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Chair

Mr. David Christopherson

Standing Committee on Public Accounts

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• (1530)

[English]

The Chair (Mr. David Christopherson (Hamilton Centre, NDP)): I now call this eleventh meeting of the Standing Committee on Public Accounts to order. I would ask the camera people to conclude their...do they still use the term “filming”? You worry these days, as you get older.

I thank them for being so cooperative. I appreciate it.

We have two orders of business. The first one is committee business, and I'm seeing a hand from Monsieur Caron.

[Translation]

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): I will speak after Mr. Saxton.

[English]

The Chair: So you want to be on the speakers' list for that item? Very well.

Hearing no other concerns off the top, I will call item number one, which is indeed committee business. That would be the notice of motion submitted last Friday by Mr. Saxton.

Unless someone has objections, I would rule that this motion is in order and therefore would turn to Mr. Saxton to present his motion and offer opening comments.

Mr. Saxton.

Mr. Andrew Saxton (North Vancouver, CPC): Thank you, Mr. Chair. All of my colleagues should by now have a copy of the motion in front of them. I will read it to them briefly.

The motion is:

That, on November 2nd, 2011, at 3:30 pm, the Standing Committee on Public Accounts hear from Tony Clement, President of the Treasury Board and Minister responsible for FedNor and John Baird, Minister of Foreign Affairs and the Deputy Ministers of Industry Canada, Transport and Infrastructure and Communities and the Secretary of the Treasury Board for two hours to answer questions on the spring, 2011 Auditor General's Report on the G8 Legacy Fund.

I think all of my colleagues would welcome this opportunity, and I ask for your support in having this motion adopted. Thank you.

The Chair: Thank you, Mr. Saxton.

Monsieur Caron, you asked to speak second to this. You have the floor now, sir.

Mr. Guy Caron: No, actually, it's on something different.

The Chair: Oh, it's on something completely different? Very well.

Are there any other speakers?

Monsieur Bélanger.

[Translation]

Hon. Mauril Bélanger (Ottawa—Vanier, Lib.): Will that meeting be televised, Mr. Chairman?

[English]

The Chair: Yes, my understanding is that it's going to be televised on Wednesday. If there is any change to that, I assume I would hear first and that the committee would hear immediately after. But my understanding is that it will be televised.

(Motion agreed to)

The Chair: The next order of business....

Did you want the floor prior to our second order of business, Monsieur?

Okay, you have the floor now, sir.

[Translation]

Mr. Guy Caron: We received the motion we just voted on Friday afternoon. Mr. Kramp had notified us in advance. The situation is understandable. However, I am not happy about having received all of the supporting documentation for this meeting at 8:40 this morning. This gave us no time at all to absorb all of that information. Of course, we studied the file and prepared our questions, but we would have appreciated receiving that documentation long before 8:40 this morning on the very day of the hearing. I find it beyond the pale that we are being asked to do this so quickly. I'd like the government to explain to us why we received that documentation so late. In fact, those documents could easily have been made available to us last week.

I'd like to know first of all why we received these documents on the very morning of the hearing, that is my first question. I will have a second question afterwards.

• (1535)

[English]

The Chair: I'll allow members of the government side to comment, if they wish.

Mr. Saxton.

Mr. Andrew Saxton: Thank you, Mr. Chair, and thank you, Mr. Caron, for asking the question.

First of all, we did not receive this information until Saturday, so we got it to you at the first possible opportunity. I understand it is very short notice, and we apologize for that. We ourselves didn't get it until Saturday, and I didn't get it until this morning because I wasn't here on Saturday either.

We apologize for the short notice.

The Chair: Monsieur Caron.

[*Translation*]

Mr. Guy Caron: At this time, the document is useless. Unless we consult it now, during the hearing, it won't be possible to use the information we have here. It is probable that the questions we wanted to ask are in it. We could have redirected our strategy.

There may have been confusion on the Conservative side, but today's meeting is important. And I think that in future, we'll have to proceed differently if we want this committee to be able to do its work in an appropriate way.

If possible, I'd like to move on to my second point, which is that I would like to table a notice of motion for Wednesday.

[*English*]

The Chair: Let's make sure, on that item, there are no further comments, then? Okay, good, that's concluded.

You still have the floor.

[*Translation*]

Mr. Guy Caron: I would like to table a notice of motion which I am going to read quickly. It is a notice of motion for Wednesday because we are going to be receiving Mr. Clement and Mr. Baird at our next meeting. I'd like this to be discussed immediately at the end of the meeting with the two Conservative ministers. I have copies of the notice of motion for our friends across the way and one for the clerk. It reads as follows:

That the following reports adopted and presented to the House in the 3rd Session of the Fortieth Parliament be adopted as reports of the committee in the present session; that the Chair present the reports to the House; and that, pursuant to Standing Order 109, the committee request that the government table a comprehensive response to each report:

The following chapters are mentioned: Chapter 3 of the Fall 2010 Report, Chapter 2 from the Spring 2010 Report, Chapter 1 from Spring 2010, Chapter 4, Spring 2010, Chapter 4, Fall 2009, and Chapter 1, from Fall 2010.

The work on those six chapters was completed during the previous session or when the Standing Committee on Public Accounts was struck during the last session. All that needs to be done is that they be tabled again with the government in order to obtain a reply. This also includes the report on expenditures from 2010-2011.

That, pursuant to Standing Order 108, the committee resume the following study undertaken during the 3rd Session of the 40th Parliament, that is Chapter 3 on rehabilitating the Parliament buildings, Chapter 4 on managing conflicts of interest, Chapter 5 on regulating and supervising large banks, following-up on recommendations made by the committee in the second session of the 40th Parliament, the Chapter on the acquisition of military helicopters, the Report of the Auditor General of Canada on the Public Sector Integrity Commissioner of Canada, Chapter 9...

[*English*]

Mr. Andrew Saxton: Mr. Chair, may I just interject for a moment? We have somebody here, a witness, and in the interest of time, perhaps this is something that could come up at the steering committee.

Mr. Guy Caron: I'm almost finished.

The Chair: I do believe he's just about done, and then I'll make a quick comment and we'll move on. But your point is taken.

Monsieur Caron, if you would, please.

[*Translation*]

Mr. Guy Caron: I will pick up where I left off:

[...] the Report of the Auditor General of Canada on the Public Sector Integrity Commissioner of Canada, Chapter 9 on Pension and Insurance Administration of the Royal Canadian Mounted Police, as well as the Public Accounts of 2010.

That the evidence heard and documentation received by the committee in relation to this study be taken into consideration by the committee in this session and that the committee schedule a meeting in November 2011 for the resumption of these studies.

This motion will probably be familiar to the members of the committee. However, whereas the previous motion referred to beginning our study of these reports in October, this time we are talking about November. That is all.

[*English*]

The Chair: Okay. We don't want to entertain any debate. In fact, no further action need be taken on this, up to and including my ruling as to whether it's in order. But I have allowed you an opportunity to place it. That notice of motion is now before us, and we'll deal with that going forward.

If there are no other further interjections then, I will move us to the main purpose of our meeting today. Hearing none, I will assume that I have the support of the committee to move forward.

Therefore, may I first of all welcome Mr. Michael Ferguson, who is the nominee for the position of Auditor General of Canada. Welcome to our committee, sir.

I did have a chance to have a couple of words with you ahead of time.

I want to let the committee members know that I expressed to Mr. Ferguson that while questioning may indeed be tense and tough from time to time, there are lines of fairness. If he's concerned those lines are being crossed, he can raise them as a concern with me, or he may look to me to get an indication of whether or not he has to comply with what's been put forward or whether he needs to continue in that particular vein. I just want to make sure that Mr. Ferguson understands that it's not the whole world against him here, and that he has rights too as a citizen. I wanted to say that publicly so if colleagues had any concerns about the way I was going to approach this, you can raise them with me now.

Hearing none, Mr. Ferguson, again, welcome, sir. I know you have opening comments, and I will turn the floor over to you to make those comments. You now have the floor, sir.

• (1540)

[Translation]

Mr. Michael Ferguson (Nominee for the position of Auditor General of Canada, As an Individual): Good afternoon and thank you, Mr. Chairman.

I am very honoured to be here today as the nominee to be the next Auditor General of Canada. The role of Auditor General of Canada is a very significant one in the accountability structure of Canadian democracy.

My name has been put before you after a lengthy selection process conducted by the government but I want to assure this committee that having been Auditor General in New Brunswick for five years, I fully understand that the position is that of an agent of Parliament. Despite the fact that the selection initiative legally lies with the Government of Canada, both Houses of Parliament must approve the appointment.

If my appointment is approved, my allegiance will be to Parliament and to the ethics required by my profession as a chartered accountant. I firmly believe that this position can only be performed in a completely independent and objective matter.

Parliament gives the government the authority to execute certain functions and provide the government with the budget appropriations to do so. The Auditor General's primary task is to provide Parliament with information that it can use in fulfilling its oversight responsibility.

Let me begin by saying that I am well aware of the importance of your committee as the primary interface between the Office of the Auditor General and the House of Commons.

Parliament established the office and position of the Auditor General in statute and has laid out in statute the Auditor General's powers, duties, and functions. Under the act, the Auditor General's primary task is to examine the financial accounts of the government, and through your committee, to provide Parliament with information it can use in fulfilling its responsibility to hold the government to account.

