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—
Chair

The Honourable Shawn Murphy

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• (1530)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): I call the meeting to order and extend to everyone here a welcome to this meeting.

Colleagues, this meeting is pursuant to the Standing Orders, and it is to receive the February 2007 report of the Auditor General of Canada, which was of course tabled in the House of Commons yesterday.

With us today is the Auditor General, Sheila Fraser. She is accompanied by four of her senior staff: Richard Flageole, assistant auditor general; Nancy Cheng, assistant auditor general; Andrew Lennox, assistant auditor general; and Lyse Ricard, assistant auditor general.

What I propose we do, members, as we have one motion to deal with, is that I'd like to start the meeting now, call upon the Auditor General for her opening remarks, and then adjourn at about ten after five to deal with Mr. Wrzesnewskyj's motion. And of course we will adjourn at 5:30 because we're going to have the bells at 5:30 and the vote at 5:45.

Mrs. Fraser, I turn it over to you now for your opening remarks.

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

We are very pleased to be here today to present my fifth status report, which was tabled in the House of Commons yesterday. I am also pleased that we're reporting satisfactory progress in five areas.

As you noted, I am accompanied by four assistant auditors general: Richard Flageole, who was responsible for the passport audit; Nancy Cheng, who was responsible for the audits on the social insurance number and the National Research Council; Andrew Lennox, who was responsible for the coast guard audit; and Lyse Ricard, who did the audit on heritage properties.

Status reports are particularly important because they show what departments and agencies have done to address recommendations from a selection of our past audits. In determining whether progress is satisfactory or unsatisfactory, we take into account the complexity of the issue and the amount of time that has passed since the original audit.

[Translation]

The Status Report shows how departments and agencies have acted on our concerns in seven specific areas. We revised the management of advertising and public opinion research activities,

federal built heritage, leading-edge research, the Coast Guard's fleet and marine navigational services, passport services, the social insurance number, and international taxation.

[English]

Let me turn now to the areas where progress has been satisfactory.

I will begin with the management of advertising and public opinion research. Given the serious weaknesses that we identified in our 2003 audit of government advertising activities, this year's findings are good news.

We found that Public Works and Government Services Canada has made satisfactory progress in ensuring that advertising and public opinion research contracts are awarded in a fair and transparent manner. It used a competitive process to establish a pool of qualified firms who can provide advertising and public opinion research services. The process for choosing the agency of record was fair and transparent.

Departments have made satisfactory progress in ensuring that they plan for advertising activities and manage suppliers in accordance with the communications policy of the Government of Canada. I am pleased that the government did not create new rules and controls as a response to our previous report. Instead, it focused on following the rules that were already in place.

[Translation]

There was also progress in the area of international taxation. The globalization of the economy and growth in international investment have a significant impact on the taxes owed to Canada. This affects Canadian residents doing business abroad as well as non-residents earning income in Canada.

The use of tax havens by Canadians and abuse of tax treaties with other countries could divert tax away from Canada, and the amounts at risk could be significant. For example, the Canada Revenue Agency estimates that in 2005, Canadian corporations conducted \$1.5 trillion in transactions with related parties in foreign countries. Non-residents paid over \$4.9 billion in taxes last year on income earned in Canada.

We found that the agency is now better able to identify potential non-compliance with the tax rules on international transactions. It has taken steps to detect aggressive international tax planning schemes and has directed more resources to auditing international tax avoidance.

However, in some of the tax offices handling the highest-risk files, the agency still lacks sufficient expertise in international tax auditing. Taking into account the difficulty of retaining sufficient expertise, the agency needs to develop a consistent national approach to auditing taxpayers with international transactions.

[*English*]

Another area where globalization has a significant impact is passport services. In 2005, we reported that the passport office, now Passport Canada, was struggling to meet higher expectations for security and growing demands for service. Since then, it has dealt with an unprecedented demand, issuing over three million passports in 2005-06. High-demand pressures will continue, given the more stringent U.S. requirements for passports.

I am pleased at the progress Passport Canada has made in the relatively short time since our 2005 audit. The agency has clearly directed a major effort toward resolving the problems we had identified. For example, examiners now have appropriate tools and training to determine whether identity documents provided with passport applications are authentic. Passport Canada has also significantly enlarged its watch list and has used the information to refuse applications or to investigate them further.

But Passport Canada still has some major issues to resolve, particularly in the areas of security and identity verification. It faces a complex undertaking that will need the full cooperation of other government organizations at the federal, provincial, and territorial levels.

• (1535)

[*Translation*]

We also examined the progress made by the National Research Council in its management of leading-edge research. The NRC is the federal government's largest research organization. I'm pleased with the progress it has made toward implementing the recommendations from our audit in 2004.

The appointed council that governs the NRC's operations has strengthened its role, and the NRC's research institutes have taken steps to improve the way they manage research projects. We also noted satisfactory progress in several human resources management initiatives.

But action on some of our recommendations was delayed while the NRC laid the foundation for its new corporate strategy. It is important now that the organization meet its own milestones so it can fully address our recommendations.

[*English*]

Moving on to the conservation of federal built heritage—that is, historic buildings, battlegrounds, forts, and so on—I am pleased that Parks Canada has made satisfactory progress in addressing the concerns we raised in 2003 on the need for better protection of our built heritage. The agency has proposed a policy to strengthen the legal protection of federal built heritage and has improved its management tools.

Nevertheless, not all the problems have been resolved. The fate of heritage sites and buildings in the custody of federal organizations other than Parks Canada remains uncertain. The loss of heritage

buildings and sites means that future generations will no longer have access to significant aspects of our history. It is therefore important that the federal government strengthen its conservation regime for built heritage. It also needs to set priorities to decide which heritage buildings and sites should be preserved.

[*Translation*]

Now let me turn to areas where we found unsatisfactory progress in implementing recommendations from previous reports. In those two areas, the problems are long-standing.

