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EVIDENCE

**Thursday, October 20, 2005**

—  
**Chair**

**Mr. John Williams**

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## Standing Committee on Public Accounts

Thursday, October 20, 2005

• (0905)

[English]

**The Vice-Chair (Mr. Gary Carr (Halton, Lib.)):** Good morning, everyone.

As many of you know, we have with us today the Auditor General.

Yes, Mr. Sauvageau, before we begin.

[Translation]

**Mr. Benoît Sauvageau (Repentigny, BQ):** Mr. Chairman, pardon me for interrupting you, but I'd like to ask a procedural question.

[English]

**The Vice-Chair (Mr. Gary Carr):** No problem.

[Translation]

**Mr. Benoît Sauvageau:** In the routine motions on Tuesday, October 26, I moved that a 48-hour notice of motion be given before any substantive motion was put before the committee.

We checked with the clerk, and today we can vote on the notice of motion that was introduced on Tuesday and that states that, pursuant to Standing Order 108(3)(g), the Committee request that the Auditor General undertake a review of contributions paid to the Canadian Utility Council and Option Canada.

The 48-hour notice having been given, we could debate it...

[English]

**The Vice-Chair (Mr. Gary Carr):** I'll just interrupt. In terms of procedures, it was introduced on Tuesday, so we can deal with it today. It would be my suggestion that we finish with our witnesses and deal with it at the end of the meeting, that we save some time to deal with that motion—we have one other motion dealing with a budget item—if that's acceptable to the committee.

[Translation]

**Mr. Benoît Sauvageau:** I accept, provided I'm not told at the end of the meeting that we have no more time to study it. If you're telling me it will be studied by the end of the meeting, regardless of when we finish, I see no problem with that.

Is that what you're telling me?

[English]

**The Vice-Chair (Mr. Gary Carr):** Yes. What we'll do is go with the witnesses until 10:30; we're scheduled until 11 o'clock. At 10:30 we'll finish with our guests and that will leave us a half-hour. We will

do the motion at the beginning and then a small item dealing with the budget.

[Translation]

**Mr. Benoît Sauvageau:** We were made to get along.

[English]

**The Vice-Chair (Mr. Gary Carr):** Hopefully, a half-hour will do it.

**Mr. Benoît Sauvageau:** Merci. Thank you, sir.

**The Vice-Chair (Mr. Gary Carr):** With us today we have the Auditor General as well as people from Passport Canada.

If you could—I understand both of you have a little bit of an introductory statement—introduce some of the people who are with you.

Of course, the auditor knows very well that after the statements we will go in rotation and ask some questions.

Welcome, and thank you very much for joining us.

We'll start with the auditor.

**Ms. Sheila Fraser (Auditor General of Canada, Office of the Auditor General of Canada):** Thank you, Mr. Chair.

We thank you for this second opportunity to present the results of our audit of passport services. With me today are Richard Flageole, the assistant auditor general, and Paul Morse, the principal who is responsible for this audit.

[Translation]

In this audit we examined whether the Passport Office, which is now called Passport Canada, has effective control over the issuance of passports and whether it achieved reasonable levels of service, at a reasonable cost.

We found that Passport Canada is struggling to meet increasing security expectations and demands for responsive service. We observed the following.

- Although examiners are well trained, Passport Canada had difficulty verifying identity information and did not have a quality assurance system over the passport entitlement process and the examiner function. It did not monitor the effectiveness of security controls over the issuing of passports.

- The requirements for appropriate security clearances for examiners and restrictions on access to the passport issuing system were not properly enforced.

- Examiners were also lacking some basic tools to detect document fraud. Checks with guarantors were not being performed, monitored, and documented as required.

- Passport Canada had a deficient watch list because it had not found ways to automatically obtain data from other government sources to update its watch list, for example, for those on parole or charged with serious crimes. Without a complete watch list, examiners cannot properly assess if they should refuse someone a passport.

Passport Canada had met some key service standards but had not developed reliable cost information tied to these standards. Passport Canada and Foreign Affairs Canada did not consult with stakeholders about the manner in which passport and consular services are being delivered and how costs are being controlled. This information is required to justify current user fees and any future fee increases.

• (0910)

[English]

Many of the issues that we raised are under the control of Passport Canada. Other issues require the cooperation of other federal or provincial government departments.

Following the tabling of our report last April, Passport Canada and Foreign Affairs Canada presented a detailed action plan to this committee in May 2005 to deal with the issues that we raised. They recently provided us with an update of actions taken under the action plan. While we have not audited the information they provided to us, the update showed that many improvement initiatives have been undertaken.

In particular, on those areas where Passport Canada is able to deal directly with the problems noted, it seems to be moving briskly to correct most of those. For example, it indicated that it has dealt with the problems of access to the system and security clearances for examiners.

Where the action plan calls for cooperation from other federal government departments or from the provinces, there are some clear indications of progress, such as memorandums of understanding that have been signed for the electronic transfer of security information. However, the action plan is less specific on the measures needed for implementing improvements, the timeframes, or the accountability for doing so, where such cooperation is required. For instance, the plan has not provided detailed information on the measures needed to allow electronic identity verification.

[Translation]

The Committee may wish to ask officials from Passport Canada and Foreign Affairs Canada the following questions:

- When will Passport Canada have an acceptable quality assurance system for the work done by examiners?

- What is the time frame to establish an operational system across jurisdictions to verify identity, and who will be held accountable for the implementation of such a system?

- Have targets been set for having electronic links for security data sharing in place under the new MOUs?

- What is the timing for implementing a better cost system, and when will stakeholders be consulted on the costs and benefits of consular fees and passport fees?

[English]

Mr. Chair, this concludes our opening statement. We would be pleased to answer any questions the committee may have.

Thank you.

**The Vice-Chair (Mr. Gary Carr):** Thank you very much for the presentation.

We will now go to Passport Canada.

Could you also introduce the people who are with you?

**Ms. Doreen Steidle (Chief Executive Officer, Passport Canada):** Mr. Chairman, I'd like to thank you and the members of the committee for inviting me return to update you on Passport Canada's response to the Auditor General's report, following our previous appearance in May.

I'll introduce my team to you as well.

Addressing all the issues identified by the Auditor General is not easy, but transformative change takes time, significant effort, and resources. The key to change is strong management, and that is best demonstrated by an experienced senior team with energy, enthusiasm, and commitment.

Since the audit was first undertaken or first began in May 2004, we've experienced significant change at senior levels at Passport Canada. Both the previous chief executive officer and the previous chief operating officer have retired. In addition to their replacements, we have a new director general of security. I'd like to introduce Jody Thomas to you today.

We've created two new bureaus responsible for project management and for policy. With new senior managers, in a reorganized structure reporting directly to the associate deputy minister, we now have a top-notch and forward-looking group of professionals who have inherited the Auditor General's report as a road map for issues to address.

As I mentioned, today I have with me the director general of security, of operations, of corporate services, and of project management.

As an organization, we take the recommendations of the Auditor General very seriously. We are using the modern comptrollership framework to guide us as we embark upon significant management improvements. Our goal is to develop integrated financial and non-financial performance information, sound risk management, appropriate control systems, and a shared set of values and ethics. Transforming Passport Canada from a service-based culture to a security-based culture is a lengthy process but one that we've already begun.

I'm pleased to advise the committee that we've received approval from Treasury Board this week for one-time funding of \$5.3 million for seven projects, which we believe will assist us in proactively addressing deficiencies noted in the report. Among the projects are building a strategic management framework, introducing a network of regional security officers across Canada, developing a case management system for our security bureau, and continuing with our pilot project for a national routing system, which will allow us to verify birth information with two provinces in real time.

Of the observations in the April 2005 report, what could be tackled quickly has been completed, but larger challenges remain. As identified in our action plan, of which you have a copy, we are therefore systematically reviewing every aspect of our work, from our legal framework to our delivery network and from our policies to our procedures, moving from a service environment to one with more of a security focus, without sacrificing either.

In closing, I'd like the committee to note that we've already met with the Auditor General's team, as Ms. Fraser has said, to discuss the follow-up audit. We're confident that when the follow-up report is tabled in the House in 2007, Canadians will positively note the results we will have achieved.

Mr. Chairman, I'd be pleased to answer your questions.

Thank you very much.

•(0915)

**The Vice-Chair (Mr. Gary Carr):** Thank you very much for that presentation.

We will now go to questions, beginning with the Conservatives and Mr. Day. Monsieur Sauvageau will be on deck.

Mr. Day.

**Mr. Stockwell Day (Okanagan—Coquihalla, CPC):** Thanks, Mr. Chair.

Thanks to all the presenters and to the Auditor General. We appreciate your ongoing diligence in monitoring government activities and services.

I appreciate the professional manner in which you've presented. We hear the words, which I believe are going to be words of comfort, that the deficiencies are going to be looked at. This is all in good administrative and diplomatic language. The reality is we have a serious problem with security in the passport office.

You're probably aware that the United States is contemplating requiring passports for all people to enter the United States. We're actually trying to move them off that, for a number of reasons.

Our friends to the south watch the news and these reports just as diligently as we do. This is going to have a significant effect on them questioning the efficacy of the security levels in our passport office. As the Auditor General has reported, the watch list itself is deficient; security clearance levels for passport office employees is haphazard; and in checking 50 applications—and I presume, Madam Auditor General, that would have been done at random—no evidence was found in 37 of them that there had been a check on the guarantors of the passports.

Perception is reality, but this sends a signal that we've got some serious problems in our passport office. I appreciate the fact that you say certain senior people have retired and there's a rush to stop what are more than just leaks, but the levee has been breached and there's a flood here.

I'm not blaming here, but what more than the words you've given us can we give, not only to people within Canada but to our allies, that the deficiencies the Auditor General has pointed out are already rapidly being addressed? We need some kind of sense, more than just words, that this is going on. I'm not saying this in an accusatory manner; we just want the facts here.

I would also like to add, to the Auditor General, I sent an employee and certain documentation to your office. That employee had some significant concerns about what was going on internally, and I thank your office for looking into those.

**The Vice-Chair (Mr. Gary Carr):** In terms of a reply, you can call on anybody, and I'll allow both the Auditor General and the CEO.

**Ms. Doreen Steidle:** I'm happy to address your questions.

I have no doubt that what the Auditor General found in deficiencies is accurate; I would not question that at all. As a result, we've done a comprehensive review of the security bureau, but also the security practices—the procedures and everything—to ensure that we are absolutely able to defend ourselves against any accusation that the passport is not a document of great integrity and that we have breached any security. There is no security concern here.

I'll give you some examples. On the issue of security clearances, not only did we deal with the issue of the 42 job examiners who have full job concept in their job descriptions—you'll see that in the audit—but the larger issue for us was security clearances being aligned with access to assets all across the country. So we started a comprehensive review of every single employee's security clearance to make sure it aligned with their job description. That takes time, because we have 1,800 employees. So we have launched that process and we are almost finished with it.