In the past I have attended joint national meetings of auditors general and public accounts committees. My impression from these meetings has always been that the federal Public Accounts Committee has been one of the most effective of public accounts committees in the country. It is very important for the Office of the Auditor General and the Public Accounts Committee to have an effective working relationship.

I hope that the discussion we will have today will help to establish your trust in me, a trust that we will jointly require in order that our work together can bring about the results Canadians expect from the Auditor General's Office and from this committee.

[English]

The Auditor General provides information, gathered through a rigorous and objective process, to Parliament so that Parliament in turn can hold government accountable for its delivery of services to Canadians. The Auditor General also provides insight into how the government can provide those services efficiently and with due

regard to economy. The Auditor General helps to ensure that sound accounting practices are followed in the government's financial statements and that robust financial controls are in place across government to ensure the responsible use of public funds. It's important that the findings and recommendations of the Auditor General be evidence-based rather than expressive of opinions or emotions. It is not the auditor's function to debate policy.

My definition of the success of this role would be consistent with the strategic outcome and expected results that have been itemized in performance reports issued by the Office of the Auditor General of Canada in the past; that is, contributing to a well-managed and accountable government for Canadians by helping to keep Parliament well informed and engaged. This is achieved by performing work that is relevant to members of Parliament, the citizens of the country, and other stakeholders of the office.

The Office of the Auditor General of Canada has experienced many well-noted achievements in the past. I especially want to acknowledge the superb work accomplished by Ms. Sheila Fraser during her term as Auditor General. It is not easy to follow someone of her standing in this role. She conducted herself with dignity, integrity, professionalism, and excellence. My goal will be to build on her excellent work, just as Ms. Fraser was able to build on the exemplary contribution made in the position by Monsieur Denis Desautels. There is a tradition of excellence in the office, and I commit to striving to uphold the standards set by these two remarkable public servants.

As far as my personal experience is concerned, I served five years as comptroller and the past year as Deputy Minister of Finance and secretary to the Board of Management inside the New Brunswick government. I also served five years, between 2005 and 2010, as the auditor general for the province, reporting to the New Brunswick legislature. I believe this experience gives me insight into how government operates from the inside, as well as experience in objectively auditing government. I am not new to the government auditing world.

In order for this committee to be comfortable with how I will approach the role, I am fortunate to have been the auditor general of New Brunswick for five years, so my approach and performance is a matter of public record. I am also in my third term serving on the Public Sector Accounting Board, the organization that establishes accounting standards for Canadian governments. And I served one year as president of the New Brunswick Institute of Chartered Accountants.

• (1545)

[Translation]

I am not unknown to the Office of the Auditor General of Canada. I have worked with some of the staff of the Office in the past when I was Auditor General of New Brunswick. I have also worked with the current interim Auditor General, John Wiersema, in other professional capacities in particular on the Public Sector Accounting Board.

I am confident that if appointed I will have the good fortune of joining an organization that is widely respected, and that from my vantage point appears to be very well run. I would not expect to have to make significant changes to the operations of the office. In fact from an operational perspective I believe that my main task will simply be to stay the course.

I have already referred to two of the most important values for the Office of the Auditor General, which are independence and objectivity. The Auditor General must act with independence and objectivity through the protections and mechanisms provided for in the Auditor General Act.

As a chartered accountant, integrity, due care, objectivity and independence are also expected of me as professional requirements in the execution of any work I perform.

I now want to recognize one challenge that my candidacy presents—which is that I am not yet bilingual. I am from a bilingual province where the equality of both official languages is always a top of mind consideration in policy making. However, I have not yet personally attained proficiency in the French language. I understand that in order to be properly respectful of Parliament and the citizens of Canada that I will need to improve my French language capability. I am committed to doing so, I already have been assessed and I am already in the process of upgrading my skills in the language.

I would like to close my comments by simply reiterating that as Auditor General one must be diligent in the protection of the independence and objectivity of the position, and I completely understand that the position is an agent of Parliament.

I am here today to answer your questions. I want to provide you with the information that you need about me to properly consider my nomination. I sincerely hope that when we are finished, you will be in a position to approve my appointment.

Thank you, Chair, I am now ready to take your questions.

● (1550)

[*English*]

The Chair: Thank you very much, Mr. Ferguson. We appreciate your opening remarks.

I'll remind the committee of a couple of things. One is that we will commence comments and questions as per our usual rotation. But I'll give another reminder that this meeting itself was optional. We didn't have to hold it; the committee decided to hold the meeting. Likewise, there is no obligation on the committee to act upon any result of this meeting; however, we have the option of reporting to the House, and within that we can acknowledge that we had this hearing and indicate whether or not there is a recommendation yea or nay. All of those matters are optional and are up to the committee. They will be decided by the majority at the appropriate time.

Is that all clear?

Good. With that, we will begin the rotation.

Mr. Saxton, you, sir, have the floor.

Mr. Andrew Saxton: Thank you, Mr. Chair.

And thank you, Mr. Ferguson, for coming here today. As you can see, there is no shortage of interest in your nomination and your presence here today.

Mr. Ferguson, Canadians expect their Auditor General to be the most qualified individual for the job, someone who has a proven track record of independence, merit, fiscal responsibility, and fortitude. We know that you are well respected in New Brunswick for your abilities, but the Auditor General of Canada has a much bigger role.

Quite simply, why do you believe you were nominated for this important position?

Mr. Michael Ferguson: Thank you, Mr. Chair, for that question.

Fundamentally I think what I bring to the table is a well-rounded set of experiences. In the human resource world there is a concept referred to as 360-degree feedback. If you look at my history in the province of New Brunswick you will see that I went from a position of being a comptroller in the province of New Brunswick, which is a position that receives recommendations from the auditor general's office and has to implement them, to then being the auditor general for five years and having to be in a position to make recommendations that I felt would be and could be implemented, to now the position of Deputy Minister of Finance, whereby I am in the position of having to try to implement some of the recommendations that I myself made.

So my experience is broad. I spent five years as auditor general of New Brunswick, and as I said in my opening comments, my performance in that role is a matter of public record.

I do not have a lot of experience with the federal government or with federal departments from the inside, but in New Brunswick there are many points of contact with the federal government. The perspective that I bring to the federal government is that of a stakeholder and of having observed many topics and many points of interest between one of the federal government's main stakeholders, that being a province, and the federal government itself.

Mr. Andrew Saxton: Thank you.

Mr. Ferguson, former Auditor General Sheila Fraser has said:

"He will be a very good auditor general".... He is very capable, a very nice person and I think once Parliamentarians get to know him, they will appreciate him."

You have made a commitment to become fluently bilingual in your role as Auditor General of Canada. Mr. Ferguson, you were also the auditor general of a bilingual province.

● (1555)

[*Translation*]

Can you tell us once again what your plans are to improve your knowledge of the French language?

Mr. Michael Ferguson: I recognize the importance of being able to communicate in both official languages and as mentioned in my introduction I have not yet reached a sufficient level of competency in French, but I am well aware that in order to respect Parliament and the citizens of Canada duly, I am going to have to improve my fluency in French. I have committed to learning French because I feel that that is important. I made an effort during the past year in order to learn French and my progress to date demonstrates that I have the capacity to learn that language.

[English]

Mr. Andrew Saxton: *Merci beaucoup.*

Mr. Ferguson, can you explain to this committee how you were able to perform so well, as comptroller general, auditor general, and now Deputy Minister of Finance, in a fully bilingual province?

Mr. Michael Ferguson: The only thing I can say to that is that I have filled three important roles in the province of New Brunswick. I believe I have been successful in those roles.

New Brunswick is a wonderful province with a wonderful, rich heritage in both cultures. I have worked in the provincial government for a number of years in those roles. I have had success. It would have been preferable had I been able to speak French in those roles; however, as I said, I think the record will show that in the roles I have served in, I have been successful.

The Chair: Thank you.

Your time has expired. Thank you, Mr. Saxton.

Next is Monsieur Godin.

Sir, you have the floor.

[Translation]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Thank you, Mr. Chairman.

Welcome, Mr. Ferguson.

You say that you have not mastered the French language. Is that correct?

Mr. Michael Ferguson: Yes it is.

Mr. Yvon Godin: When you applied for this position the following could be read in the *Canada Gazette*: “The ability to work constructively and collegially with multiple stakeholders, such as parliamentarians and the public service, as well as the ability to communicate effectively, in writing and orally (with the requisite self-confidence and presence of mind), is required.” Further on it said: “Proficiency in both official languages is essential.”

You were aware of that?

[English]

Mr. Michael Ferguson: Thank you for the question, Mr. Chair.

No, in fact I didn't. I was approached by the search firm. They asked me if I would submit a resumé for the position. I was told at the time that in their consideration of candidates my name had come up a number of times, and they therefore asked me to submit a resumé to them.

[Translation]

Mr. Yvon Godin: What was the name of the company that was entrusted with the task of looking for candidates?

[English]

Mr. Michael Ferguson: I'm not sure I can even pronounce it. I believe it is Odgers Berndtson.

[Translation]

Mr. Yvon Godin: How did you feel when you were the Auditor General of New Brunswick and had to audit the government's books? That government had to respect certain policies, but if it did not do so you then issued recommendations to urge it to do so. Is that not the case?

[English]

Mr. Michael Ferguson: Certainly part of the role of an auditor general is to look at the different rules and policies that exist for a government and to test against those particular policies.

