bains: Validate....

Ms. Sheila Fraser: Yes, it's not sufficient information.

Hon. Navdeep Bains: That's right. They keep on citing it, and I just wanted to make it clear that it's simply the case.

The other question I had was with respect to chapter 1 again. You noted that some projects started late, and it's not clear whether they'll be completed on time. Can you indicate from your analysis what caused those delays and if you have any timelines associated with that? Was that a reflection of the way the project was set up? Was that because of some ribbon-cutting ceremonies, or whatever the case may be? What were the reasons for the delays?

Ms. Sheila Fraser: I'll get Mr. Campbell to elaborate on that. I will just mention one case we mentioned in here, the aboriginal housing programs, where the approval process seemed to take a lot

longer and they started later, but Mr. Campbell may have other examples.

Mr. Ronnie Campbell: Thank you, Mr. Chair.

On the economic action plan, the need for speed required that the government rely on assumptions at the beginning, so some of those assumptions were around the fact that they would approve projects that were ready to go. So they relied on attestations from the proponents. One of the assumptions would be that this information would be accurate, and the other assumption related to that would be that if something started on time, it would finish on time. What we've noted, as the member raises, is that some of the projects are running late. During the audit, the government was certainly aware of this and was monitoring those. The final impact is yet to be known, whether or not those will miss the deadline. We don't know that. We'll see in our next audit.

The Chair: We'll now go to Mr. Dreeshen.

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much. It's great to see you back here again.

I must say, back home when I talk about being on the public accounts committee, the fact that I get an opportunity to speak to you becomes the most significant part.

Voices: Oh, oh!

Mr. Earl Dreeshen: I don't mean to say anything about my colleagues or the chair, but certainly you've done great work in your office.

I would like to talk about chapter 9, and then if we have time perhaps go back to some issues out of chapter 2 and perhaps chapter 3.

It's extremely important to Canadian livestock producers, because of the highly contagious nature of some of these diseases and the risks we have to all producers in Canada.... The audit clearly shows that under the government's leadership, CFIA has planned for and responded to and improved their management of animal disease situations. I'm sure that agriculture producers, as well as Canadian consumers, will be pleased the audit recognizes that CFIA is prepared, whenever the next animal disease issue occurs, and that the government will continue to give CFIA the resources it needs to safeguard Canada's agriculture and food industry.

I note here that you found in the audit that the agency has assessed animal disease risk and invested considerable efforts in developing emergency preparedness and response strategies, including an overall emergency response plan, and disease-specific plans for avian influenza and foot and mouth disease.

Would you say CFIA's emergency preparedness and response strategies are in line with what's needed when dealing with animal diseases?

Ms. Sheila Fraser: Yes, I would say that the report was a fairly positive one overall. They went through the risk assessment and identified those two diseases as being of the highest risk, so they focused on developing the plans for them.

What we indicate in the report—and they recognize this themselves—is that some of the plans for other diseases are not complete and need to be updated. They need to get on with that.

They are doing a good job of monitoring and trying to be aware of the risks, but they really do need to complete those plans for other diseases.

• (1230)

Mr. Earl Dreeshen: As well, you spoke of the influenza outbreaks in 2007 and 2009.

Your audit was completed April 30, 2010. I'm wondering when your audit began, and if it happened to be ongoing during the management of these outbreaks.

Ms. Sheila Fraser: We did look at how the agency was managing the outbreaks. In the most recent ones, we found they were complying with their policies and procedures.

They seemed to be managing it well, contrary to what happened previously where they received a lot of criticism. They did their "lessons learned" exercise from that. As well, they have done more on the manuals, the procedures, the testing and preparing for an emergency.

Mr. Earl Dreeshen: Going back to chapter 2, the management and control of small entities, I'm curious if you could expand somewhat on what you saw there.

You looked at the Canadian Forces Housing Agency, the Canadian Pari-Mutuel Agency, and the Pension Appeals Board. Could you perhaps give some of the highlights of the issues you saw?

Ms. Sheila Fraser: Some of the members on the committee may recall that a few years ago there were a number of issues being raised about management practices in smaller agencies; they weren't maybe getting the level of attention or oversight that was required and there were some not very good things happening.