The issue for us, though, is not just that you come in from headquarters and launch a magnificent process across the country, but that you actually maintain it. That's the challenge for us—to ensure there's a security culture throughout the organization, where every manager is responsible for things like security clearances, the protection of assets, etc.

Security clearance is one issue. We've created senior and junior investigator positions. We are starting up a network of regional security advisors across Canada, which will actually be in place in the regions to give security-related advice. That's important in the time zone. We've also conducted a review of the mandate of the security bureau. Maybe we didn't have the organization quite right before. That's something else we've done. So we've done reorganization.

We've also taken a look at interoperability issues with other government departments. We can deal with that separately, as it's another question. We're working with other departments: the RCMP, CSIS, CBSA, CIC, and Corrections Canada. We're trying to close those loopholes and get more information into the system. But training is part of it, asset management is part of it, and policy is part of it.

So to answer your question, the root question is whether we have addressed all the deficiencies. We're aware of them, we're working on them, and we have a plan.

• (0920)

**Mr. Stockwell Day:** Mr. Chair, if I still have a moment—

**The Vice-Chair (Mr. Gary Carr):** I believe Madam Fraser wanted to answer that as well.

**Mr. Stockwell Day:** If I could toss out a quick question first, perhaps the Auditor General could include that in her answer.

**The Vice-Chair (Mr. Gary Carr):** You still have three minutes.

**Mr. Stockwell Day:** All right, thank you very much, Mr. Chair.

Transport Canada, in terms of checking people, has something called the “infiltration failure rate”. That's the rate at which security screeners fail to detect what they call “threat objects”, such as knives, bombs, or guns. That information is classified, and I understand that, but the Auditor General has raised it twice in her report. That would suggest to me there's a concern about the so-called infiltration failure rate.

If the Auditor General has a concern that in fact the breach—whether it be with regard to knives, bombs, or guns—is in that area of security screeners, am I to assume that this is something we should be interested in or even alarmed about?

**Ms. Sheila Fraser:** Thank you, Mr. Chair. I'd like to give a couple of comments on the Passport Office and then I'll answer Mr. Day's question, which was related to an audit we did on security and wasn't particularly part of this audit.

As we mentioned in our opening statement, we have reviewed the action plan. We have not audited it. We're planning to go back and do a follow-up audit probably sometime in 2006. This is part of the plan, to report in February 2007 on progress that has been made in addressing the issues we've raised. But our impression from what we have seen so far is that management has taken this very seriously and

has worked very diligently to correct the areas that are under their control, and are making good progress on that.

There are, I think, two broader issues—they're almost policy issues—that the committee might want to discuss today. One is the whole question of identity verification and the question of data sharing, or how you go about verifying the identity of an individual. Obviously the Passport Office has a significant challenge in that area, and there is a much broader question about how you go through that and do that effectively, while respecting, of course, the various privacy laws and all the rest of it.

The other question that I think is worth consideration as well is the funding of the passport office. Up until now, it's been what's called a special operating agency, so all of the costs have to be recovered from fees charged for passports. In a new age of security, when you have to bring in new techniques, are some of those costs not what could be called a common good, and not necessarily charged to passport? That's obviously a policy issue, but I think that might be something the committee might wish to explore a little bit today.

On the question of the infiltration rates, the issue we were raising in that audit was that with significant concerns and funding going to security issues, for parliamentarians to be able to adequately assess performance, to be able to make those policy decisions about how much security is enough and what are acceptable rates of compliance or non-compliance, it's important that there be performance measures that they are able to access.

On the question of airport security, the only performance measure at this point in time is the infiltration rate. There are tests done in the system to see if people can get through with items that are not permissible, and a failure rate or compliance rate is determined. That information has been classified as secret. What we were kind of actively encouraging was that there be some mechanism by which Parliament would have access to that secret information in order to be able to review performance

I know that a proposal has been made to establish, I believe, a committee of parliamentarians, or some mechanism of parliamentarians, to be able to receive this information. I'm not sure how much progress has been made on setting that up, but the whole question was the availability of information to parliamentarians.

• (0925)

**The Vice-Chair (Mr. Gary Carr):** Thank you very much.

The time in the rotation now goes to Monsieur Sauvageau, and next will be Mr. Murphy.

[*Translation*]

**Mr. Benoît Sauvageau:** Mr. Chairman, first I want to congratulate you on your election as vice-chair. You're now even chairing the committee one day afterward.

Welcome. I listened to Mr. Day's questions, which concerned a very specific subject. We're also following up on the chapters of the Auditor General's reports. In this case, the imminent nature of the problem is the issue. We can't put off a solution until later. In addition, there is the perception of our southern neighbours, the Americans. What I heard earlier made me think of a situation in which doctors would admit they're wrong, but would ask to be given a year or two to correct the situation. Major problems could arise during that period during which they would continue caring for people while making mistakes.

In 2006, the Auditor General intends to follow up the notices of correction or improvement with respect to the recommendations of our 2005 report and to make them public in the 2007 report. I don't want to send this kind of signal, but we're nevertheless giving a strong impression that we're still sitting on the fence, floating. I know that passports are important for ordinary people who want to spend a week's vacation in Mexico. However, national security or foreign affairs issues involving a number of countries are even more important. So that has to be considered as well.

I'm going to ask you the questions that the Auditor General asked us. However, I'd first like to know how you correct the prevailing perception. Do you wait for the Auditor General's 2007 report to send a signal that everything's better? What measures has Passport Canada taken to correct the perception Canada's borders are like a sieve?

[English]

**Ms. Doreen Steidle:** I'd be happy to answer that question.

In fact, when the Auditor General's report was tabled in the House, we actually talked to our American colleagues to explain to them.... We have a very good working relationship with them, and many of the issues that we've been dealing with are not unique to Canada. I would refer you to an inspector general's report on the U.S. passport services and the U.S. passport office, dealing with issues of identity verification and foundation documents, including birth certificates, for example, and drivers licences. How they verify the identity of Americans applying for passports is actually, I would say, an area of concern. Certainly their inspector general has indicated so as well. So I think it's important that the committee know that we are very well aware of deficiencies identified in the U.S. passport-issuing process. We work closely with them in terms of identifying best practices; I think that's important.

I think the western hemisphere travel initiative might be something the committee may want to look at separately, in the sense that there are large issues there with regard to the passport requirement for crossing the border, whose very specific details, I think, are above and beyond the audit here.

We are working all the time with a group called the five nations group—the Australians, New Zealanders, British, Americans, and us—sharing best practices and trying to figure out if there are not better ways to be more interoperable and to get foundation document information from those jurisdictions, such as the provinces in Canada, who issue information on vital statistics.

So I would say that we are working very hard not just to correct a perception, but also to keep them thoroughly informed about the challenges we face and the progress.

Again, I appreciate that it is difficult for committee members to understand that we are making a lot of progress—we really are. I know that from your point of view, having a formal report in 2007 is quite late, but I can assure you that the Auditor General's folks have been very, very up to date with what we're doing, to the extent that it is a road map for us. We are working with them, and also with the inspector general's office at Foreign Affairs Canada, which has been helpful to us as we try to refine and improve our processes.

So it's not static at all.

● (0930)

**The Vice-Chair (Mr. Gary Carr):** Mr. Sauvageau, for three minutes.

[Translation]

**Mr. Benoît Sauvageau:** You heard Ms. Fraser's statement at the start of the meeting, as we did. In paragraph 8, she asks us some questions, including the following: "When will Passport Canada have an acceptable quality assurance system for the work done by examiners?"

This is an important message that should be sent to all those listening to us, particularly those doing so in a disinterested way. That could be the U.S. government or other persons.

[English]

**Ms. Doreen Steidle:** No, you're absolutely right. I can explain a little bit more about that.

We need to have a comprehensive quality assurance program. We've never had one before. As the Auditor General's team has pointed out, we need to make sure we have examiners making standard and fair decisions based upon the documentation that's been provided, and that the error rates are very low. But in the past we have not had a way of measuring that. Performance measures are critical to determining whether you have a successful process. So what we've done is sat down with the inspector general's office at Foreign Affairs Canada, and we've had assistance from Statistics Canada to help us design a quality assurance program.

When I talk about a quality assurance program, the question is, what do I mean exactly? It means that when the surname of a person is entered, it's actually the correct surname, corresponding to the foundation documents; that the date of birth is exactly the right one, so the applicant is identified correctly in the passport; that there are no loose ends regarding citizenship; that the citizenship decision was taken correctly; that there's no possible loss of citizenship—that citizenship might not have been lost by marriage, or by a citizenship requirement, or by a residency requirement; and that all the documents were seen correctly.

What we're going to do once we've set up that program framework is take a statistically valid sample, determine our error rate, and determine where we need to focus—because one of the issues the Auditor General suggested we focus on is refresher training for our examiners. Our examiners are trained to a very high standard, but they haven't had refresher training until this year, when we introduced a program in response to the Auditor General's recommendations.

Over time, once we've introduced the quality assurance program at all our offices—and there are 33 offices in Canada—we hope to introduce it at missions abroad. Mission processing is a different issue, but it's there and we think the quality assurance program should apply also to missions. In the longer run, it seems to me we need to identify a better way of doing this in general, and that might be more to rely upon a new generation of passport-issuing systems.

The system we have right now is quite old. It was designed in the 1990s, when we didn't have the issues we have now. It will take a big investment of time and money to introduce a new passport-issuing system with all the performance measures we're looking for, but we're starting that process now, and that's very important to the future integrity of the system while we're dealing with its present integrity.

**The Vice-Chair (Mr. Gary Carr):** Your time is up.

It now goes to Mr. Murphy, then Mr. Christopherson will be next.

**Hon. Shawn Murphy (Charlottetown, Lib.):** Thank you very much, Mr. Chairman, and I thank the witnesses for their presentations.

I just have a couple of questions, then I'm going to pass it on to my colleague.

The first question is on volume. Your report indicates how your volume has almost tripled over the last six or seven years. What is the volume this year? I think you estimated in your April report you were expecting 2.8 million applications. Is that what—

• (0935)

**Ms. Doreen Steidle:** That actually materialized, and thank you for asking the question.

I think it's important to note that the volume of passport applications is increasing exponentially year after year, post-9/11. In fact, prior to 9/11, we were issuing in the range of one million passports a year; four years later, we're at 2.7 million. What we've done this year for the first time is contract to the Conference Board of Canada to do a volume forecast for us.