•(1600)

[Translation]

Mr. Yvon Godin: The government has a policy on bilingualism the objective of which is to ensure respect for official languages. Do you not think that this situation runs counter to your beliefs, that is to say that the government must respect its policies?

[English]

Mr. Michael Ferguson: I think, Mr. Chair, I need some more information about the particular policy, as I can't try to audit here at the table a policy that I'm not aware of.

[Translation]

Mr. Yvon Godin: Are you going to tell me, Mr. Ferguson, that since your name was suggested as nominee to become Auditor General, you did not consult the *Canada Gazette* in order to verify the requirements?

Mr. Michael Ferguson: Yes.

Mr. Yvon Godin: You said that you had been comptroller with the New Brunswick government. How many years were you in that position?

Mr. Michael Ferguson: Five years.

Mr. Yvon Godin: You were comptroller general during five years and auditor general for five years as well, for a total of 10 years. And you were deputy minister for one year in addition to that. Are you still in that position?

Mr. Michael Ferguson: Yes.

Mr. Yvon Godin: So you spent 11 years in the public service of New Brunswick, a bilingual province. You agree with that?

[English]

Mr. Michael Ferguson: That's true; I have spent 11 years in the provincial government in various roles—five years as comptroller, five years as auditor general, and one year as a deputy minister and

[*Translation*]

Mr. Yvon Godin: You say here: “I understand that in order to be properly respectful of Parliament and the citizens of Canada, that I will need to improve my French language capability [...]”. You have been in New Brunswick for 11 years and have not been able to improve your knowledge of French to the point of mastering the use of that language? How many years will it now take you to improve?

[*English*]

Mr. Michael Ferguson: As part of this process, I was tested to see what my capacity would be to learn French. It was determined that I had an above-average capacity or ability to learn French. It will be a number one priority for me.

I have been working on it; I am not a beginner in the language. I still have lots of work to do in it, but I think I will be able to get to a level of proficiency within a reasonably short period of time—I would say within the first year.

The Chair: I'm sorry, Mr. Godin, your time has expired. Thank you very much.

We go on to our next speaker in rotation.

Mr. Shipley, you have the floor, sir.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you very much, Mr. Chairman, and to Mr. Ferguson for being with us today.

I went through your CV, and I think it's an incredible CV in terms of the breadth of commitment and also the knowledge that you have.

I'm looking at what your premier has said:

He's outstanding, he's a leader, and quite frankly that's one of the reasons why he became deputy minister of finance in New Brunswick. It's certainly a difficult time in the province's history. I value the integrity and credibility of the man and the quality of the work he completed when he was auditor general in New Brunswick.

I don't think those words would come lightly from any leader of any province or from any leader of a country. I'm going to focus, Mr. Ferguson, on what you've done, to help us understand how some of the things are going to lead to what you are nominated to do.

Knowing that you are the former auditor general of New Brunswick and were also the comptroller general in New Brunswick, I wonder whether you could help us understand a little about those positions provincially, their functions, and how they are similar to and how they may differ from the positions federally.

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

The comptroller in New Brunswick is responsible for the preparation of the province's financial statements, the operation of the province's financial information system, and the operation of internal audit activities for the province as a whole. I think those types of functions are consistent among comptrollers throughout the country and consistent with the comptroller's office in the federal government, particularly on the internal audit side and in terms of making accounting policies for the government to follow.

As I said, one of the biggest responsibilities, actually, of the comptroller in New Brunswick is operating the province's financial information system, particularly in its general ledger and accounts

payable system, which is a large and complex system that operates for the entire government.

That gave me a certain amount of experience in the world of information technology and of having to implement accounting systems. Auditors, whether they're internal auditors or auditors general, have to do audits of information systems as well, so as I say, I have some background in information systems and in having to implement information systems.

That's fundamentally what the role of the comptroller was in the province of New Brunswick. Particularly for such matters as policy setting and internal audit, it is very consistent with the comptroller general position for the federal government.

• (1605)

Mr. Bev Shipley: Thank you very much.

You have touched on a couple of issues that we in this committee have dealt with under public accounts.

To follow through from the position of comptroller general, then, to the position of auditor general in New Brunswick, could you tell me a little bit about how or whether one prepares you for the other?

Mr. Michael Ferguson: As comptroller, as I said, I was responsible for internal audit. Many of the internal audits that we did were in fact performance audits, so they were very similar to the performance audits that an auditor general would perform. The difference would be in the audience that receives the report. A report from a comptroller and internal auditor is designed for the management of government, whereas an auditor general's reports are designed to be presented in the federal case to Parliament and in the provincial case to the New Brunswick legislature.

I had familiarity with doing audits and doing performance audits. The role of comptroller was one of responsibility for preparing financial statements. The role of auditor general was to audit those same sets of financial statements. So I understood how financial statements were prepared. Then, as I said earlier, as comptroller I was on the receiving end of audit recommendations from previous auditors general, and as auditor general I had to then make recommendations. That helped me to formulate some ideas about how recommendations should be made from an audit perspective.

Mr. Bev Shipley: Thank you very much.

The Chair: Your time has expired. Thank you very much.

The next speaker is Mr. Dubé. You have the floor, sir.

[*Translation*]

Mr. Matthew Dubé (Chambly—Borduas, NDP): Thank you, Mr. Chairman.

I would like to thank Mr. Ferguson for being here with us today.

I think that everyone acknowledges the fine reputation of your future office, the legacy of Ms. Fraser. She has provided exceptional service, to Quebeckers in particular. I'm thinking among others of the revelations in connection with the sponsorship scandal, probably one of the better-known issues, especially in Quebec, to come out of her work as Auditor General.

This file involved francophones, for the most part. I understand that translation services are available, but in the final analysis, you have to be able to study those files and understand what is going on, in particular the interaction between people. You have to be able to verify the work. You have to have a good understanding of French.

How could you work on a file of that scope, one that involved Quebec in particular, if one were to come before you?

• (1610)

[English]

Mr. Michael Ferguson: Thank you for the question, Mr. Chair.

The first thing to recognize is that the Office of the Auditor General of Canada has significant capacity, and in both languages. The importance of the issues to any part of the country will not be affected by my moving into the role. As I say, the capacity is there, within the office, to deal with those types of issues.

I fully recognize that the issue you are raising is about communication with this committee, Parliament, and—presumably through the media—to the citizens. That is the weakness I have identified. That is what I am committed to working on and improving my ability in, so that I can deliver the message effectively. Again, I will admit to you and agree with you that at the moment I would not be able to deliver that message in French—I am having trouble delivering it in English—at the moment. It's certainly my commitment to get to a point of proficiency such that I would be able to do that.

[Translation]

Mr. Matthew Dubé: I salute your efforts and I salute the work of the public servants who work in your offices. However, the fact remains that you cannot learn a language from one day to the next.

As my colleague, Mr. Godin, mentioned, you spent 11 years in a position within an officially bilingual province. When you meet the media, you will be representing the Office of the Auditor General on behalf of all Canadians, be they French Canadians, Quebecers or English Canadians.

Your work is going to begin immediately, before you will have had time to learn French. If you are chosen, your work is going to begin right away. How are you going to accelerate this learning process, since over a period of 11 years you did not reach an acceptable level for the federal public service?

Mr. Michael Ferguson: First of all, I am not a beginner. As I mentioned, I am determined and I have committed to learning French because I recognize the importance of communicating in both official languages. I commit to improving my French,

[English]

and I will continue to do that.

As I've said, I am not a beginner; I do have a certain proficiency in French. It is still not good enough, and I still need to improve it, and my commitment will be to improve it.

[Translation]

The Chair: Thank you, Mr. Dubé.

[English]

Time has expired.

Now we go to Mr. Hayes.

You, sir, have the floor.

Mr. Bryan Hayes (Sault Ste. Marie, CPC): Thank you, Mr. Chair.

Mr. Ferguson, welcome, and congratulations on your nomination.

I too am endeavouring to learn the French language, and hopefully some day we'll be able to carry on a fluent conversation together. That doesn't diminish my capability to be a member of Parliament, nor do I think it will diminish your capability to be an auditor general; your time will come. And congratulations on the progress you've made so far. You're a lot farther ahead than I am, I guarantee you.

You were the auditor general of New Brunswick for five years. How would you say that experience helped you to prepare for the job of Auditor General of Canada?

Mr. Michael Ferguson: The basic work is the same. In terms of financial statement audits, performance audits, compliance audits, special reviews, the fundamental work that is done is the same. An audit is a process, a process that involves identifying topics that need to be examined, identifying the objectives, the criteria for conducting the audit, gathering the evidence, assessing the evidence, and producing a report. So an audit is a process. The difference, of course, is the scale and complexity of some of the federal departments compared with the provincial departments.

On the other hand, the auditor general in New Brunswick has a small group of people. I know the number will sound small to federal people, but New Brunswick still has a budget of \$8 billion. That's still a lot of money that has to be audited. And as auditor general in New Brunswick, because of the small size of the office we had, I had to be quite involved in the audits myself. That gave me a lot of experience of performance audits and financial audits, not just as the auditor general but also very much as a player in designing and selecting the audits, conducting the audits, and in fact writing the audit reports.

Fundamentally, the work is the same. The difference, really, is the scale.

• (1615)

Mr. Bryan Hayes: I agree with what you're saying in terms of the function of the audit. I'm a CGA myself and haven't had a lot of experiencing in auditing, but I have enough to understand exactly what you're saying.