We recognized ourselves that we were paying a lot of attention to the larger departments and not these smaller agencies. In 2007, we started a program of picking a sample of them every two to three years and looking at some of their basic management practices over travel, hospitality, human resource management, contracting—basic financial and human resource management.

In past audits of some of these smaller agencies, we have raised issues around human resource management, for instance, or some of the financial management practices.

In this particular case, I am very pleased to say that with the three we looked at—the Canadian Forces Housing Agency, the Canadian Pari-Mutuel Agency, and the Pension Appeals Board—there were no significant issues raised. We do recommend that there be better documentation in some of their performance appraisals, but overall, they had the controls in place that we would expect and they were respecting the policies of the Government of Canada.

The Chair: Thank you, Mr. Dreeshen.

I am going to go to Madam Faille for a few minutes.

[*Translation*]

Ms. Meili Faille: Mr. Chairman, I would like to ask Ms. Fraser one question.

Ms. Fraser, if you do not have enough time to answer, you can do so in writing.

My question pertains to chapter 1 specifically, which deals with infrastructure. Was the department able to properly assess the ability to undertake these projects during the identified time period? We know that there was a deadline. This is not the first time that we have raised alarm bells with the department and that we have drawn to its attention problems pertaining to projects that municipalities have begun or wish to begin but will be unable to complete before the deadline.

I have other questions. I wanted to know whether or not the departments considered the number of projects that were going to be undertaken at the same time and in the same region. Did they verify the availability of resources, assess whether or not there were adequate resources available in the area? If so, why did they ignore signals from the FQM and the UMQ, which are the primary organizations and associations representing municipalities in Quebec? I would also like to know whether the departments are working now, today, on an initiative to extend the deadline.

Ms. Sheila Fraser: As my colleague said, we noted in the report that there appears to be a few projects that are running late. We will be reviewing this matter specifically during the second audit. As Mr. Campbell indicated, these were projects presented by governments, either the provinces or the territories, to the federal government with assurances that they would be completed on time. That was one of the eligibility criteria.

I think that, during the second step, we are going to review how such assurances were given—if we are able to verify this, perhaps, through our provincial colleagues—and we will also ascertain what measures could be taken. We know, from the newspapers, that there may be some discussions underway to extend the deadlines for a few projects. We will be in a better position to answer—

• (1235)

Ms. Meili Faille: When you drafted your recommendation, during the course of your exchanges with the department, did the letter give you any indication that the deadline may be extended?

Ms. Sheila Fraser: The minister did not do so at the time we completed this audit, no.

Ms. Meili Faille: When was the audit completed?

Ms. Sheila Fraser: It was completed in April.

Ms. Meili Faille: It was completed in April 2010? Thank you.

Do I still have any time remaining, Mr. Chair?

The Chair: You have one and a half minutes left.

Ms. Meili Faille: In the section of the report which deals with the management of conflicts of interest, I would simply like to underscore the progress achieved in various departments. One flagrant example jumped out at me: I am referring to point 4.44 of your report, where it states that departments, such as Canadian Heritage, have drawn up a guide to advise government employees of what they are to do when someone offers them special tickets for cultural and sports events.

Did the department, when it provided the guide, list the weaknesses of the measures that have been implemented? Currently, there does not appear to have been a reduction in the number of tickets purchased for Ottawa Senators games and shows at the National Arts Centre, so the rules are still being side-stepped despite the guide. Have the departments informed you of any new schemes or strategies to get around these rules?

Ms. Sheila Fraser: Mr. Chair, the purpose of our audit was really to establish which mechanisms had been set up by the departments in order to make public employees aware of the situation, and not to investigate situations. I cannot really answer those statements; perhaps this is a question that should be put to the government.

Ms. Meili Faille: So the question should be put to the department. Fine.

I have another question about the section in the report that deals with employees working for the Parliamentary Precinct Branch. I obviously have questions for Public Works and Government Services Canada: certain departmental representatives testified here and never informed us about any conflicts of interest regarding the work being undertaken in the Parliamentary Precinct.

In your report, you alluded to training provided in May and June. Could you tell us whether...?

Ms. Sheila Fraser: Could you give me the reference?

Ms. Meili Faille: It is the government response to point 4.72, the response to your recommendation.

What was behind this training on Parliamentary Precinct projects given in May and June? Could you explain the incidents that necessitated this training on conflicts of interest associated with work done in the Parliamentary Precinct?