We've done that for a number of reasons, one of which is to have third-party volume forecasting we can rely on, because volume forecasting is linked to our budget process, which is linked to resource allocation. So it's very important we don't do it in-house and rely upon someone else's expertise. The Conference Board of Canada has predicted a 14% volume increase in 2005-2006 over 2004-2005, which will bring us in the range of three million passports. So for us, the issues right now are balancing security and service, and making improvements in both without sacrificing one for the other. That's very important to us.

Now, when we look forward to 2008, the forecast is even greater. When we discuss issues like the western hemisphere travel initiative, as Mr. Day raised, we're forecasting that by January 2008 we may have over four million Canadians applying for passports a year.

If I might continue, there are a few other interesting pieces to that. Right now, 38% of all Canadians carry a valid passport, and that's an extraordinary number. If those volume forecasts are realized, by the time we get to 2008, that number will be well over 40%. So in Canada, the culture of obtaining a passport, for whatever reason, is very ingrained. We're not at one-out-of-two Canadians yet, but many Canadians have valid passports. I think that also is part of the discussion you might want to have on the western hemisphere travel initiative.

**Hon. Shawn Murphy:** That initiative does come into effect on January 1, 2007.

**Ms. Doreen Steidle:** The first part of it does; the second part applies to the land border, December 31, 2007.

**Hon. Shawn Murphy:** I have a last question before I turn it over. The passport system, which is internationally recognized, is a very old system. Passports have been in existence for a long, long time. How close are we to devising a new system, through biotechnology or retina examination, so that officials will know exactly that the person with the passport is the person identified on the passport? How many years away do you think we are before we see that is universally accepted?

**Ms. Doreen Steidle:** The new ICAO standard suggests a biometric feature in a microchip. Many countries have actually introduced, or are in the process of introducing, what's called an e-passport. Australia, for example, is going with e-passports, October 24 of this year. The Americans are still piloting it; many countries are piloting it. We're working on e-passports as well. We hope to do a pilot of our diplomatic passports next summer.

We want to proceed very cautiously, because this is new technology. It's very expensive. It's new. We want to be absolutely certain that it works before we roll it out to three or four million Canadians. But certainly we're well on the way, and we've received some funding from Treasury Board to actually begin that work.

**The Vice-Chair (Mr. Gary Carr):** Mr. Wrzesnewskij, there are four minutes left.

**Mr. Borys Wrzesnewskij (Etobicoke Centre, Lib.):** How many passports went missing last year?

**Ms. Doreen Steidle:** You're talking about lost and stolen passports.

**Mr. Borys Wrzesnewskij:** No.

**Ms. Jody Thomas (Acting Director General, Security Bureau, Passport Canada):** How do you mean, missing?

**Mr. Borys Wrzesnewskij:** What sorts of integrity checks do you have on the manufacturing distribution system for your passports?

**Ms. Jody Thomas:** We have 100% integrity checks. No passport blanks went missing out of our office; no passport blanks went missing from Canadian Bank Note to Passport Canada.



We have zero tolerance for the loss of a blank passport.

**Mr. Borys Wrzesnewskyj:** In that case, how many passports do you estimate—do you have an actual number—could have gone missing from passport offices in Canada or in offices that issue passports in our embassies around the globe?

**Ms. Jody Thomas:** None. We account for passports every single day.

Passports that come out of the vault in every issuing office are double-counted. They're issued. They're counted as issued. Blanks that are not used at the end of the day are recounted, put back into the vault, and signed for—every single day, in every passport office around the world.

**Mr. Borys Wrzesnewskyj:** So if there's a daily inventory, the only challenge to the integrity of the system is if passports are being replaced because they've supposedly been stolen or destroyed. Is that correct?

**Ms. Jody Thomas:** Every passport that is issued is matched up against an application. If a passport is being replaced because the bearer, the Canadian citizen, has lost that document, there's a formal process of application, reporting the loss, lodging the loss, investigating the loss if there's been more than one, and then re-issuing a passport. But it's a unique and separate process from the first application. You can't lose a passport, come back in and we just give you one. There's no risk there.

If a passport is spoiled in the production process, because there's been an error with it or it has not come out to the standard we expect, then it has a separate and unique process for how it's accounted for and a replacement document is issued.

• (0940)

**Mr. Borys Wrzesnewskyj:** With the daily inventories that take place, are the people who do the counts the same people who are cleared to issue the passports?

**Ms. Jody Thomas:** The people who do the counts are supervisors in the print rooms around the country. They issue the passports to the people who print the passports, and then they go on for a quality control process.

But the people who entitle the passport at the counter, verify the identity, and make the decision that, yes, this person can obtain a passport, in 99.9% of the cases never print the passport. We have that separation of duties for a reason.

**The Vice-Chair (Mr. Gary Carr):** One minute left.

**Mr. Borys Wrzesnewskyj:** You had mentioned that security clearances and checks are being done across the country and then you said across Canada. Passports are issued in our embassies. A lot of our embassies have locally hired staff. Are those sorts of clearances being done on those staff? What sort of cooperation do we have with the countries where we have our embassies, to make sure these in fact are accurate clearances, if in fact we're doing them?

I'm thinking back a little while ago when Israel ended up with Canadian passports being used by Mossad agents. It's not quite clear how they ended up being used by foreign intelligence services. How do we establish that sort of security clearance?

**Ms. Doreen Steidle:** I can't comment for how the foreign affairs department does the security clearances for its local staff, but I can tell you that, again based upon the audit, what we've done—finishing right now—is a risk assessment of all missions around the world. It's very important for us, in Passport Canada, to get a handle on who's issuing passports, how many local staff are involved in the process, whether there is Canadian-based sign-off, etc. That's very important. The baseline risk assessment will be finished by December this year, and we're working with the foreign affairs department as auditors on developing a larger framework on that. So we need to get a handle on whether there's a problem or not, and then take the steps to mitigate anything there may be. At this point, we're still gathering the information.

**The Vice-Chair (Mr. Gary Carr):** Mr. Christopherson. The Conservatives will be next.

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

Thank you all very much for your presentation.

Madam Fraser, it's always good to see you.

First, if anybody wonders whether we're sometimes chasing our own tails here or whether we actually get the attention of the government and get something important done, I take note of the fact that... Well, let me say one would have thought that after the April report the government would have immediately jumped on this issue, in particular, and started doing everything necessary, including the vital issue of flowing funding. I can't help but note that the money was announced only this week, as referenced already by one of the presenters. The decision was publicly issued just two days before this committee met. It makes you wonder—it makes me wonder, at least—whether or not that \$5.3 million would have flowed even this year at all, were this committee not meeting.

I'm sure it's simply a coincidence that the money was announced two days before we meet here, but in case it's not, take comfort from knowing that when we think nobody's paying any attention, it makes a difference to hold them accountable.

I have a question to the Auditor General to start. And I'm doing something we shouldn't do, which is ask a question I don't have a fairly good idea of the answer to ahead of time so I know where it's going to take me, but I don't. I simply want to ask straight up: are there any particular international standards vis-à-vis passport efficiency, in terms of the control auditing that you normally do, but also from a security point of view? Is there some sort of international standard under which the world can look at other passports and do a quick evaluation? If so, where do we fit on that scale?

• (0945)

**Ms. Sheila Fraser:** To my knowledge, there is not a standard. We haven't done any benchmarking as part of this audit. I mean, Ms. Steidle might know if there are standards, but we are not aware of that. We have conducted this as we usually do, I guess, in looking at the criteria, the expectations we would have for a well-run office here in Canada, given the security concerns that are available.

**Mr. David Christopherson:** I'm kind of surprised. I would have thought that even perhaps within the Commonwealth, as a gesture of further cooperation but also within NATO.... I mean, there are so many international organizations, I'm surprised that somewhere there doesn't exist a standard so that our people know that when a passport is issued from country A, as a rule, they're pretty good; we'll look for the obvious kinds of fraudulent security issues, but on the macro, we sense they have a secure system. Then there is country L, which is known to be a real problem and you're going to throw everything you've got at it.

I see you nodding anxiously.

**Ms. Doreen Steidle:** Yes, yes.

Jody.

**Ms. Jody Thomas:** There are various international organizations that do that. We participate in what we informally call the five nations, the United States, New Zealand, Australia, the U.K., and ourselves. We all, as democratic nations with similar privacy regimes, face the same issues: how do you identify people, do it correctly, not breach their privacy, and do it in an efficient and client-service-focused manner? It's all very difficult and we're all focusing on the same things.

We do have annual reports from passport offices of other countries that we could share with you that you might find very interesting. They are all struggling with benchmarking security in exactly the same way we are. If you reduce your passport security, the number of cases of fraudulent passports that you find in a year, is that good or bad? Those are the questions we're grappling with. How do you set those kinds of benchmarks? Is it good because it means you've actually found the problem, or is it bad because more is slipping through? It's difficult to measure, and we're all grappling with the same things.

Canada has asked our passport office to go and audit other countries. We've sent people to Trinidad and Tobago, to the Dominican Republic, to assist them in developing their passport system, because we are seen as a world leader.

**Ms. Doreen Steidle:** Perhaps I may add to that. We've just received the U.K. passport service's annual report. The U.K. passport service is actually, in my view, one of the best and most efficient in the world, in the sense that they are a balanced scorecard organization. They set very rigorous performance measures and they rigorously report to Parliament. That is one of the things we are looking at too. Our strategic management framework exercise is designed so that we can provide that kind of information to Parliament. We have no problem doing it, and we're looking toward the U.K. for that information.

Interestingly, as Ms. Thomas says, there's not very much security data. It's not for security reasons, it's simply that it's hard to measure. So as we start that process, we'll come up against the same thing.

**Mr. David Christopherson:** Right, at the very least, let's set the goal that other countries, when they're looking at their processes, will refer to Canada the same way you just did to the U.K. That would be a nice goal.

I want to move to the issue of the guarantors and the lack of follow-up on them.

Having been in elected office for a long time—some would offer too long, and I see my friends on the Liberal benches laughing—I have for a long time now, over two decades, been signing passports and passport photos, as an alderman, a city councillor, an MPP, and now for a year and a half as a federal member. I have to tell you, for all the ones I've signed, I've never had one phone call, one piece of correspondence.... You would have thought that over the course of more than twenty years the odds are somebody would have called just to make sure.

Anecdotal evidence isn't always the best to use as a leading argument, but there you are. I am a part of this process and have been for a long time, and on the checks and balances side I've never seen any evidence of them at all. It's been noted as a problem. Can you give us a sense of how you're dealing with this?

**Ms. Doreen Steidle:** Yes, absolutely.

I think it would be fair to say that after 9/11, Passport Canada really struggled with the guarantor issue. It put in place a policy where 25% of all guarantors should be checked, and 100% for every person who asked for urgent—that means on-the-spot—service; the guarantor had to be checked in 100% of the cases.