Let's start with the management of the social insurance number, which is used to issue billions of dollars in federal benefits to Canadians. It is also used widely outside the federal government. Even though Human Resources and Social Development Canada has improved several aspects of its management of the Social Insurance Number, two important issues, first reported nine years ago, remain unresolved.

First, the department cannot be sure of the quality of the information it retains in the social insurance register, the data base of personal information provided by everyone who has been issued a social insurance number. The department does not have goals for the quality of the information and does not measure it systematically.

Second, the policies on how federal departments may use the social insurance number are still unclear. This has led to inconsistent interpretations of the rules, which make it difficult for departments to ensure they use it appropriately.

This is the fourth time since 1998 that we have reported these two problems. The government should have resolved them by now. Good management of the social insurance number—including clear guidance on its use in the federal government—is more important than ever, in light of security concerns and the growing incidence of identity theft and fraud.

• (1540)

[*English*]

The other unsatisfactory area is the management of the coast guard fleet and marine navigational services. I am concerned that the coast guard has not solved long-standing management problems. It has not responded adequately to recommendations made a number of years ago, and many of the problems cited in our report are in fact similar to those raised in a 1983 audit.

The coast guard still operates largely as five regional coast guards, each with its own way of doing things. It has not become the strong national institution the government expects it to be.

Canadian mariners, like others around the world, also rely more and more on electronic navigation. While the coast guard is introducing new marine navigation services, it has been unable to develop strategies for traditional aids such as buoys and light stations, which are costly to maintain and operate and no longer serve their original purpose.

The coast guard has a history of failing to complete initiatives, partly because it takes on too much at once. It needs to decide on a few of the most urgent priorities and then get the job done.

[Translation]

In conclusion, audit by nature focuses on areas in need of improvement. I am very pleased to see that our work made a difference. This Status Report shows that the government has taken satisfactory action in the majority of the areas we revised this year.

[English]

Success can be attributed mostly to the setting of priorities, a strong commitment from senior management to achieve them, clear action plans, and support in the form of adequate resources to achieve the goals. Credit is due to the many public servants who have worked hard on resolving these issues.

Mr. Chair, my colleagues and I would now be pleased to answer any questions that committee members may have.

Merci.

The Chair: Thank you very much, Mrs. Fraser.

Members, I propose that we start the first round of seven minutes, and then we'll hopefully be able to conclude the second round of five minutes.

The first person on the list is Mr. Rodriguez, for seven minutes.

[Translation]

Mr. Pablo Rodriguez (Honoré-Mercier, Lib.): Thank you, Mr. Chairman.

Thank you for being with us today, Madam Auditor. Welcome to you and the members of your team. I have several questions on a number of topics.

To begin with, I assume that the timeframe covered in your analysis of advertising activities refers in fact to the period of time when that specific report was released. So that means that when you indicate that things are working well now, you are referring to about two years of activities under the former government and eight or nine months of activities under the new government.

Ms. Sheila Fraser: Indeed, we audited the advertising campaigns from fiscal 2004-2005, as well as all subsequent campaigns conducted through to August 2006.

Mr. Pablo Rodriguez: I see. So it stretches back to your 2004 report and carries through almost to the present day. And overall the problems have been resolved.

Ms. Sheila Fraser: Yes.

Mr. Pablo Rodriguez: I see, thank you.

We are facing a crisis right now as far as the passport issue is concerned. The situation seems to be getting worse; there is now a wait of up to 60 days to get a passport. From what I understand, there is no crisis management plan. There was no plan, and there still isn't one today. Is that correct?

Ms. Sheila Fraser: Our audit was completed in August 2006, so obviously it didn't cover the recent period. However, we have reviewed the Passport Office's forecasts to take into account a potential increase in applications. We observed that there were forecasts at a corporate level, but that at an office-specific level, when you asked for a plan, they didn't have one.

Mr. Pablo Rodriguez: I see, but the passport crisis we are currently facing could have been avoided, couldn't it, based on what you saw?

Ms. Sheila Fraser: It's hard to say. I think you'd need to ask the Passport Office whether other measures could have been taken. I think that you have to recognize that they obviously face some constraints, not only as far as staffing is concerned, but also when it comes to equipment, such as printing equipment, computer networks, and so on.

Nevertheless, I think they are questions you would be better off asking management at the Passport Office.

Mr. Pablo Rodriguez: Okay. Let's come back to chapter 2 which deals with the conservation of built heritage. In your opinion, what is the current state of our heritage buildings?

Ms. Sheila Fraser: I don't think it's possible to make a general statement about all the buildings. Parks Canada would have a better idea about the buildings it is responsible for, but as for other departments, such as National Defence and Public Works, I doubt that they would have such an inventory with the age of the various buildings and historic sites.

• (1545)

Mr. Pablo Rodriguez: It was my understanding following recent discussions that the state of our heritage buildings left something to be desired. I'm wondering if, in your opinion, enough money has been allocated to both protect these buildings and improve their current state. We enjoy the use of these buildings today, however ideally we would like to be able to pass them on to future generations.

Ms. Sheila Fraser: The Auditor General is always wary of saying that a particular program should get more funding. You'll see that Parks Canada got more funding for infrastructure, and that a fair share of it was earmarked for the conservation of historic sites. The problem we're trying to highlight here is that there was an absence of priority-setting. Work has been carried out on a number of sites without really determining which sites are a top priority when it comes to conservation.

Furthermore, the historical sites protection system, which is the purview of other departments aside from Parks Canada, needs to be strengthened. These sites are only subject to a Treasury Board policy, and this policy only deals with buildings. You'll understand that at National Defence, for example, operations rather than conservation are the top priority.

