

Standing Committee on Public Accounts

Thursday, February 3, 2011

• (1535)

[English]

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

Thank you, colleagues, for your patience. We'll begin the session. We have a couple of business items to report to the committee.

The Subcommittee on Agenda and Procedure of the Standing Committee on Public Accounts met yesterday, and I have the honour to present its 16th report. I believe all colleagues have a copy of that report before them. You'll see that the subcommittee met on Wednesday, February 2, to consider the business of the committee. It agreed to make the following recommendations:

That, in relation to the motion adopted by the Committee on Thursday, October 28, 2010, the Committee schedule an additional hearing on Chapter 6, "Acquisition of Military Helicopters," of the Fall 2010 Report of the Auditor General of Canada; and that the following witnesses be invited to appear on Tuesday, February 15, 2011:

Chief Financial Officer, Department of National Defence

Chief Financial Officer, Department of Public Works and Government Services Senior officials, Treasury Board Secretariat of Canada.

I have Mr. Saxton first and Mr. Kramp second.

Mr. Andrew Saxton (North Vancouver, CPC): Mr. Chair, I'd like to ask if these are exactly the same people who were here the last time we interviewed or had these witnesses present. Is it the entire slot of witnesses that we had last time?

The Chair: I think you probably know the answer yourself if you have a committee Hansard before you. I don't, but the clerk advises me that we had the deputy ministers and senior officials from Treasury Board.

Mr. Andrew Saxton: So it's exactly the same slate of witnesses that we had last time. I remember there were quite a few last time.

The Chair: Mr. Saxton, I take pains to indicate that this list says the chief financial officer, Department of National Defence.

Mr. Andrew Saxton: Deputy ministers are often financial officers too. Is it the same slate or is it not the same?

The Chair: Mr. Saxton, I'll read to you who was at the meeting. I welcomed them and I read them into the record. Here it is.

Let me welcome today, from the office of the Auditor General of Canada, Madam Sheila Fraser, Auditor General of Canada; Monsieur Jerome Berthelette, Assistant Auditor General; and John Reed, Principal.

From the Department of National Defence, we have Mr. Robert Fonberg, Deputy Minister; Lieutenant-General André Deschamps, Chief of the Air Staff; Vice-Admiral Bruce Donaldson, Vice-Chief of the Defence Staff; and Mr. Dan Ross, Assistant Deputy Minister (Materiel). From the Department of Public Works and Government Services, we have Monsieur François Guimont, Deputy Minister and Deputy Receiver General for Canada; and Mr. Tom Ring, Assistant Deputy Minister, Acquisitions Branch.

From the Treasury Board Secretariat, we have Mr. John Ossowski, Assistant Secretary, International Affairs, Security and Justice.

Does that answer your question?

Mr. Andrew Saxton: The answer to my question, then, is that it's not the same witnesses. It sounds as though you've pared it down significantly. Is that correct?

The Chair: Mr. Saxton, I don't know whether you're asking me to give you factual information. I just told you who was there and I answered who's here now.

Mr. Andrew Saxton: I just want an answer to the question. It's a very simple question.

The Chair: The answer is fairly obvious. It's in writing. We're asking for the chief financial officer—that would be the deputy minister, because the chief financial officer of the Department of Public Works would be the deputy minister—and senior officials from Treasury Board.

Mr. Andrew Saxton: So it's a significantly reduced number from the last time.

The Chair: It would appear. That doesn't prevent any departments from coming with additional staff.

Mr. Andrew Saxton: Mr. Chair, obviously the reason I'm bringing this up is, first of all, that it's very expensive and time-consuming for these witnesses to come back. We had these witnesses for an entire session last time. As I recall, there was extra time available during that session. I specifically remember there being quite a bit of time left over. You asked people if they had supplementary questions because there was so much time left over, so if there were questions to ask these people, they could have been asked last time. There was ample time. In fact, there was extra time, so I'm just wondering whether it's really in our best interest and the committee's best interest and the best interest of the witnesses to bring them back to rehash exactly what happened last time, when we had extra time last time to ask all the questions we wanted. Every member of this committee had all the time in the world to ask questions last time.

I think it's a waste of time and a waste of resources.