It proved a really impossible standard to deliver. Regional offices all across Canada have people in dedicated units who phone guarantors. But do they phone one out of four? No, absolutely not, and in fact it was the Auditor General's audit that really brought that to our attention. We have people working at it, but where are the performance measures to make sure they actually achieve the standard we set? So that is an area where we have work to do.

But I would also flag that when you think about it, it's probably time that we take a fresh look at the guarantor policy in any case. The reason I say that is that other countries have done away with guarantors. They have co-signatories on occasion, but there are countries that don't have guarantors at all. The reason Canada has had a guarantor system for so long is that in the olden days you always knew the doctor in the town, or the doctor in the town knew you, so people in professions could vouch for the identity of others. Maybe it's time to take a look at that, as Canadians go to doctors in shopping malls, and as Canadians don't necessarily go to their dentists, and when maybe it's the secretary who knows them better.

It just seems to me that rather than having a system that is based on an old-fashioned way of doing things, one of the things we should be looking at is the foundation of what we're trying to get at here, bearing in mind that we now have more information on Canadians when they apply for passports than ever before. We ask for all sorts of information, including supplementary ID. How much more can we ask, and how much more can we check?

• (0950)

**Mr. David Christopherson:** You're well aware that the system—

**The Vice-Chair (Mr. Gary Carr):** I'm sorry, your eight minutes is up, I'm afraid.

We're over to Mr. Fitzpatrick, who is sharing with Mr. Allison and Mr. Lastewka.

**Mr. Brian Fitzpatrick (Prince Albert, CPC):** I always hearken back to the report that the Auditor General made a few years ago, about 40,000 people being in this country without the authorities knowing where they were, and not having documentation. I recall the case of the millennium bomber and how close we were to really being on the front pages—for a long time—if they hadn't by accident tracked that guy down. When you review this person's file, it would have to take an extremely bleeding-heart, small-l liberal to find any sympathy whatsoever on that file, and why people didn't act...

So I guess I'm always concerned, when you have that sort of evidence from the past, that we're only as strong as our weakest link, and there may be some very weak links in this system.

To both ladies here, I think what we need in this department for sure is a total quality management system that involves the never-ending process of continuous improvement and statistical quality management. What I've heard you mention here is that we have teams developing task forces, or developing systems, and that we need quality assurance programs. This implies to me that you don't have them. The third point is that we have to start making measurements.

Well, I'm sorry, I think in your department you should have been responsible to make sure that all of these things were in place and that we did have continuous improvement. I find it just amazing to hear that sort of talk. I become very suspicious of a department that talks about study groups and task forces and developing systems. You should have a system in place and you should be embarked on continuous quality improvement for that program, with good statistical measurement in place. If you don't have it, then you have a bad system. And that's my comment on that point.

There's another issue that just cropped up here that I'm a little bit suspicious on as well. Post-9/11, as I recall, a lot of people were saying, particularly in the U.S., that the level of cooperation between different departments was very bad. There were huge barriers between various security agencies. You mentioned something about Foreign Affairs here. Maybe you can't really comment on that, because that's in their area...which kind of bothers me a bit; it suggests there might be a barrier between Foreign Affairs and your department, and I don't think there should be barriers. It got me thinking about Justice, RCMP, CSIS—a whole range of other departments.

Do you have a high level of cooperation and seamless communications with these departments?

**Ms. Doreen Steidle:** Yes. And if I may, I'd like to address all of your issues, maybe all at once.

Your observations are correct, in that what the Auditor General found, as I said, is true: we did not have the performance measures, we did not have the service standards, we were not running the organization, in the past, with the performance management systems we needed and should have had. There are many reasons for it. I wasn't in the job then, so I can't speak to it, but I can tell you that when I started in the job, and the auditor started her audit, which actually coincided, we took very quick steps to start addressing exactly that, because you are right.

So that's one. Two, we work on almost a daily basis with representatives from other departments. There is a very cooperative arrangement. When we talk about the Department of Foreign Affairs, the passport office was a special operating agency within Foreign Affairs, but it reported to an assistant deputy minister. Again, after May 2004 the deputy minister commissioned a study that found that, really, the responsibility should be an accountability from the CEO of Passport Canada to the deputy minister, to give it the attention an organization of this size deserves. When you think about it, we have 1,800 employees in 33 offices, with a revenue of about \$180 million. It really requires very senior-level oversight, and I'm really pleased to say that we have that. That is important to the strengthening of the organization.

• (0955)

**The Vice-Chair (Mr. Gary Carr):** Mr. Allison, you have three and a half minutes of shared time.

**Mr. Dean Allison (Niagara West—Glanbrook, CPC):** Thank you, I appreciate that.

How long have you been in the job now, Ms. Steidle?

**Ms. Doreen Steidle:** Since May of last year.

**Mr. Dean Allison:** It always seems that the people coming up to this committee are new in the job, and it wasn't their fault. Our challenge is always having to try to pin the tail on the donkey, so to speak. But I only have four minutes right now, and I have a couple of comments.

First, Mr. Day alluded to the fact that the U.S. is looking at this whole notion of passports. Coming from a border area—I come from the Niagara Peninsula—this is certainly a huge issue for us in terms of accessibility. I realize that you don't handle...or that this is not a question of policy and stuff, but one of the things that was mentioned was the increasing load. It's been estimated that you guys are going to be up to almost a million passports over this next year.

Just for clarification, what are you guys doing to address the coming need, I think, as we get closer to 2007 or whatever those dates are going to be?

**Ms. Doreen Steidle:** There are two things we're doing. One of our strategic objectives, we've said in the last year, is that we want to broaden the access of Canadians to our services, because access to passport services is a huge issue in Canada, with only 33 offices and a culture where people like to come into a passport office rather than mail their documents to a central processing unit. Broadening the access of Canadians to services is really important.

That's why we're working cooperatively with Service Canada; Service Canada has a number of outlets all across Canada. We're focusing right now on working with them so that they can act as a receiving agent for us. We're actually training their people on taking applications, scrutinizing them for completeness, and sending them in to us. I think we have opened 60-some new offices, working with either Canada Post or with Service Canada, to increase access. That's just exponential, up until 2008 and beyond.

So, Canadians will have access to passport services; that's point one. Point two is that the volumes are staggering. What we are examining is a way of possibly reducing the volume we deal with by looking at facilitating the renewal of passport applications for known applicants. That for us is a huge issue, and I think the way of the future.

In other words—if I could go on a bit—we started a pilot project last summer in which we sent out letters to 38,000 pre-selected Canadians asking them to renew their passport, or inviting them to do it, but without having to re-prove, by a birth certificate or via citizenship documentation, their identity. Why? Because they're already in our computerized database, and we know who they are. We did that for 38,000 Canadians last year. We evaluated the pilot project—it was quite successful, very positive—and we're sending out 90,000 letters this year. We're going to evaluate that exercise, and once we have nailed all the issues, we would like to make that project a full-scale program for Canadians.

That's going to take some time, but if in the coming year or two Canadians could renew their passport through a simplified process, it would make a lot of difference to us in dealing with the volumes; plus it would facilitate service.

One of the irritations for Canadians is wondering why they have to prove their identity over and over again. With a database that has that information, they shouldn't have to. We take that risk.

**The Vice-Chair (Mr. Gary Carr):** Very quickly, Mr. Allison.

•(1000)

**Mr. Dean Allison:** I don't have so much an issue with the guarantor. My issue is more the cracks in the system that don't allow you to identify people who are actually a risk and people who are on the list. That would be my bigger concern: why as a system, as a government, we're not doing a better job not only to link with existing police organizations but to have lists that make sense in terms of people we should be watching.

Do you have any quick comment on that?

**Ms. Doreen Steidle:** My comments are never quick; it's a complicated business.

You're absolutely right. You cannot introduce a renewal system and divide people basically into lower-risk, or those candidates you know, and those you don't know unless you have a very robust back-end security system. So we're introducing facial recognition technology in our processing, I hope by October of 2006. We will be doing that kind of double check to make sure there are no multiple identities.

We have a pilot project now with Alberta and British Columbia to verify birth certificate information, just to make sure birth certificate and death information matches up.

So there are a number of things we've launched that I think will come to fruition in the next little while. You'll see a difference by the time we come back.

**The Vice-Chair (Mr. Gary Carr):** Thank you very much.

We're over to Mr. Lastewka.

**Hon. Walt Lastewka (St. Catharines, Lib.):** Thank you, Mr. Chairman.

Mr. Boshcoff is going to ask two questions, and then whatever time is left I'm going to take.

**Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.):** Thank you, Mr. Chair.

On October 31 the western hemisphere travel initiative deadline for submissions, as requested by the American government, will occur. Is the passport office planning to make some type of presentation on that?

**Ms. Doreen Steidle:** In fact the Department of Foreign Affairs is coordinating the advocacy effort, both in the U.S. and in Canada, and held a meeting of stakeholders, including the provinces, on Tuesday—I think it was—this week, and I attended that. We are very much engaged in the discussions, the deliberations; we're included; we're very much part of it. We're not the driver, of course; we're a facilitator.

**Mr. Ken Boshcoff:** So what are you going to say to a foreign sovereign nation?

**Ms. Doreen Steidle:** I personally wouldn't say anything. What I would say, though, is that anything we can do to work cooperatively with the Americans to strengthen the integrity of our systems is good. That's one thing. But fundamentally, given the mutual dependence of our economies, it's really important that we recognize we have to keep the borders open and flowing and facilitated. That's my view.

**Mr. Ken Boshcoff:** Because I'm sharing with Mr. Lastewka, I'll be quick.

There are 33 passport offices now. What is your objective for continuance in the regions in the smaller communities?

**Ms. Doreen Steidle:** Well, as I was mentioning with broadening the access of Canadians to services, working with Service Canada, we've decided that we can't simply open service outlets in an unpredictable manner. What we really should be focusing on is those communities across the border, to make sure that those border communities have access to passport services as they may need them.

We don't know, because we're still in the pre-comment period, if the U.S. government will implement western hemisphere travel initiative. However, if the odds are that they are going to, it is best that we get ready. That's one thing we're doing.

**Mr. Ken Boshcoff:** Thank you.

For the record, the Thunder Bay office does do an enormous number of follow-ups in terms of their guarantor, as I can attest.

**The Vice-Chair (Mr. Gary Carr):** I'll turn it over to Mr. Lastewka.

**Hon. Walt Lastewka:** Thank you, Mr. Chair.

I'm sorry Mr. Day has left without hearing my remarks, because the report card that you put out I think is very detailed and answers a number of his questions. It's unfortunate he has left.

I do notice in the report card a number of things that are going to be done in October, November, December, January. Mr. Chairman, I would request that the passport office update their report for February 1, because I think it's important.

Hitch-hiking on what Mr. Christopherson said about how you just got the funds, I'm also concerned that only because departments come to these meetings, all of a sudden there's action and things get done. So I would like to make sure we get an updated report for February 1 on all the work you're going to do in the next three or four months.