Ms. Sheila Fraser: It is really up to the department to respond, it is the department that should give you this answer.

Ms. Meili Faille: All right, so you did not question them to find out exactly what conflict of interest had been identified?

Ms. Sheila Fraser: No.

Ms. Meili Faille: Thank you, Ms. Fraser.

[English]

The Chair: Thank you, Madam Faille.

Madam Fraser, if I might, I'd like to draw your attention back to the medium- to heavy-lift helicopter project. I refer specifically to page 20 of that chapter, and I do it for illustrative purposes. I like the play on words that you used in another report. There is one thing that concerns me, and it is your discussion with respect to this project and the process you outlined, a process on which at least one of the departments disagrees with your conclusions and interpretations.

We're always here to talk about openness, accountability, and transparency. I think you said, without using the exact words, that through the process, the departmental officials—and since there are three departments at play, maybe you could identify which one is most reflective of this—provided information for decision-makers that was incomplete and perhaps not totally accurate, thereby causing decision-makers to make a decision that led to an amendment to the contract in 2009. I believe you indicated as well that there was another contract amendment earlier this year, although it was not captured by your audit. I note that on page 20, even though you say that your audit began in 2006, you made reference to a decision to go into the medium- and heavy-lift helicopter contract the previous year. So this covers a five-year period.

We began by talking about and complimenting the bureaucracy, our functionaries, who have been doing a very good job. I think government members have drawn the attention to the fact that seven out of the ten audits are great, but you paint a disturbing picture of some of the officials in those departments with respect to this particular project.

I know you're going to give some really specific answers to Mr. Bachand and I believe to Mr. Shipley's questions, but do you not find that your observations with respect to the information provided, withheld, or adjusted by the departments on this project to be more than troubling?

• (1240)

Ms. Sheila Fraser: Chair, I prefer to stay with the word "troubling". I think, obviously, the committee will want to ask department officials why this occurred, who will provide their explanation of this.

I would go back, as I mentioned earlier, to the whole way these acquisitions are done. The strategy the government uses is the lowest-price compliant one. So there is a set of requirements that is put out, people bid, and then the government says, okay, we'll take the lowest price. We really question if this is an appropriate strategy when you're dealing with complex equipment and there is a recognition that there will be modifications over time. I think we recognize in this that the military itself may not have known all the modifications that were to occur, but they did know there would be modifications.

I think it would be very useful if the committee discussed how these kinds of acquisitions should go ahead. Should there be a more incremental approach as the requirements become better defined and the information becomes more accurate? It's clear in both of these projects that over time the requirements change significantly, and the costs, of course, change according to that, and yet there's a decision made at the very beginning to spend x dollars, a fixed amount. You really have to ask if that is the appropriate way to be doing this and to recognize up front that there is much more uncertainty and risk involved in these things than buying a truck. I think that's what the government really has to reconsider, and that's one of our recommendations. The government really has to reconsider, I think, the approach they use to do these acquisitions.

The Chair: For me, Madam—

Mr. Daryl Kramp: Mr. Chair, this is your second intervention. The first one was for four minutes. You're well over even the five that any of us are allotted here at this particular point. If this is going to be a regular occurrence.... We appreciate the experience of the chair and the opportunity to occasionally kick in and ask a question. I think that's fair, but at some particular point, there's a level of being reasonable.

I would just ask that you bear that in mind. If you wish to ask a question, then by all means, vacate the chair and go to a position on your respective party's side and ask that question.

• (1245)

The Chair: Fair enough. I don't think I was asking a partisan question.

Mr. Daryl Kramp: No, it's not—

The Chair: If you want to talk about procedures or the process of how we're going to conduct our meeting, we're going to go into business of the committee in a few moments, so we can take that up, okay? I don't have any problem with that.

Mr. Young.

Mr. Terence Young: Mr. Chair, when this committee was first constituted, we spent the better part of, I guess, two hours setting protocols and rules for the committee, which divided up the time evenly between the three parties. In effect, what you've done today by asking questions—and I'm not saying you shouldn't ask questions. Certainly, chairs are empowered to ask questions for clarification, but what's happened today is you've effectively added a third Liberal person to this committee, which goes against procedures and protocols. As the person responsible for fairness on the committee, you've actually done something that is unfair for the committee.