In terms of the audit function itself, there's a test function, the compliance function, and what we refer to as the value-for-money function. Do you have equal experience in all levels of auditing, or would you say your expertise is in one specific area?

Mr. Michael Ferguson: No, I would say it cuts across all types of audits.

Mr. Bryan Hayes: You make reference in your opening statement to your approach and your performance being a matter of public record. I know it's difficult to pat oneself on the back, but in a position like this I guess one has to. When you stand there in a job interview, sometimes you're the only person who's going to pat yourself on the back. But can you elaborate a little on what you referred to as your "approach" and give me some idea about it?

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

I think I would describe my approach as one of being fair, of trying to make sure I understood the issues in the particular audit, and of making sure that the auditors recognized that when making a recommendation, the recommendation needs to be something that can be implemented. I would always challenge the auditors, when they were making a recommendation, by asking, if you were on the receiving end of that recommendation, how would you implement it?

My technical approach wasn't different from anybody else's. I feel that I was fair in the approach. I delivered the tough messages when the tough messages needed to be delivered. And as I say, I think my performance is a matter of public record. I feel very good about the support I have right now in New Brunswick and the very nice things that a number of people in New Brunswick have been saying about me and about my performance when I was auditor general. That again is a matter of public record. People have said that I conducted myself in those five years with integrity, and I am very proud of that.

I am also very proud of the output we produced in that time period. Now that I am back inside the provincial government as Deputy Minister of Finance, it has been quite heartening to see the number of times that departments are coming forward with changes to their programs or changes to what they are doing and are referring back to reports of the auditor general from the time when I was auditor general.

• (1620)

The Chair: Thank you.

I'm sorry, Mr. Ferguson. This is already a minute and a half over time. I wanted to let it go on, but it's getting to that point. I'm sure you'll get another opportunity to finish your thought. I apologize, sir. It's necessary to move on.

Thank you, Mr. Hayes.

Monsieur Bélanger, you now have the floor, sir.

[Translation]

Hon. Mauril Bélanger: Thank you, Mr. Chair

Mr. Ferguson, I sat here for a reason you will soon understand. I could not help but notice that to answer Mr. Saxton's question in French and then to reply to another one from Mr. Dubé, you consulted your text. Can you answer in French without reading from your text?

[English]

Mr. Michael Ferguson: I have prepared some statements in French because I was expecting some questions about my French language capability. So I prepared some of those in French.

My capabilities in French are more in terms of reading and understanding than of conversation. It is in conversation that I still have the weakness, and that's what I still have to work on.

Certainly in this type of environment I wouldn't yet be able to carry on a conversation.

[Translation]

Hon. Mauril Bélanger: I sat close enough to you to make sure that you could hear me. I wanted to know if you could understand me without having to listen to the interpreters. Can you?

[English]

Mr. Michael Ferguson: I'm sorry. I had already put the earpiece in before, so—

Some hon. members: Oh, oh!

[Translation]

Hon. Mauril Bélanger: That answers my question.

Mr. Ferguson, I heard you say earlier that you did not apply for the position, that it was a search firm that suggested you do it. Is that correct?

[English]

Mr. Michael Ferguson: I'm sorry, I am going to have to use interpretation on that.

[Translation]

Hon. Mauril Bélanger: Fine. I just heard you say that you did not apply for this position, that it was a search firm who encouraged you to submit your application. Is that correct?

[English]

Mr. Michael Ferguson: I was contacted by a search firm, yes.

[Translation]

Hon. Mauril Bélanger: So can I deduce that you relied on the search firm to verify whether you met all the requirements of the position and that you, who wanted to be auditor, did not check yourself? Is that the case?

[English]

Mr. Michael Ferguson: I was asked to submit my resumé to the search firm, and then it was their job to determine whether I had the skills to take my name forward.

[Translation]

Hon. Mauril Bélanger: Did you think you met all the requirements of the position when you submitted your application?

[English]

Mr. Michael Ferguson: I am certainly satisfied that I went through what I would describe as a very thorough process and that the selection committee looked at my skill set and have brought my name forward to you. I guess that's really all I can say about that. They looked at all of my skills and decided that mine was a name that should come forward.

[Translation]

Hon. Mauril Bélanger: Do you acknowledge that one of the essential criteria was, and still is, proficiency in Canada's two official languages? Do you acknowledge that?

[English]

Mr. Michael Ferguson: Again, I can't really answer that. If you have a copy of the ad and if you're reading from a copy of it, then I'm not going to dispute it. All I'm going to say is that I never did see the official ad.

• (1625)

[Translation]

Hon. Mauril Bélanger: Mr. Ferguson, I've been a parliamentarian for some time. Each time I've spoken with officers of Parliament, I've been able to do so in the official language of my choice, which is French.

Should I conclude that, until you learn French, if we need to speak to each other, we won't be able to do it in French and we'll need an interpreter? Is that what I'm to conclude from our discussion today?

[English]

Mr. Michael Ferguson: I am not in a position yet to conduct a conversation in French.

[Translation]

Hon. Mauril Bélanger: How much time do I have left, Mr. Chair?

[English]

The Chair: You have 30 seconds.

[Translation]

Hon. Mauril Bélanger: Mr. Ferguson, in 30 seconds, I'd like to know who assessed your language skills? When was it done? Are these results available?

[English]

Mr. Michael Ferguson: I had two assessments done. One was by phone. I don't remember the name of the company that did that assessment. The other was through the federal government language school.

[Translation]

Hon. Mauril Bélanger: When did it take place?

[English]

The Chair: I'm sorry. Your time has expired. Thank you, Monsieur.

[Translation]

Hon. Mauril Bélanger: Thank you, Mr. Chair.

I'll come back to it if there's another round.

[English]

The Chair: You'll be back up again in a few more turns, yes.

We go on now to Mr. Aspin.

You, sir, now have the floor.

Mr. Jay Aspin (Nipissing—Timiskaming, CPC): Thank you, Mr. Chair.

Welcome, Mr. Ferguson. Congratulations on your nomination.

We all have your curriculum vitae, your resumé. I'm really impressed with your CV and your answers today. It's clear to me that

you've had a long and impressive history in auditing government finances. I'm particularly impressed with your professional activities, particularly in terms of the public sector accounting. It's clear that you have a passion for this.

Could you outline for the committee what your current role is as Deputy Minister of Finance?

Mr. Michael Ferguson: Yes. It's actually a dual role: Deputy Minister of Finance and secretary to the Board of Management. It is to be responsible for a number of things, from establishing the province's budget, both capital and operating budgets, to also being responsible for the comptroller's office—so responsible for all of that type of work I talked about before in terms of preparing financial statements—responsible for raising the province's debt, and responsible for tax policy.

I also serve on the board of the Atlantic Lottery Corporation, the board of the New Brunswick Investment Management Corporation, and the board of the New Brunswick Credit Union Deposit Insurance Corporation. So I am on the boards of a number of corporations in New Brunswick that are responsible for large sums of money.

Then there is the role of secretary of the Board of Management, which is responsible for all of the Treasury Board type of activity that comes through the province.

Mr. Jay Aspin: Thank you, sir.

Could you outline how this has prepared you for the role of Auditor General?

Mr. Michael Ferguson: I think as I said before, Mr. Chair, the main aspect of it preparing me for the role of Auditor General... Well, I suppose there are two. One is that, first of all, I am now responsible for a larger organization. The auditor general's office in New Brunswick has about 23 people, so it was a small organization. The provincial Department of Finance has about 210 people but also looks after, in total, about 600 people, including staff of other, smaller departments. That is one thing.

The other thing, in terms of preparing me, is that I am now responsible to try to implement some of the things I recommended as auditor general. Perhaps a third thing is that when I took on the role of Deputy Minister of Finance and came back inside government, I recognized that there were a number of places—I'm not quite sure how to put this—that I wished I had looked at when I was auditor general; let's put it that way.

Mr. Jay Aspin: Have your views on auditing changed as a result of being a deputy minister for the Province of New Brunswick?

• (1630)

Mr. Michael Ferguson: I don't think my views have changed. In terms of what it brings to me as an auditor, it tells me that when one is auditing a government, there are always places in which a government can improve and always processes that can be improved. As an auditor, you need to make sure you're looking deeply enough to find those opportunities and those things that need to be improved.

In fact, I think that is really what it has brought to me: the recognition that as an auditor you have to dig a little deeper.

The Chair: Thank you, Mr. Aspin. I appreciate that.

We're moving along to Madame Blanchette-Lamothe.

You have the floor, ma'am.

[Translation]

Ms. Lysane Blanchette-Lamothe (Pierrefonds—Dollard, NDP): Thank you, Mr. Chair.

Good afternoon, Mr. Ferguson. Welcome.

You no doubt know that the Auditor General's report on the G8 Infrastructure Fund received a lot of attention. As for the granting of these funds, a parallel process was apparently launched and apparently prevented the Auditor General from getting to the bottom of things in that matter.

The report states that "Senior officials were not able to provide us with any information and said their input had not been sought as part of that process."

Do you think that the Auditor General's mandate should be reviewed to allow the AG to receive municipal and provincial documents when federal funds are involved?

[English]

Mr. Michael Ferguson: That's certainly not something I've given a lot of thought to at this point; I would have to take it under advisement.