Mr. Pablo Rodriguez: If you don't mind, I'd like to come back to passport services. In one passage, you state that Passport Canada still has some major issues to resolve, particularly in the areas of security and identity verification. I'm a little troubled by that, given that security is the most important concern when it comes to passports. You have to be able to verify the information provided by the applicant. Are there any immediate concrete changes that could be made?

Ms. Sheila Fraser: Actually, the Passports Office has improved some of its methods, but the big challenge is determining whether the birth certificate and other documents submitted by applicants are valid.

The best way to do this quickly is by developing electronic links with provincial statistics offices. This process is underway in one or two provinces. I will call on my colleague Mr. Flageole to elaborate on this, but I must point out that this is an ongoing project that will be implemented over time.

Mr. Richard Flageole (Assistant Auditor General, Office of the Auditor General of Canada): Mr. Chairman, I should point out that since the audit, links have been established with Alberta and British Columbia. The other provinces still aren't covered, but this is a significant improvement nevertheless.

I think that it's crucial that links be established with Citizenship and Immigration Canada so that data can be verified. Moreover, the report stresses that quite a few improvements have been made in the area of security, but that there are ongoing problems when it comes to controlling employee access to the passport issuing system.

Mr. Pablo Rodriguez: Thank you. I'll conclude there since I don't have much time left.

[English]

The Chair: You have half a minute.

[Translation]

Mr. Pablo Rodriguez: There also seem to be some very serious concerns in the area of social insurance number management. It's my understanding that there are about three million more cards than there are residents. What's more, department officials can't guarantee that the information is accurate. It's the fourth time since 1998 that you have rapped them on the knuckles. What needs to be done for this to change?

Ms. Sheila Fraser: I might suggest a parliamentary hearing and another action plan specifically dealing with these issues. You have to understand that the department has made a lot of progress in other areas. They've tightened security when it comes to issuing cards and have improved the temporary Canadian resident card series. There are two major issues that still need to be dealt with however, registry integrity, and the Treasury Board policy, which needs updating.

Mr. Pablo Rodriguez: Thank you.

[English]

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

Monsieur Laforest, sept minutes, s'il vous plaît.

[Translation]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chairman.

Good afternoon, Ms. Fraser. And good afternoon to your team.

Ms. Fraser, in your opening statement, and in reference to chapter 1 dealing with advertising and public opinion research, you referred to progress which has been satisfactory. You stated the following:

Given the serious weaknesses that we identified in our 2003 audit[...] this year's findings are good news.

I don't entirely share the same interpretation. Because the situation was very bad and has now improved, you said that things are better now. And yet, in two places in your report, you clearly state that progress is unsatisfactory, especially when it comes to the

Government of Canada's Communications Policy. Under this policy, departments must submit research project descriptions to Public Works and Government Services Canada and advise it in advance of any research activities being contemplated.

In 2003, 20% of department officials involved in such projects did not comply with this policy. And yet, based on your research, there was no progress made in this regard. 80% of people complied and 20% didn't. So we are at square one.

Once again, according to the Government of Canada's Communications Policy, departments must submit work plan descriptions before commencing work to Public Works and Government Services Canada. You carried out a contract-value-based assessment and it turns out that the situation in that regard is even worse: for contracts over \$200,000 I think, this directive wasn't complied with in 60% of cases. There was an 85% non-compliance rate for small contracts. To my mind, the problem is big enough to cast doubt on what you consider to be an improvement.

It's possible that considerable improvements have been made in some areas but there are still a number of gaps. Department and program officials could conduct a poll which may be used for unjustifiable political purposes.

Were the same activities and the same departments involved in each instance of non-compliance with the Government of Canada's Communications Policy?

• (1550)

Ms. Sheila Fraser: Unfortunately, I don't have the sample details, but we could send them to the committee. For the moment, I can tell you how we arrived at that conclusion.

The biggest problem, especially in relation to advertising contracts but also with public opinion research contracts, was the way the contracts were awarded. You can see here in the audit that contract tendering rules and policy were followed in 2004-2005 advertising campaigns, and also through to August 2006. Moreover, tendering was carried out in a fair and transparent manner.

Yes, we did observe that officials failed to submit public opinion research work plan descriptions to Public Works and Government Services Canada prior to starting work. The main reason for this approach is that there is a group of experts at Public Works who can coordinate and improve the quality of research especially when more than one department is involved.

We deemed that this was indeed a weakness, but that the rating "satisfactory" was still warranted.

Mr. Jean-Yves Laforest: Mention was made of a need to inform Public Works and Government Services Canada ahead of time for certain types of research activities. My question may seem similar to one I've already asked you, but I would like to know whether, in those cases when new guidelines were not complied with, it had to do with the same type of research. Is there a relationship between these contracts?

Ms. Sheila Fraser: Contracts were granted according to the rules. The fact that projects were not submitted to Public Works and that there was no coordination with other departments is the problem.

It may be a matter of effectiveness. Moreover, it would have been possible, in theory, to improve the nature of the research in that a panel of experts could have asked questions and indicated that research had to be carried out in a different way.

• (1555)

Mr. Jean-Yves Laforest: In the highlights of the chapter on Human Resources and Social Development Canada, you refer to the lack of leadership as being one of the main causes for the slow pace of things.

Conversely, would you say that after having repeated for the fourth time that there was a problem with the social insurance register, that this is clear evidence of a lack of leadership? Is there a lack of political will? Are people poorly organized or poorly equipped?

It seems to make no sense to me, specifically when you've raised it on four occasions. I really relate that to a lack of leadership. You stated that things go very well when there is leadership and, conversely, when things don't go well—it begs the question.

The Chair: That was your final question.

Ms. Sheila Fraser: We did not try to uncover the reasons why there has not been more progress made with respect to the register. In terms of the policy, for instance, officials told us that it really was a matter of priorities. The team had to work on other issues, and the policy on the use of social insurance numbers was a lesser priority.