The Chair: I will take your observation into consideration. As I said, we'll talk about it when we get into committee business, which we'll begin in a moment or two.

I note again that I don't think I asked a partisan question. I'm interested, like all of you, in getting the most value out of the Auditor General's presence, and in that regard, I think I do a service to everybody. I mean, we can discuss this in a moment.

Mr. Daryl Kramp: Not in a moment. Right now.

The Chair: We're not going to do it while we've got the Auditor General here. We can go into committee business, but if you're challenging the chair, then go ahead.

Mr. Daryl Kramp: Fine. Great.

The Chair: Just a moment. We've been courteous enough with everybody. If you want to challenge the chair, that's fine.

Mr. Daryl Kramp: I do challenge the chair.

The Chair: Okay. Then I'm going to ask whether there are those around the table who agree that I can finish asking my question or not.

An hon. member: Unbelievable.

Hon. Navdeep Bains: Mr. Chair, in the spirit of cooperation, if the chair can very quickly finish, then we can discuss this in

committee business. I think out of respect for the Auditor General, we can have a better discussion that will be respectful to all colleagues.

Mr. Daryl Kramp: Well, then, I'm going to continue asking questions.

Hon. Navdeep Bains: Let the chair finish. That would be my humble recommendation.

The Chair: I was just about to finish.

An hon. member: Chair's prerogative?

The Chair: Auditor General, I think you were using the concept of lowest-cost compliant, which is the policy that says we know what we need, we'll take it off the shelf. What you described was a situation where, if I might use the example, you have a Chevy and then you want to soup it up. If you know, when you're putting in that policy, that you want the end result, then you should have the end result in your first assessment. That's not, in your estimation, an appropriate process to be labelled under the umbrella of a lower-cost compliant? Is that what I should understand?

Ms. Sheila Fraser: I guess if you know the extent of modifications and you are able to accurately assess the costs related to that, yes, but I think these are very complex acquisitions. As we saw in one case, it took three years to actually specify the requirements, so it is very unlikely I think at the initial stage that there could have been a good estimation of what those costs would be. I'm not even sure that they really knew all of the modifications that would be required as things evolved over time.

I think there needs to be a greater recognition given to the complexity and the difficulties associated with these kinds of acquisitions and perhaps a different procedure put in place for them.

The Chair: Okay. Thank you, Madam. There, that was brief.

We are now at the end of our meeting, and we're going to adjourn for a couple of moments until we go into the business section.

Madam, thank you very much. I know we're going to see you here again soon.

Ms. Sheila Fraser: Actually, Chair, if I could just mention, unfortunately, I haven't informed the committee previously about some of the international boards and committees I'm on. So I will not be before the committee during the month of November, but my very capable colleagues will present the reports for committee. We look very much forward to working with the committee in dealing with some of these issues.

The Chair: As do we. Thank you very much.

We are suspending for two minutes.

- _____ (Pause) _____
-
- (1250)

The Chair: You all have before you the 11th report of what happened in our steering committee, in both official languages. It is being distributed now if you don't have it.

While it's being distributed, one of the discussions concerned the sheet on priorities by individual members. There was some discussion around waiting until today to have that submitted. We said that's fine. So the earlier you can have that sheet for us, for the clerk, the better.

Mr. Rafferty, you probably don't have it, but your colleague will.

Mr. John Rafferty: David will be here shortly, actually.

The Chair: Okay. We are going to have to vacate this place because there's another committee here in five minutes.

The report that you have before you is as you read it. The clerk has already made contact with all three departments. The Treasury Board people are available on Tuesday. We do not yet have a response on the availability of DND and Public Works. As per the discussion on the steering committee, we're trying to accommodate some of the availability of these departments on either Tuesday or Thursday, leaving open the possibility of having DND here for more than one meeting.

Questions?

- (1255)

Mr. Daryl Kramp: Mr. Chair, the understanding was that it was up to the committee at this particular time to decide on how many meetings we needed the witnesses. If it is one or if it's more, we decide based on the evidence and the testimony and the will of the members at that time.

The Chair: So is the report accepted as provided?

Thank you.

Mr. Bains.

Hon. Navdeep Bains: A quick point of clarification, since we passed the committee report, on the status of the motion I presented last Thursday. Based on the motion, five working days were allocated for a response. That would be by yesterday that we should have received a response. Can you provide any update or clarification on that, because I haven't received anything in my office on it?