My understanding of the legislation—and I believe it's very similar to the legislation in New Brunswick—is that in situations in which the Auditor General does not receive all of the information the Auditor General has asked for, the Auditor General is to report that fact to Parliament. That ends up being much of the role of this type of committee and of Parliament.

The Auditor General would have to work within the requirements and the restrictions of the legislation, but if the Auditor General felt that those restrictions were affecting a particular audit, then the Auditor General would raise that type of issue with this committee.

I can't really speak to any specific situation. I don't know the fact base behind any specific situation, so I can't give you an opinion on any specific set of facts.

[Translation]

Ms. Lysane Blanchette-Lamothe: Would you have an idea about a mechanism that the government could put in place to facilitate internal auditing, even when there are parallel processes?

[English]

Mr. Michael Ferguson: Do you mean, to make internal auditing easier? Did I understand that correctly?

Internal auditing is a process very similar to external auditing. Really, the only difference is the audience. I'm not sure that I can tell you anything in particular, off the top of my mind, that would say, if we made this change, it would improve the internal audit practice. That's something I would have to look at, to see how the actual internal audit function was being carried out. It's not something I could give you a recommendation on at this point; it's something I would have to look at.

[Translation]

Ms. Lysane Blanchette-Lamothe: Thank you.

One of the objectives of the audits of the financial statements by the Office of the Auditor General is to enable the main institutions involved to follow up on the office's observations.

In the spring 2011 report, the Auditor General recommended two things to the Treasury Board Secretariat. She recommended reviewing the methods used to determine what information needs to be presented to Parliament in the Supplementary Estimates. She also recommended modifying the process so that when Parliament needs to approve funding, it has clear and specific information about the intended use of the funds.

Do you support these recommendations? If so, would you intend to follow up on them and how?

• (1635)

[English]

Mr. Michael Ferguson: Those were recommendations of the Auditor General. Certainly, if they were recommendations of the Auditor General, they would be followed up in accordance with the normal process of the Auditor General's office. I know they have a process for follow-up—they decide which items to follow up. I'm not sure exactly what that process is, but certainly the process would be applied to any and all recommendations that were made.

If I am named to this post, I will definitely stand behind any recommendation that has been made by the Auditor General's office in the past.

The Chair: Thank you, Madame. The time has expired.

Next up is Ms. Bateman.

You have the floor, ma'am.

Ms. Joyce Bateman (Winnipeg South Centre, CPC): Thank you very much, Mr. Chairman.

Thank you so much for being here today and for giving us the opportunity to get to know you a little bit better, and for having given us purpose to study your CV, which in my view is very impressive. I'm a chartered accountant myself, and I really appreciate the comments you have made, and I truly appreciate that your value to the crown will be greater because you have worked on both sides of the equation. That's something we can be grateful for benefiting from.

I want to ask you some questions with an international focus. I'm very proud that we in Canada are so well regarded as a model, not only within the accounting profession, but when it comes to accountability in government. We have an incredibly open system. We allow the Auditor General to freely examine whatever he or she chooses to investigate and then to report publicly on those findings. Certainly we as government have improved things based on Auditor General findings in the past.

How do you see the role of the Auditor General—your role, *je l'espère*—in setting an example for other countries in the world in regard to that openness, that accountability piece?

Mr. Michael Ferguson: I believe that the Auditor General of Canada has very much established a leadership position over the last number of years under Ms. Fraser's leadership in terms of its reputation across the world for excellence in performance audits and excellence in financial audits. I think Canada also has a reputation for having very excellent accounting standards for governments, as established by the Public Sector Accounting Board.

So I don't think Canada takes a back seat to anybody, whether it be in terms of the quality of financial statements, the quality of accounting standards, or the quality of the audit work that is done. And I think it's very important for Canada to continue to deliver that message.

For me, as Auditor General, one of the most important parts of that is the recognition that we have an independent accounting standard-setter, that being the Public Sector Accounting Board, and it is absolutely imperative that each and every government comply with the accounting standards set by that board so that everyone has confidence that the financial statements are prepared appropriately and that auditors audit to that set of standards.

Again, I think Canada doesn't take a back seat to anybody and that the federal Auditor General's office very much has a leadership role to play.

• (1640)

Ms. Joyce Bateman: Thank you.

I greatly appreciate your comments on the PSAB, but what kind of work specifically can the Office of the Auditor General do to help other countries' governments improve their audit practices?

Mr. Michael Ferguson: I have personally been involved in work with Tanzania, in Africa, through the federal Auditor General's office, whereby we went over and did an assessment of the Tanzanian National Audit Office and its capabilities, particularly in such things as performance audits. We went through a rigorous analysis of their methodology, their outcomes, and the reports they produce and were able to provide them, I think, with a lot of good information. They were very receptive to it.

It also, though, taught me quite a bit. It taught me that there are a number of things you can learn from some of those developing countries. One thing—and I'm quite sure it exists in the federal Auditor General's office here as well, but it is something that in Canada we sometimes may tend to lose sight of—was that every single person in the National Audit Office in Tanzania recognized they had a role to play to make their country a better place. I'm sure this is also recognized in the Auditor General's office here in Canada, but I think we should never lose sight of it: that it is fundamental to the reason the Auditor General's office exists. It is to make better management of the federal government and to play a role in making Canada a better place.

Ms. Joyce Bateman: I so appreciate your comment, that you learned from that experience, too.

Are there—?

The Chair: I'm sorry, I was giving you a chance to close, but we're done.

Ms. Joyce Bateman: Oh, darn. I want to follow up.

Thank you very much, Mr. Chairman.

The Chair: Thank you, Madam.

We move along to Mr. Bélanger. You have the floor, sir.

[Translation]

Hon. Mauril Bélanger: Thank you, Mr. Chair.

Mr. Ferguson, last week, the president of the Public Service Commission, Ms. Barrados, appeared before a committee. In response to a question asked by a colleague on the appointment of individuals who would be in a position where bilingualism is essential, she said, and I'll quote her in English so you fully understand:

[English]

The way we operate in the public service is that the language requirement is an essential requirement. ... If you don't meet the language requirement, you don't get the job.

[Translation]

Do you have any comments about what Ms. Barrados said?

[English]

Mr. Michael Ferguson: I really don't have any comment, Mr. Chair.

[Translation]

Hon. Mauril Bélanger: Thank you.

Mr. Ferguson, the *Office of the Auditor General of Canada, 2009-10 Estimates, Performance Report* looks at aspects of accountability and indicators relating to staffing. The sixth element is "merit". This is what it has to say about that: "Persons appointed meet the essential qualifications, including official languages."

Since the Office of the Auditor General itself acknowledges that knowledge of both official languages is an essential requirement when it comes to merit, do you have any comments on that?

[English]

Mr. Michael Ferguson: I really don't have any comment, Mr. Chair.

[Translation]

Hon. Mauril Bélanger: Mr. Ferguson, I cannot assume what the outcome will be of the vote in the House or in the Senate, but based on the comments we've heard so far, your appointment may not be unanimous. There are five political parties represented in Parliament. Three of them are officially recognized. Based on the comments made so far by the parliamentarians, four of the five parties represented in the House will not be supporting your nomination.

The Auditor General is an agent of Parliament and it is not a government position. I cannot assume how the vote will turn out, but if the indications we have are correct, the only party represented in the House that would support you would be the governmental party.

Do you have any comments on that?

• (1645)

[English]

Mr. Michael Ferguson: Again, Mr. Chair, there's not much I can say on that. We'll have to wait and see what the vote is.

[Translation]

Hon. Mauril Bélanger: I would like to ask another question, Mr. Chair.

Within the Office of the Auditor General, many people report to the Auditor General. The Official Languages Act confers rights on these people. Naturally, they need to meet the language requirements of their position, but the act also gives them the right to work in the language of their choice. In certain cases, that would be French.

Do you think that your nomination could interfere with the rights of these people? These rights are guaranteed by legislation that is quasi-constitutional.

[English]

Mr. Michael Ferguson: The office of the Auditor General will have the capacity to make sure that every person in the office can continue to work in their language of choice. I will be absolutely committed to making sure that every person can continue to work in their language of choice; I fully respect that as a right for people. As I said, I'm sure the office has the capacity to make sure that this right will be protected for each and every employee of the office.

[Translation]

Hon. Mauril Bélanger: How will this right be respected in the interactions between senior managers in the Office of the Auditor General and you? I'm talking about direct interactions.

[English]

Mr. Michael Ferguson: Mr. Chair, the first thing we will have to determine is which language each and every senior level person selects to work in. For anyone who selects French, we will make sure that there are mechanisms in place to fully protect that right. That will be absolutely protected.

The Chair: Time has expired.

Mr. Dreeshen, you have the floor, sir.

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much, Mr. Chair, and thank you, Mr. Ferguson, for being here today.

We had an opportunity to meet when you were in Quebec City for the national meeting of auditors general and public accounts committees. I'd like to go back to some of the things you've had to do with your own public accounts committees in New Brunswick. During your remarks, one of the things you mentioned is the trust that is required in order to make sure Canadians get the results they deserve from the Auditor General's office, and from this committee as well. Perhaps you could expand on the relationships you had with your provincial counterparts, and how you would ensure that relationships with our committee remained such that we'll also have that confidence, which seems evident from what we hear from so many people—colleagues—who have endorsed your nomination.