I think it would be good to discuss this matter with departmental officials, in other words to say that you may want to know how they establish their priorities and the reasons for this slowness.

Mr. Jean-Yves Laforest: Thank you.

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

Mr. Sweet, you have seven minutes.

[English]

Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC): Thank you, Mr. Chairman.

Good afternoon, Madam Fraser.

First I want to go paragraph 6.63 on page 23. Regarding the six million cardholders from whom no identification was required prior to 1976, do you know of any ongoing activities in the department right now to upgrade or verify this data? Did you notice this when you did your audit?

Ms. Sheila Fraser: Perhaps I could ask my colleague, Ms. Cheng, to respond to that.

Obviously we've noticed that there has been a decrease in the number of social insurance numbers issued prior to 1976, as we noted in the report. The department does have plans to validate them.

Perhaps Ms. Cheng can give more information on that.

Mr. David Sweet: That's the other follow-up question I want to ask.

What is that decrease from? Was it mortality? How do we arrive at two million less?

Mrs. Nancy Cheng (Assistant Auditor General, Office of the Auditor General of Canada): Thank you, Mr. Chairman.

First, in terms of the 6.4 million that remain, we are not aware of any particular initiative to reduce that. In reality, most of the effort taken was in trying to reduce the gap between the population over 30 years old and the actual number of active social insurance numbers in the registry.

In the case of the 6.4 million, it becomes a question of time. As Madame Fraser pointed out, these are people who received their cards prior to 1976, when there was no requirement for certification. So over time, that population decreases. Basically there is no activity to aim specifically at that. That's why we were concerned about the quality of the entire database.

They have done specific work on components of the database but haven't sort of looked at it overall to say, is this good enough to support the various social and other government programs that use the accounts?

Mr. David Sweet: But to be clear for my questioning, when we follow up with the department, you're saying that they're simply waiting for this number to diminish naturally. There's no active verification of the data; there's no team phoning to try to verify the source documents that legitimize these SIN numbers.

Mrs. Nancy Cheng: Mr. Chairman, I should point out the fact that they are pursuing the route of vital events statistics with various provinces. That can help to validate the data on a broader basis and not necessarily just aim at the 6.4 million. So there are other ongoing initiatives to try to provide better data quality in the register, but not specifically aimed at the 6.4 million.

• (1600)

Mr. David Sweet: I want to be precise. It's a big issue, as far as personal privacy and national security go.

In paragraph 6.27 on page 13, you also mentioned that there was unauthorized use in three departments.

Was this audit on the SIN also finished in August?

Ms. Sheila Fraser: I believe this one was finished in August, yes.

Mr. David Sweet: So right up until then this program was still operating without authorization?

Ms. Sheila Fraser: Yes.

Mr. David Sweet: That's not good.

Page 12—

Ms. Sheila Fraser: I would just add that these programs we looked at were programs that had been noted in a previous audit report. Two have been authorized since and the third one has not been.

Mr. David Sweet: Okay, thank you.

Paragraph 6.23 extends over page 11 and page 12. You mentioned that the department had decided in one case that there was a data matching policy in one area and yet in another area, with old age security, they decided there wasn't. Did you ask them at the time of the audit how they drew this conclusion?

Ms. Sheila Fraser: This points to the inconsistency in the application of the policy and to the fact that the policy is not clear. The whole issue of whether it is considered a matching or not goes into the steps they have to take under privacy legislation. If there's confusion in the departments about how this is to be applied, this is one of the reasons we're saying the policy really needs to be updated. I don't know that we actually explored with them why they treated it that way; we just noted that there was an inconsistent application.

Mr. David Sweet: So there was no further questioning on the discretion of why they did that.

Ms. Sheila Fraser: No.

Mr. David Sweet: Lastly, on page 11, 6.22 says, "The Secretariat informed us that progress in updating the policy framework was delayed in 2004 to address other pressing policy issues." Again, I have a really hard time in thinking what would be more pressing than security and privacy. Did they indicate what these more pressing issues were?

Ms. Sheila Fraser: I believe they did tell us. Ms. Cheng could perhaps respond to that.

Mrs. Nancy Cheng: Mr. Chairman, I believe at the time they were addressing the implications of the Patriot Act in the United States. They felt that was a priority and that took away the staff, the same staff who had to look at identity management issues.

Mr. David Sweet: So their efforts to find out how the Patriot Act would affect us here in Canada was entirely different from a sustained effort in controlling the quality of data for the SIN numbers?

Mrs. Nancy Cheng: What they did was a comprehensive review. They identified that there was a lack of clarity being given by various departments and agencies. They felt that work needed to be done, and they'd done consultation. At the time, when they shifted the effort to look at the Patriot Act, the resources went the other way. Currently they are going through a policy suite renewal initiative at Treasury Board Secretariat. So they wanted to take on a larger initiative. According to their plans they are going to be dealing with that in fiscal year 2007-08, to come up with better clarity on the issues.

Mr. David Sweet: I said that was my final question, but I'd like to squeeze another one in here.

In the recommendations you made, I noticed there were a lot of instances where they said they would comply within 2007-08. I understand you wouldn't know all of the management aspects, but were they reasonable targets?

Ms. Sheila Fraser: Yes, we believe they're reasonable. Obviously the department is putting them forward. We would expect them to be able to comply within those deadlines.

Mr. David Sweet: Thank you very much.

The Chair: Thank you, Mr. Sweet.

Mr. Christopherson, seven minutes.

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

Thank you again for your presentation. I'll start with the coast guard, chapter 4. I'm sure it's purely coincidental that neither the

current nor previous governing parties have raised this. I'm sure it's just because they were preoccupied with other things.

In the context of your overall report, there are five that are good. This is a good sign. It's clear what we do when we don't like reports. There's no happy face system. We're really hard on them when they don't do the right job. When they do something right, there should be some recognition of that because they won't get a lot of attention on that. But kudos to the deputies and staff who are making that happen.