The Chair: Go ahead, Mr. Kramp.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Chair, in a similar vein, of course I put forward these concerns at the steering committee. This matter has been before the defence committee; it's been before government operations; it was fully before public accounts. I'm wondering how long we go on with an issue like this. We are bringing in a significant number of very senior people to ask questions when basically everything was black and white. It wasn't "I think", "I thought", "I could"; it was "I did this", "I did this". It was not subjective in any particular matter. These were factual answers given to factual questions.

Obviously the opposition members have a purpose or an intent. Perhaps they can share this with us. Perhaps there's a line of questioning that the government is not familiar with. Perhaps there is some direction that we need to have these witnesses here at a phenomenal cost to give this committee a sense of purpose.

I just don't want to see this committee go forward and keep on calling witnesses back again and again unless we have a clearly defined purpose. If we have a clearly defined purpose and it's made clear to the committee members, then obviously I as a member, and I think other government members, would find...but there has to be something that we're looking for.

We responded to a report by the Auditor General. The Auditor General herself was here. We had all three sides of the equation. We had the full appropriation process through Public Works. We had the DND officials here, and we had the Auditor General's department here. We were able to go back and forth with them all, and there were no outstanding issues left at the end, unless a particular member had something in particular that didn't come up at that particular point. I find it an awful waste of time to bring everybody back here.

If they wish to bring back a witness for a specific purpose for a specific question, then bring them back, but what are we doing on this hobby horse again? I spoke against it at committee, and it doesn't matter whether it's this or other issues: I would take the same position. Let us verify and validate the reason to bring witnesses in. Then we do it. Otherwise, I don't really know where we're going.

We are public accounts. We are not a committee that evaluates the ongoing decisions on policy or matters affecting government and/or the country. We deal with the reports of the Auditor General, and that is specifically what we were doing and specifically what we did. This is a horrendous waste of taxpayers' money to go down this way. I don't think we're doing justice either to our integrity as a committee or to the efficiency of the taxpayers' dollars.

• (1540)

The Chair: Okay.

Next on our list is Mr. D'Amours.

[Translation]

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Thank you, Mr. Chair.

I want to start with a comment I have made more than once. Initially, I had asked that we set aside a specific series of days for the helicopter file. The members of the Conservative Party told me that we could hold a first meeting, and if necessary, the committee could easily request additional meetings for further study. They were able to convince me of that. But that is not at all what I am hearing today. Nevertheless, I will respect their position.

Furthermore, certain things happened during our last meeting and have transpired since. If I may, Mr. Chair, I would venture that the members of the Conservative Party might consider the matter more carefully once I have read a few paragraphs from a letter sent by the Auditor General of Canada further to the committee's December 7, 2010 meeting.

[English]

The Chair: That's a letter that came to me, and we distributed it to everybody. Everybody should have had it.

Clerk, did you sent it out?

Just a moment, please.

The clerk sent it out on December 15. I want everybody to have a copy.

Do you have a copy for everyone? If he's going to read from something, everybody will have the same copy.

• (1545)

[Translation]

Mr. Jean-Claude D'Amours: Mr. Chair, if I may, I would like to read these few short paragraphs to make sure that everyone is on the same page. I hope that the members of the Conservative Party will cooperate so that we can delve further into the matter and stop claiming that there are no outstanding issues. I think this will shed light on many things. I am not convinced that we have gotten all the answers. The letter reads as follows:

Dear Mr. Volpe:

This letter is further to the Public Accounts Committee hearing held on 7 December 2010 regarding Chapter 6 of my fall 2010 report, Acquisition of Military Helicopters. I am concerned that there were a few areas of testimony provided by officials from the Department of National Defence (DND) that could lead the committee to conclude that the Department was disagreeing with the facts as presented in our report. I provide the following information for further clarification.

Chinook Helicopter Cost Increases

During the hearing, DND officials stated that the increase in cost between the submissions to the Treasury Board in 2006 and 2009 was about 10%. On the other hand, our report indicated that "Canadian-required modifications increased the cost of each aircraft by 70% more than initially quoted by Boeing in early 2006".

That is in paragraph 6.62.

I will now skip to the next paragraph in the letter to speed things up.