The Chair: The clerk has, in fact, received some communications from Public Works. They said they had some concerns. The clerk responded with, "Okay, whatever those concerns are, give them to me in writing so I can relay them to the committee." She has not received them yet, but they gave an indication that they would communicate this afternoon.

Hon. Navdeep Bains: Well, again, my understanding is there seems to be a bit of ambiguity in that response and a bit of a delay. I don't understand the logic in that. One way or the other, I'd like a response.

If it's okay with the other members, because we did vote for it, in the spirit of the motion to get further clarification as quickly as possible for the reason for the delay...we can then proceed with it accordingly.

The Chair: Madam Faillie.

[*Translation*]

Ms. Meili Faillie: Actually, as we mentioned previously when we were debating the motion, the department had already agreed to a request to provide us with that information last June. Therefore, I don't understand why there are problems today except that all of a sudden, public attention has been drawn to this. Last June—it may not have been in the exact form of the wording of the motion—we had requested these contracts. So there wasn't supposed to be a problem because at that time, the deputy minister had agreed to provide us with the information.

[*English*]

The Chair: Mr. Saxton.

Mr. Andrew Saxton: Mr. Chair, I was just going to say it sounds very reasonable, what they have responded to the clerk. They said they're going to get back this afternoon, or tomorrow?

The Chair: Something should be coming in writing today.

Mr. Andrew Saxton: Well, I think that sounds very reasonable.

If we're talking about timelines, I should remind Mr. Bains that his motion actually came in only 24 hours ahead of time, and not 48 hours, as according to the rules.

So your motion was out of bounds when it comes to time as well.

The Chair: Before we get into that argument, we've already had a discussion on this and the motion was accepted as being in order and received on time. So let's not review that discussion.

We do have something coming this afternoon, and I think we all have an indication of what we might do if the information isn't forthcoming post-haste.

Mr. D'Amours.

[*Translation*]

Mr. Jean-Claude D'Amours: Very briefly, I'd simply like to know when our clerk received this call. Was it on Monday after the meeting?

The Chair: It was yesterday afternoon.

Mr. Jean-Claude D'Amours: It was only yesterday afternoon—

The Chair: It was yesterday afternoon.

Mr. Jean-Claude D'Amours: —so it was Wednesday afternoon.

The Chair: It was Wednesday afternoon.

[*English*]

Mr. Bains.

Hon. Navdeep Bains: I have some very quick points, Chair.

First of all, I did give 48 hours' notice for the motion, so that's one to clarify.

Secondly, I don't think it's reasonable that on the day the department was supposed to provide the information they gave an open-ended response, saying they had reasons for the delay and not indicating what those reasons are. I don't think that's appropriate or reasonable. That's why I've now asked you, the chair, to make sure the department does provide specific reasons, if there are any, for why they're not providing the information.

As Madam Faillie has indicated, this information should have been forthcoming a long time ago. The fact that now we put a timeline on it, and they wait till the day of, just to tell us over the phone that they need additional time and not indicate why is not reasonable, fair, or appropriate.

The Chair: Mr. Saxton.

Mr. Andrew Saxton: Mr. Chair, I think we should move on to the next item on the agenda, which is to discuss the chair's involvement in making questions during the witness time.

The Chair: Fair enough.

We have about 30 seconds, but you can speak with Mr. Kramp and all of the other members on the steering committee, and we can take that up then.

Mr. Andrew Saxton: I'd just like to point out that today, Mr. Chair, you took 10 minutes of questions. That's, in fact, about 50% more than what I had. I don't think that is appropriate, and I think you realize that, so I hope in future you will guide yourself accordingly.

● (1300)

The Chair: We'll have ample discussion on that, no problem.

Hon. Navdeep Bains: If you look at past practice in past transcripts, it's clearly evident the chair has intervened in the past as well. I think if you want to do a proper analysis, take into consideration past precedent, and then compare it with the interventions today. That'll probably be a better barometer than making numbers up on the spot.

Mr. Andrew Saxton: I totally disagree with you on that, Mr. Bains. Two wrongs don't make a right.

The Chair: Okay, thank you very much.

We'll raise this in steering committee.

The meeting is adjourned.

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