However, our job is to work on the areas that are not yet up to a standard that's acceptable for the Canadian people. Certainly this is one of the most scathing reports that I've seen, and it sets a new low, as far as I'm concerned. I now see a report on page 7 of this chapter that talks about a 1983 Auditor General's report raising issues that were raised again in the reports of 2000 and 2002. It's coming back again in 2007, and it's still not done.

So where are we, Auditor General, on this one? What are the key concerns you're finding, and why is this happening over decades?

• (1605)

Ms. Sheila Fraser: We've tried to identify some of the reasons. We indicate that it is our opinion that the coast guard has this attitude that they can do everything, and they take on way too much. So in response to all of these audits, there have been action plans and promises to fix everything, except it wasn't realistic to try to do everything at once, and the effort could not be sustained over time.

We are strongly encouraging the coast guard to focus on a few priorities that they will of course determine, move forward on those, get those done, and then pick some more.

We have to recognize, too, that the coast guard has undergone a lot of organizational change. It was part of the Department of Transport, then part of the Department of Fisheries and Oceans, and now is a separate special operating agency. The organization in the Department of Fisheries up until two years ago was regional in nature, so it's not perhaps surprising that two years later it is still operating regionally.

One of the major challenges of the coast guard is the aging fleet and the increasing unreliability of that fleet. It is spending more time being serviced, and the costs of repairs and maintenance are going up.

Mr. David Christopherson: I have to say that I was really surprised to see this, given the fact that everything—security, military—has had lots of attention and lots of money over the last few years, and this is being treated almost like a poor cousin.

And yet we have huge coastal waters. I think we have the longest coastal line possibly in the world if you take in all our inland waters on the Great Lakes. I mean, that's part of their responsibility.

I want to put this on the record so people can understand at a practical level what this means for Canadians, as some people see it. David Walsh, who is the president of the Dartmouth local of the Union of Canadian Transportation Employees, said this yesterday:

It's the union's opinion that if something like the Swiss Air disaster happened again, we wouldn't be able to answer the call, because we have less vessels right now.

I don't know what kind of labour relations are currently going on, and I'm sure some might suggest there's something there, but that's a pretty stark assessment from the very people whom we call on to go out and respond.

Definitely, Chair, given that there are only two out of all of these that are unsatisfactory, I would assume that this would be one. Certainly I would hope we're making that argument, because there's a lot there.

On social insurance—and it's already been raised a couple of times—I want to come back again to this issue of things that have been raised before and not done. I'm looking specifically at page 16, where you say in 6.37,

The Department has had access to immigration data since 1996. In 2004 the Department—reported that obtaining electronic access to citizenship data was delayed pending a major systems upgrade by Citizenship and Immigration Canada, expected at that time to be complete in 2006. The Department informed us that it had begun discussions with Citizenship and Immigration Canada in August 2006—

Now, I don't know how you can do a whole system by a target deadline of the end of 2006 when you don't even start talking to the people who you're going to reconfigure your computer system for until August of 2006. Did they give you any satisfactory explanation?

Ms. Sheila Fraser: Well, we know from other audit work that we've done—this is the global case management system in Citizenship and Immigration Canada, which we mentioned in the IT system audit that we tabled in November—that it has experienced its share of problems and delays. The target initially of 2006 is not going to be met, and I don't think the system is even—is it running now? I don't even think it's up and running yet.

• (1610)

Mr. David Christopherson: It's still not running.

Ms. Sheila Fraser: That is what is delaying this project with Human Resources and—

Mr. David Christopherson: Do they have an adequate reason why it's not up? Do they offer any reason for the delay?

Ms. Sheila Fraser: I'm sorry, I would have to go back to the November audit, but I know we had criticisms then about project management planning and those kinds of issues.

Mr. David Christopherson: Okay. Well, there's another one that screams for some answers.

And I just want to push a little on the heritage issue. How serious is it?

I notice that under “others”, the historical sites they control are greater than the ministry of defence, for instance. What is the threat to our heritage buildings in these other non-primary government agencies?

Ms. Sheila Fraser: One of the major issues is that they are only governed by a Treasury Board policy that only covers buildings. Other sites are not covered by the policy. The other major issue for government is that there are groups that designate these sites and buildings as heritage properties, but there is no link with the conservation activities, requirements to do conservation activities, or, of course, the related funding.

We're suggesting that there really needs to be much more priority-setting about which sites do need to be protected. We have examples in the report. For example, the armoury in Halifax requires major repairs, yet the Department of National Defence is wondering if they put the money into other operations or into conservation of the armoury.

The same example will come up when we look at the coast guard, which has a number of lighthouses that are no longer needed for coast guard operations, yet I think many people would say that, yes, some of those lighthouses have to be conserved as historic properties. The coast guard is stretched for funds.

So there's a real issue around designating which properties absolutely have to be protected, and then there must be a plan for funding that protection.

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

Thank you, Mrs. Fraser.

Mr. Wrzesnewskyj, for seven minutes.

Mr. Borys Wrzesnewskyj (Etobicoke Centre, Lib.): Thank you, Mr. Chair.

Madam Fraser, in your report, you've noted that identity theft has increased significantly since 2002. We also have 2.9 million more social insurance numbers than we have population. You've noted that 2.1 million of those are inactive. What that is in fact telling us is that there are 800,000 that are potentially active.

What kind of potential cost to the treasury might we be facing as a result of this situation, especially when the programs that do federal payouts using the social insurance number amount to about \$70 billion annually?

Ms. Sheila Fraser: Just as one precision, 2.1 million cards are classified as dormant, but they can be used. They have not been deactivated. A flag will go up when they're used, but not all departments are treating those warnings consistently.