Impact on Training and Operations

During the meeting, DND officials indicated that they do not anticipate cost overruns to have any effect on operations or training. However, our chapter noted that the Department has observed that it may have to take measures to reduce the pressure on the maintenance budget because it had not sought additional funding for in-service support for the Cyclone. These measures include reducing the number of anticipated flying hours (paragraph 6.39). This observation was based on DND's own assessment. Minutes of Program Management Board meetings mentioned on a number of occasions that training and operational flying hours may have to be reduced given that the costs for personnel, operations, and maintenance for the new Cyclone would be \$1.1 billion more than those for the Sea King helicopter.

I will stop there, Mr. Chair. From these few paragraphs, it is perfectly clear that some things may not have been correctly explained by certain individuals. Perhaps the information was not presented properly, or perhaps certain individuals should justify the information they gave us on December 7, 2010. We heard that that would be a pointless use of resources, yet we are talking about costs that are already in the billions. Furthermore, there may be a need to reduce the operations budget and flying hours. I think we have reason to further question the officials for clarification regarding their statements and those of the Auditor General, and in relation to the letter we received further to the committee's December 7, 2010 meeting.

I think that is pretty clear, and the government members should just accept that we need to pursue this and spend another meeting looking at these issues. Let's not forget what I said in the beginning, Mr. Chair. I was assured that, if necessary, the committee would hold more meetings in connection with this file, which involves billions of dollars. And today, I am just as convinced as I was before that it is indeed necessary.

Thank you.

[English]

The Chair: We'll go to Mr. Kramp.

Mr. Daryl Kramp: Thank you, Chair.

I think the letter itself is self-explanatory. It deals with the issue of discrepancies. It basically states that there was some...not disagreement, but difference of opinion between the department and the Auditor General as to the veracity of the subject. They stated the classic example right there in the second paragraph. They reduced it from 16 to 15, and then they reduced the number of operating bases from two to one. Well, obviously that is going to impact the costing. That's very clear. It is there.

I just don't see that this is a problem. I honestly don't.

If you wish to bring the Auditor General back in to say that we think this is a problem and to ask her to tell us why, then please do so, but to bring everybody back.... I certainly don't see this as a problem. The Auditor General may identify it as such, and how and why, but at that particular point she just stated that there was a disagreement in the manner in which they were assessing the information because they didn't have exact information and the pieces of information didn't complement one another with exact figures. They identified what it was.

If there's more to that and the Auditor General identifies it to us, then by all means let's pursue it, but I see no reason to go down this route. The only other point I would like to make—and I am concerned and will deal with my own staff on this—is that I have not seen this before. If that is a problem within my own staff's responsibilities, I'll deal with it at that particular point.

It's unfortunate that we have something that's just come out at committee. I hope that there are no other members in the same situation as I am on this matter.

• (1550)

The Chair: The clerk has a record of sending it out on December 15, in the morning. That's not to suggest that at about that time of the year some of the correspondence might not have gotten to all of us. I got it and I made sure that everybody had a copy, or at least I gave instructions for that to happen. That said, I don't think it takes away from the fact that correspondence did come and that it says what it says.

Mr. Daryl Kramp: That's no problem.

The Chair: Okay.

Go ahead, Madame Faille.

[Translation]

Ms. Meili Faille (Vaudreuil-Soulanges, BQ): I just wanted to express my support for what Jean-Claude D'Amours said. Some of the things that were said at the beginning of today's meeting are completely inaccurate. I had more questions I wanted to ask at the meeting. My name was on the list, but we ran out of time. And since we had already agreed on the possibility of holding another meeting, I supported the motion to that effect.

As for the people on the witness list, I am especially interested in hearing from the head of DND and the Treasury Board officials, in light of the conflicting statements. I would like to ask them about that. This seldom happens, but it seems that I did not see the Auditor General's letter. In the last paragraph, she offers some suggestions on specific issues the committee may wish to look into further. I would readily submit to the Auditor General's suggestion that we question the witnesses regarding these costs.

[English]

The Chair: Okay.

We'll go to Mr. Christopherson.

Mr. David Christopherson: Thanks, Chair.

As I said at the steering committee, I'm at a bit of a disadvantage in that I wasn't here for that actual meeting. I was at another committee. One of my colleagues was subbing in.