**Ms. Doreen Steidle:** If you look at the report we first submitted in May, you'll see there were a number of target dates that were also for May, and for this report there are a number of others. We want to show continuous progress. I have no problem coming back in February, absolutely.

**Hon. Walt Lastewka:** I have another item. My experience over the last couple of years has shown that we do have a lot of people in acting positions. You mentioned, too, that you're filling positions. What is the problem in filling these positions and having permanent people in place, so that we're not depending on acting positions?

•(1005)

**Ms. Doreen Steidle:** That's a good point.

Whenever you go through a reorganization, you end up having to reclassify positions. That's one of the things we're doing now, so we're in the process of reclassifying positions. Therefore, there are people in acting assignments. From that, we will either hold competitions or we will appoint people to those positions.

It's a fair question.

**Hon. Walt Lastewka:** Thank you very much.

I almost want an investigation on how Mr. Christopherson has not been called, because I've been called many times, so there must be something. Maybe he has so much credibility that I don't.... You're to be complimented.

**Mr. David Christopherson:** I guess the problem is you, Walt, not me.

**Hon. Walt Lastewka:** Mr. Allison has left too, but I do want to say that we have great cooperation with our Niagara office. We've received many positive remarks. I know that they're very, very busy because of the border problem we've been having. I wanted to commend you on that.

To go back to the report, there was a comment made that disturbed me a little bit, so I want to table it. The comment by the Auditor General was there was no contingency plan, or emergency fund, or temporary service, and so forth. One of the comments that you've put under there is that the creation of a long-term business model and growth plan will be looked at. I don't understand what you mean by "looked at".

**Ms. Doreen Steidle:** It's clear that we need to have a contingency plan. That's very important. Again related to volume forecasting, as an operating agency that's relying for its revenue solely on the sale of passports, if people don't come to buy their passports, what happens? I think that's going back to what Ms. Fraser said of the funding issue.

We need to have a contingency plan that is a financial contingency plan, should the volume change be dramatic one way or the other.

When we talk about new employees, we have a new director general of corporate services who has started this week. That's why you see that October deadline. We'll be looking at that, but we will actually be producing—

**Hon. Walt Lastewka:** So are the words that you used there incorrect?

**Ms. Doreen Steidle:** Maybe they're not quite right.

**Hon. Walt Lastewka:** When you say "looking at", that means you're going to look at it and not necessarily do anything.

**Ms. Doreen Steidle:** Right.

**Hon. Walt Lastewka:** I want to make sure it's more definitive.

**Ms. Doreen Steidle:** When we come back in February, I will have wording for you I think you'll appreciate.

**Hon. Walt Lastewka:** Auditor General, when you looked at the checks on guarantors, were you able to identify that in regional passport offices? Was it being done in certain areas and not being done in other areas, or did you look at it from a general viewpoint?

**Ms. Sheila Fraser:** Our sample was a general sample. In order to identify issues by specific regions, we would have had to do much more extensive testing than we did. We just took a sample of files across all of the files.

**Hon. Walt Lastewka:** In item 7 you mention there is some indication there has been progress made on signing MOUs. "However, the action plan is less specific as to the measures needed for implementing improvements...." Maybe the both of you could answer. Has this been done or has it not been done, now, and where are we on making sure we've got these MOUs signed and we're off and doing things rather than talking about arrangements?

**Ms. Sheila Fraser:** That's the issue. That's one of the questions we suggested, because it's all well and fine to have a memorandum of understanding, but if the actual exchange of the information isn't occurring yet....

**Hon. Walt Lastewka:** I guess my question becomes, then, is it occurring or is it not occurring? If it isn't, why not?

**Ms. Doreen Steidle:** Yes, and I'll give you an example. Before we came to appear before you in May, we had signed an MOU with Correctional Service Canada. The idea would be that Correctional Service Canada would be giving us some of that offender data we did not have. We signed the MOU with Correctional Service Canada; we're doing a privacy impact assessment because that's something you must do at all times, and we'll be finished that November 4. The software, in the meantime, is being developed and tested and is also to be finished by November 4, and the roll-out date for that interoperability is November 14, so we're there.

We see that on a number of projects. Another example would be verification with CIC when a person renounces their citizenship. We've actually built the electronic linkage with CIC so they can communicate the data on the decision to the applicant and to us at the same time. We have worked on that.

There are some other areas where there isn't an electronic link, for example, with the protocol office at Foreign Affairs. If a child is born of a diplomat in Canada, they could apply for a passport, and it might not be caught if they wanted to try to push the system. That's a hole we have to fix. In the next version of our application form we will actually have a question asking if you are the child of a diplomat stationed in Canada at the time of your birth, to just sew that up too.

Not all the issues are electronic in nature, but certainly we have addressed many of them. There's a long way to go, though.

• (1010)

**The Vice-Chair (Mr. Gary Carr):** Mr. Kramp.

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

A couple of concerns I have actually go back to previous discussions we've had with the Auditor General on security, particularly on the lack of communication between the various departments and agencies. I would certainly have thought that after 9/11 particularly there has been a demonstrated need to come up with effective links, whether between the RCMP and CSIS or NCIC and on and on.

I notice that you have made some progress in this, and I think that's wonderful, but your predecessors, where are they? Where have they been the past four years? We see you still have to call CPIC and you can do it by phone; what kind of security do we have there? There's not even a hook-up through the technologies of today? I'm thinking, what are you doing?

I'm building on Mr. Lastewka's point here, maybe with reference to my colleague Mr. Christopherson, who was quite amazed that all of a sudden we had some money come up just a couple of days before. Well, I see some implementation dates here, some completion dates. I noticed the security, and we have a date here, early November 2005, just down the road. We have another one just being reviewed with CSIS; it'll be completed at the end of 2005. The RCMP will be completed in November.

This is wonderful; so we're making great progress, but everything is just coming up and coming up. Is this the result of what you've been doing this past six months to a year, or has this been a four-year effort, to all of a sudden be bringing a number of these collective agreements into place so you can effectively deal with this program?

**Ms. Doreen Steidle:** I think it would be fair to say that an Auditor General's report in Parliament focuses the mind wonderfully. The tabling of the report in April, although we knew the details of it, of course, well in advance, allowed us to begin the work. Because none of these things are quick; it takes a long time to do. So as we noted in late 2004 some of the recommendations of the Auditor General, we could begin the work that now is coming finally to fruition. So it may be coincidental also that so many of the dates are later in the year.

**Mr. Daryl Kramp:** Thank you.

My concern is, of course, timing. Timing is everything to many things in life. When we have the international trade implications, as you just mentioned right now, the border security problems and situations, and of course now the potential hemispheric approach to passport applications, decisions are going to be reached fairly shortly that could have far-reaching implications for us, as a country, as a nation, as a global trading nation particularly.

I would like to see some real teeth be put into your visit here in February. I want to see these completed, no ifs, ands, buts, or maybes. Clearly, I would certainly hope, as well as a completion date, what we should have is a demonstration to our trading partners. Are they aware that these completion dates are in your plan? Are they aware so that they know that we will have a definitive action plan completed, so that they will take this into account in their deliberations?

**Ms. Doreen Steidle:** I totally accept your suggestion. I have no problem coming back in February. You will see quite a few of them completed, especially the ones where we said that they would be done in November and December. Of course they would be done by February. Again, I say that we are working very cooperatively with countries around the world, in terms of addressing common issues.

Again, the western hemisphere travel initiative is a very big issue. The solution doesn't necessarily lie with passports as a documentation, but it is one way of verifying a Canadian's identity.

Again, looking at it from the U.S. perspective, their issues are quite different from ours because the saturation rate of the market isn't the same. With us at 40% of the population with valid passports and theirs at 20%, it becomes a very different issue. Also, the system we have in Canada, where provinces authenticate vital events, means that there are only 13 provinces and territories that have jurisdictions where they issue vital statistics documentation, like a birth certificate or a death certificate. In the U.S. it's not 50 states that do this, it's 8,000 counties. Therefore, for an American re-entering the U.S., it becomes a very different proposition for their border authorities to know exactly: is this an American, with an American-issued birth certificate? The issue, then, is not so much us, as their system.

•(1015)

**Mr. Daryl Kramp:** I'll go now on a totally different tack. As a parliamentarian, I have been generally really pleased with the cooperation we've had with the passport department. I know my particular office handles an enormous number of passports, but—just a comment now—I'm finding we have maybe a success rate, what I call it, of maybe less than 2% of our passports are returned with difficulties, whether it's a signature outside the line.... Because we scrutinize them. We do a checklist, per se, to help the situation along.

Now you've gone out and you've put a number of these satellite offices through the post offices, and whatever. We're finding almost a 50% rejection rate. They don't have a commitment to doing it. They almost appear to be ticked off. This is not their job. We're seeing attitudes like this coming through and the efficiencies are not there. So I'm suggesting you could look very seriously into the working relationship you have between Canada Post and what I would call your satellite distribution offices.

**Ms. Doreen Steidle:** Thank you very much for that. I really appreciate it, because that's not at all the intention of partnering with other organizations. So I appreciate that. If you would like to give me offline a report on what you may have heard, I would be delighted to follow up. While we're talking about security, I do think customer service is very important. We need to facilitate the travel of Canadians. Canadians pay a lot of money for a passport and therefore should expect good service.

**The Vice-Chair (Mr. Gary Carr):** I apologize, your time is over. I thought we were on an eight-minute round, but it's five minutes. I gave you a little extra time. I apologize, that was my fault. I was wondering why the clerk was looking at the clock. My mistake.

It goes back to the Liberals now, and to Borys.

**Mr. Borys Wrzesnewskyj:** I'll be splitting my time with my colleague Ken.

Going back to my earlier questioning about the integrity of the manufacturing, distribution, and then inventory systems, Ms. Thomas, you stated that there is 100% integrity. But during my questioning, very quickly there were qualifications to that, one being that the supervisors who in fact issue the papers for passports are the ones who do the inventory.

Maybe I misunderstood you there. Is the person who's releasing the papers for the passport document also the person doing the inventory counts?

**Ms. Jody Thomas:** No. In our offices we have an absolute separation of duties. It's almost the front part of the office and the back part of the office; it's that physical.

The people who entitle passports—passport examiners, passport officers—every day see birth certificates, see the applications, interview the applicants, make their entitlement decisions, generally at the counter, sometimes not at the counter, but after they do further checks. That application moves electronically to the back of the office.

At the back of the office, there is a separate team, with a supervisor cleared to secret and employees cleared to secret. The supervisors count the passports every day, hand them in groups of 25

to the people who print the passports, and we count one for one—application to passport—every single day.

So there is an absolute separation of duties such that you don't ever have the opportunity to create an identity and have it move through the system unchecked to produce a passport and have it go out the door.