Mr. Michael Ferguson: I always had a good working relationship with the public accounts committee in New Brunswick. I tended to release my reports to a combined meeting of the public accounts committee and the crown corporations committee. I always had a good working relationship with those committees. I would deliver my reports to them. They would have the chance to ask questions about them, so I think it's a fairly similar situation as here.

In New Brunswick, the frequency of meetings for the public accounts committee is much lower than the frequency here, so that will be a change for me. As I said, it is important that the Auditor General and this committee have a good working relationship. What I will do to express that is bring any report forward to the committee, and clearly explain what the issues are in the report, so that the committee has a full understanding of what the report is.

As you said, I have been at various meetings of public accounts committees and auditors general, so I have gotten a sense of how different public accounts committees work across the country. They don't all work the same way. Spending some time reflecting on that might also provide some opportunities to bring some thoughts forward to the committee.

• (1650)

Mr. Earl Dreeshen: You spoke of the 360-degree analysis that you are able to bring to this particular office.

Perhaps you can expand on the insights that you and your audit team have, and where you should be digging, because you've been in all different parts of the spectrum.

Mr. Michael Ferguson: As I said earlier, I think the audit process is a rigorous process. It's a process that is designed around identifying what areas the audit team should be looking at, perhaps doing some scoping work at first to figure out whether it looks like that area really is one where there could be some significant or useful findings, and then going through the process to identify what improvements need to be made in the particular area.

My experience, as I said, has been one of being able to look at government from both the inside and the outside. For example, one particular insight is that within the government department, I know it's possible that not everybody has the exact same understanding of a particular issue—so you do have to make sure that, as an auditor, you are asking multiple people. The individual who is directly responsible may have one set of understanding about a situation, but in fact their supervisor may know something else or something more about that situation. Making sure that enough people are being interviewed to gather the evidence is one thing.

As well, as I said before, it has become quite obvious to me that there are many things inside a government that can be improved. Making sure that the auditors are asking the right questions and digging down to enough level of detail would be another learning for me in terms of the different roles that I've played.

The Chair: Sorry. Your time has expired, Mr. Dreeshen.

Thank you very much.

Moving in rotation, we go to Mr. Caron.

[Translation]

Mr. Guy Caron: Thank you very much, Mr. Chair.

The lengthy notice of motion that I presented at the start, that I inflicted on the members here in the room and on the people watching on television, can be summarized easily. When we arrived in the House, after the May 2 election, 14 chapters of the report of the previous Auditor General had not yet been considered fully by this committee. The previous committee had done some work on seven of those chapters and they only needed to be presented again to get the government's response. For three of those chapters, we simply needed to wait for the committee to adopt the report to present them and get a response from the government. The committee still had work to do on three of them. There is also the matter of the 2010 Public Accounts of Canada report that has not yet been addressed by the committee.

I won't ask you for your opinion on the topics at hand, even though some of them were important. Among other things, we're talking about the cost overrun in the purchase of military helicopters. We're talking about the issue of the Public Sector Integrity Commissioner who had been fairly controversial. So there are important issues. I won't ask you for your opinion on those matters.

But I will ask you this. If you are appointed Auditor General and you need to present reports that may address important issues, what do you think the impact would be of seeing one of your reports ignored by this committee? I'm not talking about your work, but the quality of the government's response to those recommendations that wouldn't be considered by this committee?

• (1655)

[English]

Mr. Michael Ferguson: I guess, again, I'd have to know the situation better to give you a full response.

Certainly, the role of the Auditor General, as I understand it, is to present reports, make recommendations, and bring those recommendations forward. Then, as I understand it also, the Auditor General's office does do some work in terms of following up on some of those recommendations, to see whether government has implemented them.

Sometimes, in my own experience, if the New Brunswick government hadn't implemented some recommendations we felt needed to be implemented, we might go back and do a follow-up audit on the same area, for example.

Certainly, the role of the Auditor General is to bring the report forward, make the recommendations, and bring the report to this committee, so that this committee can then use those reports to ask questions of the government and to help hold the government accountable.

[Translation]

Mr. Guy Caron: Thank you.

Briefly, in less than a minute if possible, could you explain the differences you see between the two mandates? We know that the numbers are different and that the scope is different. Aside from the size of the numbers, could you explain the differences in the mandate between the role of auditor general of New Brunswick, a position you held for five years, and that of the Auditor General of Canada? Do you see a difference in the approach?

[English]

Mr. Michael Ferguson: Fundamentally, the roles are very similar. In fact, when I look at the legislation for the Auditor General of Canada versus that for New Brunswick, they're very similar. The scope is very similar—financial audits, performance audits, compliance audits, and special reviews. The main difference is that the federal Auditor General has the sustainable development mandate in terms of the environment.

[Translation]

Mr. Guy Caron: I'm going to quote a passage that I'll read slowly. I know I tend to speak quickly and I want to make sure the interpretation is clear.

The site of the New Brunswick Progressive Conservative Party states that, last year, the auditor general [Mr. Ferguson] said that there was a \$400 million deficit and that it would be better for New Brunswick if more people were working and paying less taxes. This year, the auditor general said again that the province was collecting too much tax and that the economic data did not justify higher taxes. Michael Ferguson said that he felt high taxes hinder the economy.

Did you make these comments as reported on the Progressive Conservative site?

[English]

Mr. Michael Ferguson: I certainly don't know the context of that quote. I would have to know. I don't remember making those statements.

I'm not saying—I don't remember making those statements.

I would have to see where that was quoted from to be able to make a comment on that.

The Chair: Sorry, your time has expired.

The last speaker in rotation is our guest colleague, Mr. Warawa. Welcome, and you have the floor.

Mr. Mark Warawa (Langley, CPC): Thank you, Chair.

Mr. Ferguson, thank you for being here. I read your CV and was very impressed. The selection process for the next Auditor General of Canada has been a very thorough, national search, and I want to congratulate you on being nominated for this position.

Regrettably, there have been some who have prejudged your suitability for this position and even before you were here today said they will not be supporting you. As I said, I find that regrettable.

I'd like to focus on the selection criteria that was established. There were 28 points, and one of those was language skills. I too need to improve my French, but yours is far better than mine. I'd like to focus on those 28 points, so I'm just going to go through them quickly, and you can make comments on whether you see yourself as being suitable.

From the briefing and CV, it appears to me you are very qualified and very capable of doing audits, and would do a good job for this country, but the selection criteria begins with your having a degree from a recognized university, preferably from a university specializing in accounting. Do you have that?

•(1700)

Mr. Michael Ferguson: Yes, Mr. Chair.

Are we really going to go through all 28 of these?

Voices: Oh, oh!

Mr. Mark Warawa: Yes, Chair, I would like to do that because I believe Mr. Ferguson is very qualified, and some around the table, surprisingly, are focusing on only one of those 28 qualifications.

Are you a candidate who is a highly competent, seasoned chartered accountant and auditor?

Mr. Michael Ferguson: I believe so.

Mr. Mark Warawa: Thank you.

Do you have proven leadership and management experience at the senior executive level in large, complex, private or public sector organizations?

I would say yes.

Mr. Michael Ferguson: I believe so.

Mr. Mark Warawa: Do you have experience in auditing complex organizations, including audits and value-for-money audits in human resources management optimization?

Mr. Michael Ferguson: I believe so.

Mr. Mark Warawa: Do you demonstrate skills in strategic management and organizational change, particularly in circumstances where financial or human resource constraints are major factors?

Mr. Michael Ferguson: Yes.

Mr. Mark Warawa: Do you have a good understanding of the role, responsibilities, and policies of the Office of the Auditor General?

Mr. Michael Ferguson: I believe so.

Mr. Mark Warawa: Do you have a good understanding of the Canadian parliamentary system and how governments operate, the roles and responsibilities of deputy heads, and the management environment of the public service?

Mr. Michael Ferguson: Certainly at the provincial level.

Mr. Mark Warawa: Do you have knowledge of current Canadian and international developments within the accounting and auditing fields, including international financial reporting standards, international standards for auditing, and the implications of governments and crown corporations and experience in other jurisdictions with practices such as accrual-based appropriations and environmental auditing?

Mr. Michael Ferguson: Yes.

Mr. Mark Warawa: Chair, I could go through all 28 of these points. I think, in the interest of moving along, Mr. Ferguson needs to be treated fairly. We should look at his abilities, his qualifications. As I said, this has been a national search. He has been recommended to this committee and he has promised to improve and focus on his language skills, but his accounting skills are exemplary. I think he would provide a great future in auditing for Canada.

Mr. Ferguson, you said your definition of success in this role would constitute the strategic outcome and expected results that have been itemized in performance reports. Could you elaborate on your definition of success?

Mr. Michael Ferguson: When I look at what the federal Auditor General's office has said in the past in terms of things like their strategic outcome, it's to have well-managed and accountable government for Canadians by helping to keep Parliament well informed and engaged. I think that is a fundamentally sound summary of the vision for the office. The focus should be on well-managed government, on an accountable government, and the intended audience is all Canadians—and by “Canadians”, I don't just mean taxpayers. Taxpayers are one group, but also citizens who receive services from the federal government. The way to ensure that we have a well-managed and accountable government is to keep Parliament informed and engaged.

I think that sums up what the role of the federal Auditor General and the Office of the Auditor General is all about.

The Chair: Thank you. Time has expired.

That ends the rotation of questions.