I also want to say that I feel very strongly about Mr. Kramp's making reference to the integrity of this committee. He and I started on this committee together way back in 2004. I believe that I'm now the longest continuing-service member on this committee, so the integrity of the process means a lot to me. I have a lot invested in it, and hopefully I will as we go forward.

We don't do this lightly—redo or do follow up—but we have done it, and there have been examples. Again, my friend Mr. Kramp knows well those examples. In some cases, it was four or five steps after the initial hearing, up to and including afterwards. I'm saying that after the hearing and after subsequent meetings, we still did video hookups with people who were in Miami and with former cabinet ministers.

We have done it, but Mr. Kramp is absolutely correct in saying that we have to be very careful when we do that. Those are my words, but I think they're his sentiment. Certainly integrity is important. It means a lot to me, and I think it means a lot to everyone. I believe that it should.

Having said that, I stated at the steering committee that in this case I would err on the side of my fellow opposition caucuses on the call. That's what it would have been, erring on their side. I don't really know—because I wasn't there—whether there should be another or not, so if I'm going to make a mistake in calling it, I'm going to call it on the side of my opposition colleagues, who have questions and claim that this is one of those times when we need a legitimate second go-round.

However, I have to tell you—and I'm not predicating my decision on this—that if I'm reading this document correctly, DND officials were saying that there was only a 10% increase between the two submissions. I'm assuming that means the initial submission in 2006 and a follow-up submission in 2009. It was only about 10%. The AG is saying that it's true, but when you go on, you find out that the way they got there was by reducing the number of aircraft from 16 to 15 and by reducing the number of operating bases from two to one. Further, they talk about how they're going to have to take measures that are ultimately going to reduce the number of flying hours.

Well, that's not the same contract. If you contract for a fleet of cars at a total dollar amount, and you're way over, and the way you tell your customer that you stayed under the budget was by delivering them fewer cars, that's not the same contract.

While acknowledging that my decision is based on erring on this side, if I have to go one way or the other, I do want to add that I think there are some really legitimate questions here about how changing the number of aircraft bought, the number of hours to be flown, and the number of bases to be built constitutes staying within a 10% range. There needs to be a question asked and an answer given as to how that is supposed to be okay and how it's within 10%, because they changed it.

That's pretty big, in my eyes, but I'll listen to that when it comes out. I've stated what I'm going to do and why, and that's that.

Thanks.

• (1555)

The Chair: Thank you, Mr. Christopherson.

Mr. Daryl Kramp: I accept Mr. Christopherson's assessment, but I believe that his assessment is wrong. I would ask him, between now and the next committee meeting or whenever we have these people here, to take a look back at the blues of that particular meeting. I think he'll find that the solution is in there. Clarification on his point right there was offered by both Public Works and the Auditor General. I just offer that for his consideration.

If we do go into this thing, at the end of that meeting I would like to see if my colleagues on the other side of the table say, "Did we get bang for the buck?"

The Chair: Okay, fair enough.

Mr. David Christopherson: And you'll acknowledge that we should have had it if we have good questions.

Mr. Daryl Kramp: I will.

Mr. David Christopherson: Fair enough. He will. He's an honourable man.

The Chair: I need a motion to adopt this.

It is so moved by Madame Faille.

It is seconded by Mr. Bains.

Do we have agreement to adopt?

An hon. member: No.

The Chair: We have a vote, then.

All in favour, please raise your hands.

Those opposed, please so indicate.

It's a tie.

As I did last time, when I voted with the status quo, this time I'm voting again with the status quo, so I'll be voting yes. It's very consistent.

(Motion agreed to [See Minutes of Proceedings])

The Chair: So tentatively, if I can, I advise colleagues that-

Mr. Terence Young (Oakville, CPC): Mr. Chair, on a point of order, could you clarify "status quo"?

The Chair: You maintain what has already been determined. The steering committee made a decision to present here, so I'm supporting the steering committee's decision.

We had tentatively put down February 15, so the clerk will take measures to bring the witnesses to the committee on February 15.

As the second item, you have before you an invitation to the 11th biennial conference of the Australasian Council of Public Accounts, taking place in Perth, Western Australia, from April 27 to April 30, 2011.

I believe the steering committee felt that we should distribute this invitation to all colleagues prior to making a decision as to whether we should go ahead and prepare a budget for this and present it to both the liaison committee and then the House.