**Mr. Borys Wrzesnewskyj:** Okay. But are the people issuing the ones doing...? You said there's a daily inventory count.

•(1020)

**Ms. Jody Thomas:** Right.

**Mr. Borys Wrzesnewskyj:** Are the people making the decision to issue the ones who are doing the count?

**Ms. Jody Thomas:** No.

**Mr. Borys Wrzesnewskyj:** Okay. Then it's just in our foreign offices, where there are foreign personnel who are hired, that there might be some security issues around them. As I said, in the past we've had foreign intelligence agencies using Canadian passports for their countries' objectives.

Are there any other qualifications you'd like to make to that 100% integrity of the system you'd stated?

**Ms. Jody Thomas:** No. I am very confident in the system. ICAO, the International Civil Aviation Organization, has a document, Document 9303, that lays out the expectations for the issuance of passports, and we follow it absolutely. It talks about the security at the manufacturing place—Canadian Bank Note, in our case.

Passports travel by armoured car from Canadian Bank Note to Passport Canada. They're escorted up to our vault. They're put in a vault that has a biometric entry mechanism. The people who are in the vault are the only people who are in the vault, except for the daily checks that are done, and those are reported to both our finance division and to me. Passports then go to our 33 offices, by armoured car again, where they're accounted for upon receipt, and they are counted each day as they're used.

It's as secure a system as it can be where people are involved.

**Mr. Borys Wrzesnewskyj:** Did the Auditor General, in her investigations, investigate that component: the manufacturing, distribution, and inventory control systems of the passport documents themselves?

**Ms. Sheila Fraser:** No, Mr. Chair. The only issue we looked at was the question of security clearance levels, and we found there were some issues there, which I understand have been corrected since.

**Mr. Borys Wrzesnewskyj:** I have just one last quick question. You stated that in your projection of the number of passports required for the following year, because it impacts on budget you see the wisdom of using an arm's-length outside body to do the projection. Especially with the security concerns we have around those passport documents, instead of internally saying "we have 100% integrity of the system", are you considering using an arm's-length outside body to in fact verify the 100% security of the system?

**Ms. Doreen Steidle:** We're working with the inspector general at the Department of Foreign Affairs on a security risk assessment. I'm not sure whether that's getting at exactly what you mean.

**Mr. Borys Wrzesnewskyj:** No. Perhaps it's something that could be considered.

**Ms. Doreen Steidle:** Yes.

**Mr. Borys Wrzesnewskyj:** Okay. I'd like to pass it on to Mr. Boshcoff.

**The Vice-Chair (Mr. Gary Carr):** It's a five-minute round now, not eight. We go over to the Bloc, Monsieur Boire.

[Translation]

**Mr. Alain Boire (Beauharnois—Salaberry, BQ):** Thank you, Mr. Chairman. My question is for Ms. Steidle.

Earlier, Mr. Fitzpatrick and Mr. Lastewka were wondering about the introduction of an internal audit system. There was talk about identity verification, a kind of quality control system. We see there are deficiencies in this regard.

The government wants to introduce Service Canada, which would be a kind of single window for the departments. How do you view this service in the interaction with Passport Canada, in view of the current deficiencies in your service?

[English]

**Ms. Doreen Steidle:** I was hoping you would say the deficiencies in Service Canada, not in Passport Canada.

When we were first approached by Service Canada last year to be one of the partner departments, we had to work very hard to establish our mandate relative to their mandate. Their mandate is service; our mandate is identity authentication, entitlement verification, and the issuance of a passport. Those are very different services and very different mandates. In other words, Passport Canada actually encompasses both service to the public and security, and if anything, over time we are moving much more into the security side of the government.

Service Canada certainly helps us meet our broad objective of improving the access of Canadians to services. Nonetheless, the core mandate of Passport Canada, which our examiners and our officers are trained to do, is identity authentication. That's why we train them in foundation documents. We are introducing RCMP fraudulent document detection and awareness training. We have our magnifying glasses and our black lights as tools that go out to every single examiner, and they've all been trained in it. Consequently we have very much a security focus that Service Canada does not have when it comes to passport services.

I'm not sure if that answers your question entirely.

• (1025)

[Translation]

**Mr. Alain Boire:** Yes, partly. We were talking about security, and that was the subject of my question. I wanted to know how that can be managed, in view of the fact that there will be 11 other... In fact, it will be a single window. So how will people be trained to handle each of the files? That will be a fairly tough task. I know you already have a task with regard to identity. What kind of training will you give those people?

[English]

**Ms. Doreen Steidle:** We already provide a two-day training course for Service Canada employees, and we have done that since we started a pilot project with HRSD two years ago. They all receive two days of training, and at the end of the training course we actually give them a certificate. For those of you who have Service Canada outlets, you'll see my signature on the certificate all across Canada. We also do that for the Canada Post outlets that are receiving agents.

They are trained in taking a look at the documentation that's provided and verifying the authenticity of everything that's provided, but they're not the people who will entitle the passport. They cannot decide on how to deal with a custody issue, for example. That's our mandate, our expertise, and what we train our examiners on for months. So there's very much a difference between what they do and what we do.

**The Vice-Chair (Mr. Gary Carr):** One more minute.

[Translation]

**Mr. Alain Boire:** On the subject of airport security, Ms. Fraser said earlier that only the infiltration rate was verifiable, that the failure rate couldn't be checked, that it was kept secret.

You're mandated to verify people's identities. You also talked about electronic passports. Have objectives or timetables been set for the links that can be established between countries and the information that countries can exchange with regard to September 11? Is there some kind of information protocol?

**Ms. Sheila Fraser:** Mr. Chairman, I believe that Mr. Boire's question is much more about the national security agencies working outside Canada and the exchange of information about people entering the country, than Passport Canada, whose main role is to verify the identity of a person who is entitled to a Canadian passport. So that would focus more on the information that goes from Canada to other countries than on information that comes from the outside into Canada.

**Mr. Alain Boire:** But the identity of people coming from outside Canada has to be checked.

**Ms. Sheila Fraser:** Of course, there are exchanges and agreements that have been signed.

As Ms. Steidle mentioned earlier, with regard to the exchange of certain information with the Correctional Service of Canada, as far as I know — and Ms. Steidle could perhaps add some details on the subject — that's not yet being done. It's coming; perhaps there are pilot projects. However, there is currently no electronic data transfer.



[English]

**Ms. Jody Thomas:** Passport Canada actually has been very proactive in sharing information internationally. We were one of the first G-8 countries to share lost and stolen passport information with Interpol. So all our lost and stolen passport information is available to law enforcement around the world so that passports that have been reported lost or stolen by our citizens can't be misused.

Our lost and stolen information is also available at the border, so it is caught between the Canada-U.S. border, and U.S. agents have access to that information through FOSS, the citizenship and immigration system.

We are currently in discussions with two countries to share that information bilaterally, because lost and stolen passport information is useful at the border so people can't enter countries illegally. Those discussions are going on. Bilateral discussions between countries take longer. Australia has approached us about sharing the valid passport database—a replication database—with them so they can verify not only whether that passport was lost or stolen but whether it is a genuine Canadian passport. Those things take time, but they're well under way.

• (1030)

**The Vice-Chair (Mr. Gary Carr):** Thank you very much, and with Mr. Boshcoff we're almost done.

**Mr. Ken Boshcoff:** Thank you very much, Mr. Chair.

Auditor General, for the five major deficiencies you identified, was there any correlation with the size of the office—that is, were the megacentres more difficult to manage, or were you having fewer problems in smaller centres where the staff is pretty much on top of things?

**Ms. Sheila Fraser:** Again, Mr. Chair, we didn't do an audit by centre per se. We were sort of looking at the whole passport office, and many of the key issues we raised affected all offices. The fact that a watch list, for example, was incomplete affected the system across Canada and not any one specific audit. The fact that there aren't service standards, again, affects everyone. So I would say that these were pretty much generalized areas across the country. Our audit wasn't really focused centre by centre but was more an overall approach.

**Mr. Ken Boshcoff:** Okay.

This is for Passport Canada. When did you first apply for the \$ 5.3 million from Treasury Board? Was it on Monday?

**Ms. Doreen Steidle:** I was inspired when I heard Ms. Fraser have her press conference in April 2005, when she tabled the report in the House, when she said that something should be funded for the common good. And that inspired me to make the point that it is very difficult, when you're selling passports and you have to have a very lean organization, to find the money to make big investments in big security activities. That's what inspired us to move forward and make a business case, and that's what we did.

**Mr. Ken Boshcoff:** Thank you.

Mr. Christopherson mentioned that he rarely gets called—never, for the record. Almost immediately after 9/11, I noticed as mayor, and now as a member of Parliament, a very thorough.... In fact, I do

expect a call and I tell people to please know that they're going to have to wait until after they call me to get this through.

My question then goes back to the smaller communities and the nature of the passport office itself. Are there plans to blend it in with the Service Canada outlets? You are unequivocally saying no, so that's one less thing we have to worry about in the smaller communities.

**Ms. Doreen Steidle:** We're not blending it at all. In fact, we have no intention at this point at all. We have 33 offices. We want to focus on value-added identity authentication for those complex cases we cannot deal with, in a renewal-based environment, by mail. No, there are no plans that way at all.

**Mr. Ken Boshcoff:** I'm very pleased to hear that. Thank you very much.

**The Vice-Chair (Mr. Gary Carr):** I would like to thank all of you for coming here today and for your presentations. We appreciate it, as usual, and we thank you very much for that.

While our guests are leaving, we'll do one very quick, minor thing. We need to pass the budget. In addition to the budget, as you know, we've asked for a comparison of the testimony given during the Gomery commission and at the Standing Committee on Public Accounts in relation to chapters 3, 4, and 5 of the November 2003 report. The clerk has said that in order to do that we will need additional funding of \$31,220. I would like to see if we could get that passed.

It is so moved by Mr. Sauvageau and seconded by Mr. Christopherson.

(Motion agreed to) [See *Minutes of Proceedings*]

**The Vice-Chair (Mr. Gary Carr):** That is approved.

With due notice, Mr. Sauvageau has a notice of motion and he needs to now move the motion.

[Translation]

**Mr. Benoît Sauvageau:** Mr. Chairman, I'm going to take advantage of the fact that I have the committee's attention to reread the motion in French to ensure it's in order: "Que conformément à l'alinéa 108(3)g) du Règlement, le comité demande à la vérificatrice générale d'entreprendre une étude sur la reddition des comptes et sur les contributions versées au Conseil pour l'unité canadienne et à Option Canada."

To introduce my motion, I'm going to refer to the minutes of the last meeting, which was held on October 15, I believe. I'm going to cite a few committee members to ensure the wording of the motion is really correct.