As for the question on the potential misuse, we can't estimate that, and I don't believe the department has estimated that. It has to be recognized that for any of the programs where the social insurance number is used, other documents also have to be provided. It's not simply the social insurance number that would give someone a right to benefits.

Mr. Borys Wrzesnewskyj: It's actually pretty stunning that the department wouldn't try to work through this, especially knowing that even though 2.1 million of the 2.9 million are inactive, that means 800,000 are active.

If the payouts are \$70 billion, what that tells me is that if you match that with approximately 5% of your social insurance numbers that may in fact be fraudulent based on those numbers, should even 10% of these fraudulent inactive social insurance numbers be accessing government programs, that adds up to a cost to the treasury of about \$300 million. That's assuming it's only 10%. If it's 50%, it's \$1.5 billion. Are these the potential levels of costs that we may be facing?

•(1615)

Ms. Sheila Fraser: I wouldn't want to try to make those kinds of conclusions, because we can't know if those cards are actually being used to access benefit programs or not.

It clearly does point to a risk in that population, in that the quality is not at the levels it should be at. The department should be doing more to ensure that the quality is at an appropriate level and that they're systematically looking at that over time.

Mr. Borys Wrzesnewskyj: But even if the vast majority of the 800,000 active social insurance numbers that should not be out there are not being used to access government programs—that's basically what those cards are used for—if 10% are being used, we're talking about hundreds of millions of dollars, and potentially billions. You're telling us the department has not done an analysis to try to arrive at a number in terms of what this is costing the Canadian government and, fundamentally, the Canadian taxpayer.

Have they at least even done an actual sampling of their files to try to establish what is in fact going on with a percentage of those social insurance numbers? Have they even bothered to do that?

Ms. Sheila Fraser: To the best of my knowledge, they have not, and that would be the kind of process that we would expect to see put in place in an effort to improve the quality in the registry.

Mr. Borys Wrzesnewskyj: I find that absolutely stunning.

From my understanding, they're also issuing approximately 1.5 million new cards per year. If we take a look at youths who are entering the labour force, potentially we're looking at 200,000, but let's even exaggerate those numbers and say 400,000 or 500,000. We know we have 200,000 immigrants per year. That's a total of 700,000, but we're issuing 1.5 million cards per year. So not only do we have a serious problem with the existing data, it appears that as we've streamlined and become more security conscious in our passport regime, in our birth certificate regimes provincially, this may in fact be the weak link that's causing this perplexingly large number of social insurance numbers being issued.

Ms. Sheila Fraser: We attempted to see if we had any information on the numbers being issued. We don't. I know we went back to our audit of a couple of years ago, and at that point it was about 1.2 million. The department may have more information that they can provide to the committee.

I would just add, though, that we note in the report that there have been significant improvements in the controls over the issuance of new numbers, especially on the proof of identity. That has improved quite a bit since our 2002 audit.

Mr. Borys Wrzesnewskyj: One of the improvements that has taken place is in the 900-series numbers. They now have an expiry date. From my understanding, it is an improvement, but let's say a card expires immediately after the biannual review that's done by the department. The department reviews these cards, as I understand it—and I believe it was Ms. Cheng who had previously noted this—once every two years. Is that when they review the files on those?

Ms. Sheila Fraser: The cards have an expiry date that corresponds to the temporary permit that someone has received to be in Canada. In the briefing yesterday I think it was also mentioned that all of the cards issued were given an expiry date of 2004, so they

were all to be expired within a year of that audit. Obviously, if there's a reason that they need to be extended, then there would have to be proof given as to why the cards should be extended and not expired.

Mr. Borys Wrzesnewskyj: Thank you.

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

Mr. Williams, for seven minutes.

Mr. John Williams (Edmonton—St. Albert, CPC): Thank you, Mr. Chairman.

Staying on the social insurance numbers, Madam Auditor General, again, congratulations on a fine report. We do appreciate the information that you bring to Parliament.

I'm looking at "Recommendations of the Standing Committee", on page 40 of chapter 6. The first three recommendations of the public accounts committee were, one, that the new act should be tabled in Parliament no later than September 30, 2003; two, that the new action plan should be tabled in Parliament no later than September 30, 2003; and three, that the department should provide semi-annual reports to the public accounts committee starting September 30, 2003. Do you know if they follow through on these types of things?

•(1620)

Ms. Sheila Fraser: Let me ask Ms. Cheng, as I don't have the specifics on that.

Mrs. Nancy Cheng: There certainly has been better reporting since that time, but the efforts in terms of the reporting have gone into less detail as time has passed. In the end, I believe we had to rate the performance reporting aspect as less satisfactory overall.

What is of concern is that the results-based measurements and performance reporting on that front were not sufficient. You'll see that in the current recommendation, we again urge that they provide clear and concrete performance expectations and better timeframes, because the information that was provided was more open-ended, without a specific timeframe in terms of when action would be completed. Those remain to be concerns in this particular follow-up audit. You would be able to find the reference in the section dealing with results-based performance and the recommendation under paragraph 6.85 on page 43.

Mr. John Williams: Mr. Chairman, I think we should be looking at these requests we have for the departments to report to Parliament.

With the Gomery inquiry report asking for more resources to committees, maybe one of the things we should be looking at is having resources so that we can follow up on whether or not departments are reporting to Parliament, as Parliament has requested. If they ignore us, thinking we'll go away, then we should have news for them that we're not going to be ignored or go away.

On the conservation of federally built heritage, Madam Auditor General, you may recall that the Treasury Board had a new thing called "a logic model" a few weeks ago, which I was a little critical of.

I'm quoting chapter 2.23:

The Treasury Board Heritage Buildings Policy offers protection only to buildings, and not to the national historic sites owned by federal departments or agencies. It thus offers no protection to the other elements that may be included on a national historic site, such as archaeological sites, canals, structures, or cultural landscapes.