Yes, I see you, Mr. Caron, but I have some things to say first.

With regard to the next steps, as I mentioned at the outset, it's entirely optional what this committee does. You've made the one decision to hold this hearing. There is now a decision to be made as to whether we will report to the House that we have had such a hearing. The second part of that is would there be a recommendation contained in there, and what would that recommendation be.

I remind committee that the rules provide that we have up to 30 calendar days in which to study this. If we haven't reported to the House within those 30 days, we will have forfeited that right. We will be deemed to have chosen not to report to the House and the opinion of this committee will be silent throughout the process. That is entirely legitimate and entirely within the purview of this committee to decide.

Are we clear on what our options are? Are there any questions about procedure?

Monsieur Bélanger.

•(1705)

[*Translation*]

Hon. Mauril Bélanger: Mr. Chair, can the committee invite other people, for example the people from the search firm that was hired to look for potential candidates? It would seem that they did not respect the requirements.

You know, Mr. Chair—I don't want to get into polemics, but we can if we want to—we're talking about certain requirements. Let me ask you a question. If the candidates presented to us had been unilingual francophones, what kind of reaction would there have been across Canada, Mr. Chair? We're talking about rights here. It's the very basis of our country. These are not insignificant matters.

I would like to know whether the committee could call other witnesses or groups.

[*English*]

The Chair: The second part I can't comment on; it was actually more debate than question, as I think the member knows.

In answer to your question, from what I see, and I stand to be corrected by the clerk, the rules are silent around how we would go about studying the proposed appointment. In the absence of any words providing that parameter, I would likely rule, if that motion were put, that it's in order. If this committee decided that as part of its review it wanted to take extra steps or other steps, I would rule that is within the purview of the committee to decide—recognizing, of course, it's by majority decision. I would not rule it out of order if that motion were placed.

Is there anything further on procedure?

Monsieur Caron.

[*Translation*]

Mr. Guy Caron: Before that question was asked, I had one about this meeting. Given that we are making an important choice now, I just want to know whether the members of this committee agree to continue with one more round of questions. Since we must choose one person for the next 10 years, I think that it would be important to know as much as possible about that person. What I mean by one more round of questions, is one question per party represented on this committee.

[*English*]

The Chair: Very well, I'll accept that as a motion.

I'm being "clarified"—that's why we have clerks—that apparently the government can move before the 30 days has expired. There is no guarantee that if the committee took time beyond today, assuming nothing happened in the House while we were here, the opinion would be part of the consideration. I have no idea what the government plans are, but apparently they have that right.

I just don't want members to think, as I had, that the 30 days holds up the process until it has expired or we have responded. That is not the case. Apparently the government does maintain the right to move this in front of the House at any time.

I didn't hear any further clarifications. I think I dealt with them all.

I heard a suggestion for next steps, that there be another round of questions.

Is that a full round?

[*Translation*]

Mr. Guy Caron: I'm talking about one question per party.

[*English*]

The Chair: Okay: one per party. I'll take that as a motion.

Is there debate?

Mr. Saxton.

Mr. Andrew Saxton: Could I hear the motion one more time, please?

The Chair: Sure.

Monsieur Caron.

[*Translation*]

Mr. Guy Caron: I move that we continue with a round of questions of five minutes per party. So it would be three more five-minute periods.

This is an important choice. I just want to explain the reasons for this request. We have before us a potential candidate who, if chosen, will be in this position for 10 years.

● (1710)

[*English*]

The Chair: Okay, I hear you. It's just that there was a clarification to have it read back to me, and you're sliding into debate.

So it is with Mr. Saxton. The motion is duly moved. You've heard it a second time.

You have the floor.

Mr. Andrew Saxton: Thank you, Mr. Chair.

I would like to say, first of all, we have no problem with continuing questioning of the witness, but we should stick to our pre-agreed upon order of questioning, which is to then start all over again.

That's what we would do, if you wish, Mr. Caron, to continue questioning: we will start over with the normal rotation.

That is my proposal.

The Chair: Now your motion was that there be one per...

Somebody can challenge me, and I'll think about it harder, but at first blush I'll take that as an appropriate amendment. If I'm hearing it correctly, it's that you'd agree with the main motion but you would amend it to say we would go in full rotation—

Mr. Andrew Saxton: Correct.

The Chair: —as is our normal procedure. So we'd repeat what we've just done.

Mr. Andrew Saxton: Yes.

The Chair: That's the amendment. I will take that as an amendment.

Mr. Andrew Saxton: Until time has expired.

The Chair: Oh, until the time has expired for today.

Mr. Andrew Saxton: Yes, correct.

The Chair: Very well.

Okay, you've heard the amendment. The amendment is now debatable.

Hon. Mauril Bélanger: I heard the amendment, and I understand the consequences of the amendment, so a question to you, Mr. Chairman, is what is the time per intervention? Is it still five minutes, or are you down to two minutes so that all parties can have a crack at it?

The Chair: The amendment, as I'm taking it, is that we would do the regular routes of procedure, so we would repeat, and it would be five minutes.

Is there anything further on the amendment?

(Amendment agreed to)

The Chair: On the main motion as amended, the floor is open for debate.

(Motion as amended agreed to)

The Chair: The motion is carried and so ordered. We'll begin another rotation.

Therefore, Mr. Saxton, you now have the floor, sir, for five minutes.

Mr. Andrew Saxton: Thank you, Mr. Chair.

First of all, I want to say that today is the first time I've met Mr. Ferguson. It's the first time I have had a chance to talk with him, both in English as well as French, and as somebody who has learned French—an anglophone myself—I can tell you that Mr. Ferguson definitely is not a beginner.

I am very impressed with your progress to date, and in fact I am quite surprised at your progress to date. If this continues, I have no doubt you will very soon be very conversant in the French language.

Now I would like to read a quote to the committee, which I have in front of me:

But however stern he might be, he was always fair and always principled. And you can't argue with his main message to any government of the day - that government must be as open and transparent as possible when dealing with taxpayers' money.

Mr. Chair, this is a quote from the New Brunswick Liberal leader, Victor Boudreau, and he is of course referring to our nominated candidate for Auditor General, Mr. Ferguson.

This is yet another of the long list of testimonials of people, from all different parties, who have worked with Mr. Ferguson and who have glowing things to say about him.

Earlier, my colleague, Mr. Warawa, also started to go through the long list of criteria for this position, and it became very clear and evident that Mr. Ferguson qualifies under all of the criteria. The one issue is regarding his language proficiency, and I think that has been already dealt with ad nauseam today.

Mr. Ferguson, during your time as Auditor General of New Brunswick, you ran an office of 22 people, with an annual budget of \$1.8 million. Can you please elaborate on how you increased your individual productivity to add value to the taxpayers of New Brunswick?

Mr. Michael Ferguson: With that small of an office, in terms of the number of people and dollars, we had to be very strategic in how we selected audits. We had to be very strategic in how we scoped the audits because the danger was that we could use up all of our performance auditors on one audit that would take 18 months and then we would have nothing to report to the legislature.

We had to be very thorough and diligent in terms of selecting what audits needed to be done, in assigning people to those audits, in scoping the audits appropriately, and then in producing a report. I think we produced about four performance audits a year.

I'm very proud of the productivity we had when you compare it to the inputs we had, and I'm also very proud of the outcomes and the

recommendations we made in those reports. We very much were “to the bone”, and I think we managed that very well.

● (1715)

Mr. Andrew Saxton: Thank you.

You've served in the New Brunswick provincial government since 1985, I believe. How will you interweave your vast amount of technical knowledge with the soft skills you've acquired over the years to ensure effectiveness as the Auditor General of Canada?

Mr. Michael Ferguson: As I've said a number of times, auditing is a rigorous process. It seems in a lot of situations to be a mechanical process. But at the heart of the success of any audit organization are the people. It is extremely important to build an environment for the people in the office so they can succeed.

One thing I have been very proud of in my career is the many people who have appreciated the way I've supported them or the environment I've given them to work in so they can succeed. Fundamentally, one of the most important things in making an audit office successful is giving people the environment they can flourish in, they can succeed in, they're respected in, and that helps them reach their aspirations.

Mr. Andrew Saxton: Thank you, Mr. Chair.

The Chair: Very good. Thank you, Mr. Saxton.

We now have Monsieur Caron.

You have the floor, sir.

[*Translation*]

Mr. Guy Caron: Thank you very much.

I would like to come back to the question I asked earlier when I quoted what was on the website of the Progressive Conservative Party of New Brunswick. You said that you did not remember what you said. I'm willing to accept that.

But the quote itself isn't necessarily about taxes. It's not about whether people should pay more or less tax or if taxes should be higher or lower, but rather about the role. When you were the auditor general of New Brunswick, were you responsible for commenting on the government's fiscal policy? Was that part of your responsibilities as auditor general?

[*English*]

Mr. Michael Ferguson: No, as a rule we stayed away from policy discussions. If we were doing an audit, auditing the government's compliance with the policy, and found that the government was not complying with the policy, we would make a recommendation that the government either comply with the policy, since it was in place, or change the policy, but we wouldn't say to what the policy should be changed.

[*Translation*]

Mr. Guy Caron: This is your understanding of what your mandate or your role as Auditor General of Canada should be?

[*English*]

Mr. Michael Ferguson: That's right.