First, Walt Lastewka said he agreed on the way the previous amendment had been written. He said he agreed on the amendment but still wanted to narrow down its scope. He said he was more concerned about what the procedure was and whether it was really what we needed in today's world. He asked whether the committee agreed on that. He then said that, if we wanted to investigate the subject further, we could still do it.

The Chairman, Mr. Williams, answered that he wanted to repeat that a careful reading of the motion agreed to would show that its purpose was not to enable the Auditor General to investigate non-profit institutions, but simply to look into their reporting mechanisms. The Chairman later told me that I was straying from the intent of the amendment and that, if it were agreed to, as well as the main motion, it would no longer concern the Canadian Unity Council and Option Canada. That's what we've already agreed to.

The vice-chair at the time, Mr. Mark Holland, who was a Liberal, said that, in his view, it would be preferable to inform the Auditor General of our concerns before asking her to investigate Option Canada and the Canadian Unity Council. In his view, the best thing to do would be to rely on the Auditor General with regard to a concern. The Chairman made the following comments, which were reported yesterday in *Le Devoir*:

Committee Chairman John Williams dismisses the argument that the federalists are protecting their CUC. Without wanting to attribute motives to his colleagues, he feels they voted down the Bloc motion out of "skepticism" [...] We don't have the necessary investigation tools. We generally ask the Auditor General to do it for us first.

Since the committee chairman and Mr. Lastewka have moved it, and Mr. Holland has moved it as well, to be consistent with them and their intention, I too move that the committee request that the Auditor General undertake a review of reporting of contributions paid to the Canadian Unity Council and Option Canada.

• (1035)

[*English*]

**The Vice-Chair (Mr. Gary Carr):** The motion has been moved, and now we're into debate. I don't have a list yet, but we'll start with Mr. Christopherson.

Just signal us if you'd like to enter the debate.

Okay, Mr. Christopherson, for debate.

**Mr. David Christopherson:** Thank you, Chair. I appreciate the opportunity to speak.

This continues to confound me to no end. I've got to hope—

**The Vice-Chair (Mr. Gary Carr):** I'm sorry, Mr. Christopherson, but Mr. Kramp has a point of order.

**Mr. Daryl Kramp:** Mr. Chair, I'd like to move a friendly amendment to this. Is this the time to do this kind of thing, or do I wait for my turn?

**The Vice-Chair (Mr. Gary Carr):** Mr. Christopherson will proceed, and then when you have the floor next, you can move an amendment.

Mr. Christopherson, sorry for the interruption.

**Mr. David Christopherson:** That's all right. Thank you.

I was just pointing out that I'm having a great deal of difficulty understanding the collective thinking of the committee. At the last meeting, we passed a motion asking the Auditor General to look into the reporting mechanisms and procedures vis-à-vis non-profit organizations that receive federal government funding—all well and fine, except that our job is supposed to be to root out, expose, and eliminate government waste, not generate it.

I say that because in that vote I was the only one who voted against it—fair enough—but there was not a shred of evidence in front of us, nothing, not a piece of paper, not a report, not even a media article, not even a wild allegation from somewhere on the planet—nothing, nada, zip. Yet this committee chose, by majority vote, to direct.... And as you'll recall, the chair said that a request of this committee, although it's not written down, is usually accepted as a direction by the Auditor General, meaning there's every expectation she will act on it. We're going to send her and her department off to do all that analysis. I don't know what it will be, but whatever it is, in my opinion, from the moment the meter starts on that file, that money is wasted.

The only thing I can see is that it was done to provide camouflage to those members...and I'm not singling out any particular party, because, again, I was the only one who voted against, so it's all three of you. I think the only reason that passed was because it was providing a political fig leaf for some members or caucuses on this committee because they didn't want to support this, this particular motion in front of us.

The real problem here is that this issue that Mr. Sauvageau has put before us does have some evidence. It has media concerns. It has allegations. I believe there are even some court rulings that play into this, raising questions as to whether or not there were problems. So to me it would have made all the sense in the world to say no to the wasteful fig-leaf motion that's going to have the Auditor General looking at all things. That should have been voted down. This should have been approved, but I suspect that the politics were such that people were hoping that by voting for the first one, they could then—whatever the politics are that they're concerned about—have some cover when they voted against this one.

If I'm wrong, then I suspect this will carry. In fact, maybe there will even be a motion of reconsideration, by one of those in the majority, to recognize the mistake in the last motion and do something to try to correct it before that money is wasted. That's why I'm taking advantage of the fact that we're in an open session with the cameras, in the hope that some enterprising journalist or somebody somewhere picks up on the fact that the watchdog committee has generated its own waste, in my humble opinion. They have generated waste, and that's the antithesis of what this committee is all about.

Now I have that off my chest, because it really bothers me. It's one thing—and I've been doing this a long, long time, political life, and I know the machinations of politics—but when the committee that Parliament, not just the Canadian people but Parliament, relies on to be the watchdog for government waste generates its own waste, at the very least it's hugely disappointing and troubling. That's why I do hope somebody holds this committee in its totality to account for that kind of motion, given that the motion was so wide open in terms of auditing. I can't remember the exact wording, but it wasn't very finite.

I remember the days back in the legislature, Chair, and I know how to read your body language better than most, so I know when you're warming up to the hook. But I am wrapping up and getting to the main point here.

That is, I'm going to vote in favour of this because I think there's evidence to do it, never mind the politics of the federalists and the separatists, and all of that. I'm as concerned about that as anybody, and I told Mr. Sauvageau that. I've always been straight up with him. As long as our agendas match—and often they do—on social issues, labour, then I'll be with them. As soon as there's another agenda at play, then you're not going to find a stronger federalist than I, and he and I will disagree to the nth degree.

• (1040)

But regardless of all that, there's evidence that something may be amiss on this one, so we really should look at this again, Chair. And if we're doing the right thing, here's an opportunity for one of the members of the committee who was with the majority—because the only people who can place a motion of reconsideration are those who voted in the majority—to correct that wrong. Because it really was wrong. I understand the politics of it, but it was wrong. I'm asking you to correct it. If not, I'm asking somebody out there to put some light on this, because there's the potential for tens of thousands of dollars to be wasted by the Auditor General looking for things when there's no evidence there was anything wrong.

In fact, I think the transcript from some of the members on the committee said there's bound to be something wrong if we go look. By that theory, we should be rooting through everything in the government—all day, every day, 365 days a year, because you're always going to be able to find something if you go looking. We don't have that luxury, nor the resources, nor the time. This is the right motion, Chair, that I think this committee should support. Notwithstanding any politics that somebody feels may be at play vis-à-vis federalists, separatists, etc., there's evidence that something wasn't right here. That's our mandate. I'm going to support the fact that we should be looking at this, to satisfy ourselves that things are all right, and if they aren't, that we'll be able to take action to do something about it.

Thank you, Chair.

• (1045)

**The Vice-Chair (Mr. Gary Carr):** We have Mr. Kramp, then Mr. Murphy, and then Mr. Fitzpatrick.

Mr. Kramp.

**Mr. Daryl Kramp:** I actually heard Mr. Christopherson fairly well. We've had a couple of discussions on this issue. I tend to agree

that we have a sole purpose and that's the honesty, integrity, and accountability of Parliament. With the evidence I have seen that I was not exposed to prior to the last meeting, I believe we should reconsider our original objection on this issue.

However, I don't think we need an open-ended witch hunt. I do think there have to be limitations. Who knows where we'll go with these limitations, but I suppose in the context of recognizing that we do not want to just waste money, I suggest a ten-year limitation to the point of investigation—it could be five; it could possibly be ten, with the consideration of this committee.

I would suggest a friendly amendment. At the end of the motion, I would add “with the extent of investigation being limited to a ten-year moratorium”.

**The Vice-Chair (Mr. Gary Carr):** So you're saying, “with the extent...”?

**Mr. Daryl Kramp:** Yes: “with the extent of investigation being limited to a ten-year period”.

**Mr. David Christopherson:** Is that the right wording for that? Is that what it means—going back five years?

**Mr. Brian Fitzpatrick:** Going back ten years to the day.

**The Vice-Chair (Mr. Gary Carr):** We will just take a quick minute, if we could, to clarify it so that everybody's clear.

That is in order. It says “with the extent of investigation being limited to a ten-year period”.

**Mr. Daryl Kramp:** From the date of passage.

**The Vice-Chair (Mr. Gary Carr):** From the date of passage.

Is there any discussion on the amendment? If not, we'll go back to the original one.

Okay, so we'll go back to the original motion, then, and Mr. Murphy was next on the list.

**Hon. Shawn Murphy:** Thank you very much, Mr. Chairman.

I just want to correct a statement that Mr. Christopherson made, and I think it's an important issue on this motion.

**The Vice-Chair (Mr. Gary Carr):** I apologize. Since there's no more debate, we all agree on the amendment, then?

(Amendment agreed to) [See *Minutes of Proceedings*]

**The Vice-Chair (Mr. Gary Carr):** Sorry, I apologize. I just wanted to clarify that.

Mr. Murphy.

**Hon. Shawn Murphy:** Thank you, Mr. Chairman.

I wanted to clarify a statement Mr. Christopherson made. I think it's important that we consider this. It looks as though this motion may pass anyway, and I don't consider it a big deal, but I think we should be guided in the future. I did speak to the Auditor General before she left. Mr. Christopherson said this is taken as a direction. That's not her statement at all. It's not taken as a direction. She gives it whatever weight she thinks it deserves and she takes it into consideration.

The Office of the Auditor General reports to Parliament, and the only way she really does is through this committee. She has a staff, I think, of 500 or 600 people and she has a budget of \$50 million, \$60 million, \$70 million. She's quite capable herself, through her staff, to decide which departments, agencies, programs her department investigates, and she reports to Parliament every three months.

I've been on this committee for quite a while now. The clerk can correct me if I'm wrong, but I don't think we've made these directions. It has been very seldom.... We have in the past, but it's been extremely rare. Again, this motion may not be a big issue, but I wouldn't want to see every week...because everyone has their hit list, whether it's VIA Rail, Canada Post, whatever. I can name you ten that I'd like to go after myself. But I would hope, Mr. Chairman, that this committee does not see it as its prerogative to come in every week or every month with a shopping list for the Auditor General, because I think in that case we're bringing the credibility and the reputation of the committee into disrepute.

• (1050)

**The Vice-Chair (Mr. Gary Carr):** Thank you. We will go to Mr. Fitzpatrick, with Mr. Christopherson next.

**Mr. Brian Fitzpatrick:** I want to respond to some of the comments that Mr. Christopherson made. I guess I do agree with him most of the time, but on this particular issue I have to take issue with him.