Mr. Kramp, I don't know whether you had a chance to discuss it with your colleagues, but some of you have probably glanced at it. We gave it some attention. I hope I'm conveying the discussion accurately. This is an invitation to go as observers; it isn't anything else. We can say yea or nay to asking the clerk to prepare the appropriate presentation. If there aren't enough people who want to go—I don't know whether it's worthwhile or not—the clerk could go ahead and make something for our consideration, and then we'd make a decision. Go ahead, Mr. Saxton.

• (1600)

Mr. Andrew Saxton: Mr. Chair, when you say "make something for our consideration", does that mean prepare a budget? What is it exactly? There's no harm in preparing a budget.

The Chair: That would include everybody, but I thought initially we'd make it easier for her. If there are those who don't want to go, she would make a different budget. I wasn't interested in going, so....

Mr. Andrew Saxton: Why don't we decide who's interested in going?

The Chair: We can do it later and do it on a per capita basis, or we can ask around the table. It would make it easier for her.

Mr. Andrew Saxton: In the interest of saving taxpayers' dollars, should we not put a cap on who goes?

The Chair: Mr. Saxton, we could do all of those things. I've just given you an indication that I'm not interested in going; however, knowing who might be will facilitate the making up of a budget. Then you either don't have to worry about a cap or you may have to worry about a cap. If all colleagues were to give the same reaction I just gave, we wouldn't have to answer that question.

Mr. Andrew Saxton: I think it would be helpful, Mr. Chair, if we had a budget so that we would know what costs are involved.

Mr. David Christopherson: Can we make a budget based on all the members, and then maybe half, and then a budget for one from each, with supporting staff? Then we can make a determination whether this is something we want to move forward on, and if so, whether we want to go with plan A, B, or C.

The Chair: We'll make it easier for everybody, Mr. Christopherson. The clerk is prepared to go ahead and put out a plan that includes every member of the committee. It will give us a grand total, and then we'll make a decision—

Mr. David Christopherson: But give us the option, too. Do the quick math on what it would be to have one from each caucus, and then maybe half the delegation. Give us different numbers to look at.

Mr. Andrew Saxton: Include a "per head" cost so that we know the cost per person.

Mr. David Christopherson: You could do it that way, and we can do the simple math.

The Chair: Shall we go ahead with the preparation? That's all I'm asking: yes or no?

I have an indication that there's going to be... Okay, there's no need for a vote.

Thank you.

Did you want to add something, Mr. Young?

Mr. Terence Young: I wanted to make a comment.

In the summer I went to Quebec City. It was the public accounts committees from the provinces and the federal government together. It was three days. What sticks in my mind is the last day. The entire last afternoon was taken up by Jeffrey Simpson, from *The Globe and Mail*. I guess they must have paid him. He came out and talked about how to promote public accounts committees or something to that effect, which I thought was a complete waste of time. I don't think it's appropriate for public accounts committees to talk about how to publicize public accounts committees. It's an important part of what the government does, but it's not our task. I didn't find the meetings very informative. I thought it was bureaucratically driven, and the members there played a minor role. I didn't think they dealt with the questions that the members had. In fact, "observers" was really a good description, I felt. I don't know if Mr. Christopherson agrees; he was there as well.

Before I make a decision on whether I want to support committee members going, I'm curious to know whether anybody here has been to any of these in another country and felt that it was useful and there was something to be gained from it.

The Chair: Thank you, Mr. Young.

That issue was raised. I think we've dealt with it. We've asked the clerk to prepare a budget for us. The committee will look at that budget and at the alternatives that might emerge from that budget. Then the committee can determine, taking into consideration your views and the views of others, where it wants to go or not go and whether it's a good use of money or not. We can deal with it then; otherwise, we'll just be repeating the same discussion.

As I've said, I've already washed my hands of the invitation. I don't want to go.

Mr. Terence Young: Do you have any experiences to share with us from previous trips?

• (1605)

The Chair: I'll reserve those to when the budget comes before us.

Mr. Terence Young: All right.

The Chair: Thank you very much.

Mr. Saxton, we owe you another favour.

Mr. Andrew Saxton: That's good. I like credit.

The Chair: I think we'll suspend for a couple of minutes and then we'll go on to reports.

Thank you.

[Proceedings continue in camera]

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