Is this a logic model we should be investigating, or does it stand on its own?

Ms. Sheila Fraser: I think it's quite clear that the conservation regime needs to be strengthened. We actually show here the example of two buildings in Kingston that are designated as national historic sites with a park in the middle, which is an important component of that, and the park is not protected.

There needs to be much more consideration given to the conservation regime for assets held by departments other than Parks Canada.

Mr. John Williams: Yes, as I said, the logic sometimes defies me as to how they can actually write a policy that would ignore some of the important things. It escapes me.

Of course, we have our friends at the coast guard. The last time we looked at the coast guard, I seem to recall they could only go to sea for about 10 months of the year because they didn't have operating funds to be at sea for 12 months of the year.

We now find out that they can't repair the engines because they don't have the manuals. When they do repair the engines, it should cost a couple of hundred thousand dollars, and they end up doing about \$2 million worth of damage.

Is this some other kind of logic we are not really aware of that we should be apprised of, or is there a reason for this type of thing?

Ms. Sheila Fraser: I'm not sure there's a reason for it. I think part of the problem is they don't have up-to-date standard policies and procedures across the country. They tend to operate regionally. It is one of the challenges facing them.

You're right that the examples we note are not examples of good management.

Mr. John Williams: Yes. I can't understand why. The last time they appeared before the public accounts committee, we told them to get their act together. But I see you have a whole section on problems within human resource management at the coast guard.

Why is it so difficult for them when presumably other departments are managing reasonably well?

• (1625)

Ms. Sheila Fraser: Mr. Chair, I think it's a question that should be addressed to the Commissioner of the Canadian Coast Guard and the deputy minister. They may have further explanations, other than the ones we've given.

Perhaps they've tried to do too much at once. They quite frankly did not succeed at doing anything to address the recommendations we have made in the past.

Mr. John Williams: It seems to me that the last time they were here, they said they relied on the honour system. If ships were coming to our shores illegally, Mr. Chairman, they were honour bound to report their arrival so that we could actually inspect them.

Is that type of concept still going on?

Ms. Sheila Fraser: I believe it has changed, but I'm not sure about that.

I don't think we looked at that specifically, but they certainly received extra funding, security-related funding. We note in the report that it's not clear what activities were specifically carried out through the funding. The tracking wasn't done as one would expect.

Mr. John Williams: On this thing with social insurance numbers, they didn't bother to track the vital statistics registers of the provinces to find people who were dying and to automatically remove them from the list. Are they doing it now?

Ms. Sheila Fraser: As was mentioned, they have links with one province. It's New Brunswick, I believe. The others are planned but are not in effect yet.

Mr. John Williams: How many years have we been doing this?

Ms. Sheila Fraser: We have been reporting on this since 1998. This will be the fourth audit.

Mr. John Williams: They finally have one province on board. I suppose it's P.E.I.

Ms. Sheila Fraser: It's New Brunswick.

Mr. John Williams: New Brunswick, yes. It's not Ontario, where tens of thousands of people have to be removed every year.

For example, what about people filing final tax returns? Does it trigger a removal of the social insurance number?

Ms. Sheila Fraser: Not to my knowledge. I believe those are probably issues about matching and how the numbers are being used within government, and confidentiality of data.

Mr. John Williams: It's mind-boggling, Mr. Chairman, that one department of the government has a serious problem of knowing that social insurance numbers can be used fraudulently to elicit illegal payments from the government. An executor files a final tax return saying this taxpayer is deceased, with the social insurance number—And remember that this is a Revenue Canada file number—that's what social insurance numbers are—and it cannot trigger a removal or a closure on the number.

I think we are back to this logic model again, Madam Auditor General.

We have to look at these logic models, Mr. Chairman. They seem to be a little simplistic and wanting to me, because they are falling short everywhere.

The Chair: Thank you, Mr. Williams, and thank you, Ms. Fraser.

Before we go to round two, there is one area I want to explore, Ms. Fraser, and that is the whole issue of international taxation, which you allude to in your report. Again, there's more of it as we become a globalized society and there are companies using hedge funds, insurance holding companies, investment holding companies, trusts, you name it. Has there been any comprehensive audit done that you are aware of—and of course, everyone wants residents, individual and corporate, to pay their taxes—as to any amount of slippage that we are losing because of either lax laws or lax enforcement of existing laws?

Ms. Sheila Fraser: I am not aware of that, Mr. Chair. The agency might have some information like that. I would presume there have probably been studies done by others, but I am not aware of that.

The Chair: My second question is to that very point, Ms. Fraser. You mention in your report that CRA, to their credit, detected 72 trusts that were being set up in the Bahamas. Was that an incident of tax fraud? What was the situation there that would allow these people to think they could do it? Can you elaborate on that a bit?

Ms. Sheila Fraser: It is my understanding that this was very aggressive tax planning in order to try to avoid taxation in Canada. Certain assets would have been transferred to a spousal trust in Canada and then moved into a trust in Barbados. The taxpayers would then sell the assets, which I think were shares of private corporations. Under the tax treaty, there would have been no tax paid in Barbados and no tax paid to Canada. The agency identified it under the general avoidance rules, assessed, and won the case in the courts. I think it may actually still be before the courts on those particular reassessments.

• (1630)

The Chair: Another issue that you have identified, Ms. Fraser, which I think is tremendously important, and I don't really have the answer to it and I am not sure you do, is the whole issue of human resources within this department—the skill set, the international tax audits, tax practitioners—that are required to monitor these types of transactions and prosecute them where necessary. Whether or not the government pay scale is able to retain or attract this type of practitioner is questionable, and certainly it presents all kinds of challenges to the department.