[Translation]

Mr. Guy Caron: What you said, or what was reported on the website of the New Brunswick Progressive Conservative Party as being statements you made, does not necessarily represent a philosophy that you would agree with as auditor general because this is specifically about fiscal policies.

Do you want me to read it again?

[English]

Mr. Michael Ferguson: No, I heard it.

As Auditor General I very much believe that a government needs to live within its means and be able to afford the programs it is paying for. The reason is that it's fundamentally important to make the social programs that the citizens of the country need sustainable.

On how tax policy fits into something like that, it's just one piece of a number of policies. But my fundamental umbrella belief is that a government needs to figure out how to live within its means so that it is not incurring debt to pay for services it's delivering today.

• (1720)

[Translation]

Mr. Guy Caron: So you are talking about a general philosophy, but not necessarily about specific comments by the auditor general on fiscal policies. We need to control public spending and I think that everyone agrees that it needs to be done in a sustainable way. But it's not the auditor general's role to take a position on debates about the government's fiscal policies.

[English]

Mr. Michael Ferguson: That's right.

[Translation]

Mr. Guy Caron: Okay.

I have one last quick question, if I may.

The previous Auditor General, Ms. Fraser, had a key project—I think the committee members will acknowledge this—which was to look into the particular issue of the first nations, a problematic situation that unfortunately continues. Do you yourself have a key project that you would like to focus on in the next 10 years?

[English]

Mr. Michael Ferguson: That would be something where I would work with the office as a whole, to determine the right priorities for the office to look into. So I'm not going to go in with any preconceived notions saying, "This is what we're going to look at." I would work together with the whole team to determine what our priorities should be.

[Translation]

Mr. Guy Caron: Thank you.

Do I have any time left?

[English]

The Chair: You still have 30 seconds.

[Translation]

Mr. Guy Caron: I'll let the remaining 30 seconds go.

[English]

The Chair: You're good? Okay.

We will move to the government benches, and I understand that Ms. Bateman and Mr. Hayes are going to split their time. Is that news to you or...?

Ms. Joyce Bateman: He just said that if I take it all, it's okay. What a nice colleague.

The Chair: Well, I'll tell you what—you have the floor, and what you do with it for five minutes is up to you.

[Translation]

Ms. Joyce Bateman: Okay. Thank you.

[English]

Thank you so much, Mr. Chair.

We were just getting started on a good conversation last time about the professional development that you had the privilege of sharing when you went to Tanzania, and it made me think about the importance of professional development for your team. I just want to make that question a little broader, because your comments about having to be strategic are so appreciated. This government is delivering accountability at an unprecedented level, and it's what we want to accomplish; when we hear that somebody—such as yourself—has actually been strategic and achieved a significant amount, it really matters.

What I want to find out is how you engage your staff, because, pro rata, it's almost as small as your former staff, based on the incremental resources and programs that you will be auditing. How do you engage your staff to get the best possible creativity out of them and—much as you were saying—lead by example, engaging your team? This is a very particular business, and you need people to be very creative when they're looking; it's not about you saying you're going to go and audit this. People have to be creative. How do you enhance that? How do you enable your team to be the best they can? Obviously, I mean within the context of professionalism of the accounting profession.

Mr. Michael Ferguson: The only way I can answer that is to say I certainly encourage that type of thinking—the creative thinking, looking for different solutions to a particular issue. I think that's important, and I try to encourage that, usually through engaging in meetings and having discussions with staff about a particular issue, and trying to help them explore the situation. But fundamentally, the creativity of people comes out when they are simply given the opportunity to use their own creativity—when they are encouraged to look at the issue from a different perspective.

That's why I say, in the audit world, one of the things that I would challenge auditors on is if they have a recommendation, how would they actually implement the recommendation? They have to think of it from the point of view of somebody who is on the receiving end of the recommendation as well.

Too often, as auditors, we can take the easy way out and say, "The government should spend more money on...." That is just too easy a recommendation. It is simply a matter of trying to open up that discussion and giving people the room to explore their own creativity.

You mentioned professional development. In the New Brunswick auditor general's office, we went through a couple years of budget reductions. One thing I told the legislative administrative committee was, "Yes, we will take the budget reductions, but we are not reducing training," because to have a well-run, well-functioning audit office, you have to have people who are current, up-to-date, and understand what the rules around auditing are. I always felt that the right amount of focused training had to be done and you couldn't reduce that as part of a budget exercise.

• (1725)

Ms. Joyce Bateman: That's so appreciated.

Have I left my colleague...?

The Chair: You have 30 seconds.

Ms. Joyce Bateman: Thank you so much.

The Chair: There you go, Mr. Hayes. Rip 'er up.

Mr. Bryan Hayes: Thank you.

Auditors general should value accountability and strong fiscal management. And colleagues who have worked with you have applauded your expertise in deficit reduction and fiscal restraint. Others have praised the critical nature you apply to your work, as well as your honesty and thoroughness.

Can you share with us a couple of thoughts on what accountability and fiscal management mean to you?

Mr. Michael Ferguson: One thing I would focus in on is that when I was auditor general I made the recommendation to the previous government that it needed to implement a long-term budget plan. It had made a commitment to get back to a balanced budget, but I felt it had issued some targets and hadn't issued a plan.

Stepping into the role of Deputy Minister of Finance, of course, now means I myself have to live with that recommendation. So we, in the New Brunswick government, are very much right now going through an exercise—and it's not just the Department of Finance, it's really being led out of the executive council office—to develop a long-term plan that is more than just saying here's what the targeted deficit numbers are. Rather, it's something that has more information behind it in terms of how we're going to get back to a balanced budget.

The Chair: Thank you. We're a little over and I have to cut it there, sir. Sorry.

Mr. Andrew Saxton: Mr. Chairman, I have a point of order. Given that the time has almost expired, I'd like to raise a point of order.

First of all, I understand that the clerk has prepared a motion approving Mr. Ferguson as the Auditor General—

The Chair: I'm waiting for a point of order. What interrupts the proceedings? Please tell me.

Mr. Andrew Saxton: The clerk has a motion proposing that Mr. Ferguson be approved, and I'd like to see that motion.

The Chair: Well, you're welcome to come over here and have a look at it. But I don't see how that interrupts the rotational speaking. That's what I'm trying to get at.

Mr. Andrew Saxton: We've got two minutes left, Mr. Chair. This has to be introduced prior to the end of the—

The Chair: I have to say that I was kind of surprised when people voted to run the clock, but that's basically what's going to happen. Under the order of this committee, by virtue of your own vote, you said we were going to stay in rotation until the end of this meeting. So unless I hear something that's a point of order, I am immediately going to—

Mr. Andrew Saxton: I have a point of order.

The Chair: Hang on. Please.

Mr. Andrew Saxton: I would like to have the clerk present to the committee the motion that she has prepared.

The Chair: Mr. Saxton, please. Right or wrong, when I ask you to be quiet, I would hope you would respect that.

Mr. Andrew Saxton: Mr. Chair, when I ask you to show a motion, I would hope you would respect that as well.

The Chair: Mr. Saxton, you're trying my patience. Now, please.

Turn that microphone off, please. Thank you.

The next step is that Monsieur Godin has a fraction of the time left. He will start. I will interrupt him when we hit 5:30. This committee then stands adjourned. That's the way we're going.

The point of order had better be very clear and quick, Madame Bateman.

Ms. Joyce Bateman: I have a point of order, sir. As you know, I'm a new member of Parliament. And I want to understand the process here. I just want to understand, if there is a motion and we're deferring that, whether that means that—

The Chair: No. There is no motion. There is nothing out of order. The committee made a decision, and the committee's decision is what decides. The committee decided it was going to continue rotation until the end of this meeting.

Ms. Joyce Bateman: No, but—

The Chair: No, I'm sorry. I'm not hearing any point of order. I am immediately....

Turn that mike off, please. Turn all the mikes off. Thank you.

Turn on Mr. Godin's microphone. He has the floor for about one minute.

[*Translation*]

Mr. Yvon Godin: Thank you, Mr. Chair.

Mr. Ferguson, you heard MP Mark Warawa say earlier that out of the 28 criteria, there was one that you did not meet and he was willing to put forward the 28. For you, in your experience and as a good Canadian who wants to respect...

• (1730)

[*English*]

The Chair: I'll take your point of order.

Mr. Mark Warawa: Mr. Chair, I have been inappropriately and incorrectly quoted. Mr. Godin has said something that I did not say. I would ask you to make sure that if Mr. Godin is going to quote a member of this committee, he does it properly.

The Chair: Very good. Obviously I don't have the evidence in front of me.

Monsieur Godin, you have two seconds. Say your bit, and then we'll go to Mr. Ferguson.

[*Translation*]

Mr. Yvon Godin: The only problem we have with you, Mr. Ferguson, is that you don't speak French. My colleague, Mr. Saxton, said that your French is much better than his, but each time you had to answer questions, you either said you could not do so in French, Mr. Ferguson, or you read a text.

[*English*]

Mr. Andrew Saxton: Mr. Chair, I would like to just...

Mr. Godin, you are misrepresenting what I said.

The Chair: Hold on. Stop it.

Turn those mikes off, please—all of them.

Mr. Andrew Saxton: I ask that Mr. Godin retract what he said. That was wrong.

The Chair: Mr. Saxton, you are acting dishonourably. Stop it. Yes, you are. You are disregarding the chair.

Everyone, please be quiet right now.

This committee is adjourned.

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