The history of Auditor General reports in the last while, if I'm reading between the lines, has shown she is extremely frustrated with her inability and Parliament's ability to deal with these foundations and crown corporations and so on. It almost seems as if it's a game of the government to create these arm's-length agencies that aren't accountable to this institution, even though they're using taxpayer dollars. Goodness knows, I don't know what goes on behind closed doors with these outfits. I have no idea whatsoever. For all I know, there may be more sponsorship things going on that I don't even know about with these agencies. But unless we have a process to check this stuff by Parliament, we have a problem.

I think any attempt to turn the thermostat up and be pounding on the door on this issue is a good step, and I don't apologize one bit for passing that motion. I fully support the Auditor General's ability to open the door to these crown corporations and foundations and find out what in the world's going on behind those doors.

I make absolutely no apology for supporting that motion. I think it's a good motion. The description that Mr. Christopherson put on it is not entirely accurate, from my standpoint, but I'm going to make a few other points too.

I have read the internal audit reports that have been presented here, and quite frankly I do not see some major issue coming out of

these things. There are some administrative things and so on that are raised in those reports, but I don't see some smoking gun or damning indictment in these things.

Quite frankly, I don't see where these audits have anything to do with 1995, and that seems to be where Mr. Sauvageau wants to go with this thing. They deal with a period of time that has nothing to do with 1995, from what I can see. They deal with the late 1990s and the early 2000 period, unless I've misread them. I don't see them going back to that period of time at all, but he seems to think that's what these audits are about.

So I have that concern about it as well. There have been comments made about evidence and facts. Quite frankly, I'm trained as a lawyer, and I haven't seen this big factual case presented here, prima facie case, saying let's go after this thing because there are all these problems. I haven't seen it. To me, it's an invisible case at this point in time.

Maybe Mr. Christopherson or someone else can point to the actual factual underpinnings that really cause major concern, that require us to spend a whole lot of time dealing with the issue, but quite frankly, I have not seen that evidence presented here yet.

Those are the comments I have. I guess I've now registered my points on that.

**The Vice-Chair (Mr. Gary Carr):** We're now at ten to, and we have four speakers on the list.

Mr. Christopherson.

**Mr. David Christopherson:** Thank you, Mr. Chair.

I have a great deal of time and respect for Mr. Murphy and I always take what he says at face value. However, I just want to direct him to the fact that at the last meeting it was our illustrious chair, who I think probably has the greatest experience here, who said the Auditor General takes it as a directive. Now, I stand to be corrected based on the Hansard, but I'm pretty clear in my recollection that the chair was the one who made it very clear that the Auditor General does take it that way even though it's not written. But the facts are there and we can check those.

As to Mr. Fitzpatrick's points, I have to tell you, when he talks about an invisible case.... I'm not a lawyer; he is. One of the phrases lawyers like is "preponderance of evidence". Well, as to the preponderance of evidence on the main motion we passed, there wasn't any. There was no evidence. There was nothing. So when he talks about an invisible case, I would still stand by the fact that Mr. Sauvageau provided at the last meeting documentation that at least raised questions about these specific contributions that are in front of us in this motion. That's why I think it's worthy of my vote and that's why it will get my vote.

I'm still listening, but I still haven't heard anything at all from colleagues that after the fact justifies why we're sending the Auditor General on a wild goose chase. I'm making the allegation that it was passed merely to provide a political fig leaf, because for whatever other political reasons, the intent was to vote against this motion. The idea was, well, it's not that we're against anything in there; it's covered by this broader motion. That's what that game was about, and that's where I'm saying the waste is.

That motion should not have passed. The Auditor General should not be given that kind of directive or request from this committee. There was no evidence in front of us, and when I say "no evidence", I don't mean it adds up to nothing. I mean nothing; not even paper one was put in front of us. Nothing.

So, Chair, I haven't heard anything at all that changes my opinion. I'll remain and I'll keep listening for the rest of the discussion, but as it stands now, I will support this and would support anybody who wanted to make a motion—because I can't move it—on the floor to reconsider that previous motion.

Thank you.

•(1055)

**The Vice-Chair (Mr. Gary Carr):** Borys is next.

**Mr. Borys Wrzesnewskij:** Unfortunately, I don't have the wording of the previous motion in front of me, but I'd like to follow up on the two points made by Mr. Fitzpatrick.

I believe the intention of everyone except for one member was for the Auditor General to have an ability to take a look at foundations, crown corporations, and non-profits that have been set up by the federal government. You talk about there not being a preponderance of evidence that there's wrongdoing or waste taking place within these foundations, but part of the problem is it's because there's no Auditor General oversight. We used to have a limited number of crown corporations, but now we have a preponderance maybe not of evidence but of foundations with no Auditor General oversight.

I think it would be a neglect of our duties to say, well, we haven't heard of anything and while there's this preponderance of new structures being formed by the government, because nothing's gone wrong, there won't be any oversight. I think it's very important that there be oversight; I think that's the importance of that motion, and I concur with Mr. Fitzpatrick on that.

I come to your second point, Mr. Christopherson, on this particular issue. You said there is a preponderance of evidence as opposed to—and I think you used the term—wild allegations; there are no wild allegations about things going on from any part of the world. Well, I haven't actually seen any evidence, and you had said this committee sometimes chases its tail. I was listening to you and I was thinking, boy, someone is energetically chasing things. But I haven't seen any evidence. Where's the evidence on this?

And you talk about waste. If someone says there's evidence as opposed to allegations, well, produce the evidence. Produce the evidence in front of this committee, and perhaps some people's minds would be swayed, but I haven't seen any evidence. All I'm hearing is someone alleging there is evidence. Well, that's an allegation; that's not evidence.

Like I said, I'd just like to concur with Mr. Fitzpatrick on his two points.

**The Vice-Chair (Mr. Gary Carr):** Mr. Lastewka and then Mr. Sauvageau.

**Hon. Walt Lastewka:** Before the last meeting, when we had the motions, I had not read the audit. I did read the audits. I agreed with Mr. Fitzpatrick on the substance of the audits and that there's no smoking gun there. I disagree with Mr. Christopherson. I think the motion was well put because we asked the Auditor General to review the procedures and to dig deep. She hears what we're saying around this table, and I know that she makes her own decisions with her departments to dig wherever they want to dig, and that's the way we want it.

My concern is continually that we stay on target as a PAC committee rather than be more and more political. I can call up newspapers too and say, listen, I heard this and this, why don't you do this and why don't you do that and so forth. But our job as a public accounts committee is to take what the Auditor General has reported and start doing some of the things, to go deeper with her reports, because her frustration is that she does reports and she's not quite sure the departments are digging deep, fixing things and doing things.

We had a good example this morning on the passports; we had the passport office admit there had been a lot of action done since last May. We need to continue to look at her reports and to bring in more departments in a priority order, the ones we think are right, to make sure we get action. I think Mr. Christopherson made the remark when he first asked the question—I've forgotten your complete words, Mr. Christopherson—did you start doing the things as soon as the Auditor General and so on? To me that's more important than having political items coming out of the public accounts committee, which is very evident today.

I think this is a good example. I was a little bit disappointed to see Mr. Stockwell Day here with our three regular members from the official opposition not asking the question first. We can anticipate that in question period now there will be a question and so forth, and what we're doing is bringing back the public accounts committee to where it was before, totally political, and I'm very disappointed in that. I would hope that we would stay on target and implement and question the Auditor General's report and do what Mr. Christopherson put some pressure on, getting action from those departments that might not have been taking action.

I think you know that from your experience in the provincial legislature.

•(1100)

**The Vice-Chair (Mr. Gary Carr):** It's almost 11 o'clock, so we'll wrap up very quickly if we could.

It's Mr. Sauvageau and then we'll have the question.

[*Translation*]

**Mr. Benoît Sauvageau:** I want to respond to a few comments that were made.

First, Mr. Wrzesnewskyj asked, in his elegant manner, where the evidence is. I would remind him that, at the last committee meeting, I submitted two internal audit reports to him and that one of those two reports stated that there is an unauthorized transfer of funds between the Canadian Unity Council and the Centre for Research and Information on Canada. It states that less than 10 percent of the \$4.1 million is allocated to research, which means that 90 percent of that amount is used for other purposes. It also states that there may be too much money, because no business plans or budgets were presented in 2001-2002 or 2002-2003. Lastly, it states that reporting is done by telephone or in person, that studies are of no importance, according to the mandate of the Centre for Research and Information on Canada.

That's the evidence that I've brought, and it comes from the Department of Canadian Heritage.

As for Mr. Lastewka, I recognize his experience, but he also recognizes the integrity of words. At the last meeting, he said there were obviously various procedures that non-profit organizations are supposed to follow in reporting. He proposed that we ask the Auditor General — that shouldn't take any time — to examine the reporting procedure of non-profit institutions and to report to us on it instead of trying to investigate the institutions.

So, as a result of Mr. Lastewka's request to the Auditor General — which the committee agreed to without any evidence, as Mr. Christopherson said — the Auditor General will conduct a study, not on the institutions, which is what you requested, but on the reporting procedure, which is a completely different matter.

The Chairman then repeated that, if we carefully read the motion, we would see that it doesn't say that she will investigate the institutions, but rather that she will only investigate the institutions' reporting mechanisms.

So, in view of the fact that there are two internal audit reports, and that, as a result of Mr. Lastewka's clarification, the Auditor General will not investigate the institutions, but only the reporting

mechanisms — you clarified that in the last report — I suggest that the investigation cover a 10-year period.

The motion by my friend Mr. Kramp is relatively simple. Option Canada existed only in 1995. If we ask to go back five years, we forget part of the motion. I agree that we should not go back 20 years. However, if we want to include at least Option Canada, we should go back 10 years.

As regards your evidence, I've got it. As for the Office of the Auditor General, you requested the contrary, and I'm sure you're honest enough to acknowledge that. As for the 10 years, I acknowledge that. So we can vote now.

• (1105)

[*English*]

**The Vice-Chair (Mr. Gary Carr):** Yes, I'm in the hands of everyone: we can either move to the vote or continue.

**Hon. Walt Lastewka:** I have a short remark.

I have great respect for the chairman. Although I disagree with him from time to time, when we have requests and he makes decisions, I have great respect for Mr. Williams. I don't agree with him all of the time, but when the questions were asked, I narrowed it down to the procedures to make sure.

Mr. Sauvageau, you don't need to wave anything at me. I can speak for myself.

**The Vice-Chair (Mr. Gary Carr):** We'll move to the question now:

Pursuant to Standing Order 108(3)(g), the committee requests that the Auditor General undertake a review of reporting of contributions paid to Canadian Unity Council and Options Canada, with the extent of the investigation being limited to a ten-year period from the date of passage of the motion.

That is the motion as amended.

(Motion agreed to)

**The Vice-Chair (Mr. Gary Carr):** With that, I'd like to thank all of the members, as usual, for their participation.

This committee stands adjourned.









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