Ms. Sheila Fraser: Certainly we note in the report that there are particular challenges in the greater Toronto area. I think we all recognize that the greater Toronto area is the area where many of the large corporate taxpayers with international transactions are filing their tax returns. People with international tax expertise are highly sought after, and the agency cannot compete with the private sector. But there are many offices across the country that have people with significant expertise and a lot of experience in the agency. What we are suggesting to the agency is that they need to better align the resources they have across the country with the higher-risk files and use people from other offices to supervise and to handle these reviews.

The Chair: Thank you very much, Ms. Fraser.

We are going to go to round two, colleagues.

The next person on the list is John McCallum.

Mr. McCallum, welcome to the committee. You're a former Minister of Veterans Affairs, Defence, National Revenue, I believe. We are not investigating any of your sins, I hope.

Hon. John McCallum (Markham—Unionville, Lib.): I'm glad to see that. I never had responsibility for the Canadian Coast Guard.

It's nice to see you again, Ms. Fraser.

I must say, I also notice the point that complaints of this kind have been occurring since 1983, which is 24 years. One can hardly blame one particular government or party. It seems to me that there must be something systemic. When I read your comments, I'm not sure they go deep enough to explain such a long period. You say they've had a

can-do philosophy for 24 years and they don't set priorities. Why not? That's a generation.

My first question to you would be whether you think there are deep-seated cultural problems of some kind or another in terms of labour relations, systemic issues, that we never have enough money, or I don't know exactly what. But is there something that would explain a generation of difficulties in this area?

Ms. Sheila Fraser: We obviously haven't done the level of work to be able to respond to that adequately. I think, though, that the minister himself indicated that there was a culture that was resistant to change. There is a very strong culture within the coast guard that doesn't take easily to a lot of the organizational changes that are being proposed. Many of the projects are slow to move ahead, perhaps in part because of that. There have also been issues with funding. I think it's obvious from the aging of the fleet and some of the difficulties they have.

On the other hand, we've been raising issues about shore-based support that could perhaps be rationalized, and that has not been done. Crewing of vessels can be changed as well. There are efficiencies that can probably be made, and I would think that may go back, again, to the resistance to change.

Hon. John McCallum: One always wants to be fair, but the only positive comment I saw was the response of Fisheries and Oceans. I'm not sure if that's like the pot guarding the chicken, or something like that, because they have their own problems.

In any event, are we being fair? They do say that the Canadian Coast Guard is proud of its long record of providing quality service. Each and every day the coast guard's search and rescue efforts save lives, and so on. Would it be fair to say that even though there are these organizational accountability management issues, when they're out on the water doing their actual work to save lives and do the things that really count, perhaps they don't do a bad job?

Ms. Sheila Fraser: I think that's probably fair to say, except the point we're trying to make is that their operations are being affected. We know, for example, that surveys of fish stocks have had to be cancelled because they simply didn't have the ships available to do them. There are parts of their operational responsibilities that they are having difficulty carrying out.

Hon. John McCallum: I thought there might be a defence analogy. It seems they've been told forever to combine their five regions into one. And it reminded me of the military, I think in the 1960s, being told to combine their navy, air force, and army effectively into one. Admirals will go down with their ships before they'll don a united services uniform. Is there a certain analogy there that would provide huge resistance over many years to such movements towards integration?

Ms. Sheila Fraser: To be fair, up until two years ago they were organized regionally. In Fisheries and Oceans Canada, the vessels and the people were actually allocated to regions, and the regional directors were responsible for them. You had the Commissioner of the Coast Guard, who did the policy issues. There was a long organizational history of being divided regionally rather than being a national organization, which I think has contributed, obviously, to some of the difficulties we see today.

•(1635)

Hon. John McCallum: I have one more question, Mr. Chair. It has to do with the way forward and what one does to actually bring this problem that's lasted a generation to some solution.

I see your recommendations that the coast guard should establish priorities for improvements, set clear achievable goals, and so on. But I imagine they've been told things like that for 20-something years. Usually these things don't get done. My question is whether you think it'll be different this time. Has the government committed itself to this? Will there be some way a year from now for us to measure whether they have indeed done what they have said they will do?

Ms. Sheila Fraser: Certainly the indications we received from senior officials of the coast guard and the commissioner and minister is that they recognize these issues; they agree with the conclusions we have in the report. The commissioner has indicated to us that he is going to be tabling a business plan within the next month or so and will be clearly setting out priorities.

Obviously, as any auditor would, we want to see the results before we conclude on that, but I would be hopeful that if the committee decides to have a hearing on this audit, he will then articulate what his priorities are and which actions he is going to take and over what timeline.

We certainly see there is funding coming now for replacement of some of the ships, so that should help to alleviate some of the problems.

Hon. John McCallum: Thank you very much.

The Chair: Thank you, Mr. McCallum.

Mr. Fitzpatrick for five minutes, please.

Mr. Brian Fitzpatrick (Prince Albert, CPC): Madam Fraser, I would like to pass our kudos to you. In our system of government, I don't know what we'd be doing without your office to protect the interests of the public and the taxpayer and to root out some of these practices that go on in government and to get them on the right track. So we've got a lot to be thankful for with the good work you're doing.

I should have you come over to the justice building some day and take a look at the white building that's across the street. I fear what's going to happen this spring when the tradespeople get going at their next-stage developments of that building, but it's quite an interesting operation to keep track of. I think tradespeople from where I'm from would like to get their hands on some of the work that goes on there; it seems to be a never-ending process.

On the issue of social insurance numbers upon death, I know there are a lot of issues surrounding this thing in regard to the importance of privacy, but I have been trying to get my mind around the issue. When somebody dies, what is the great privacy issue at that time? I don't really think they're going to be able to take their SIN number with them and use it in the world after. I can think of about 100 possible uses for social insurance numbers after somebody is dead, and about 99 of them are bad.

Why doesn't the government really have some good mechanisms in place to make sure that information is straightened out when

people pass away? There are funeral homes; there are death certificates; there are all sorts of things that go on. It would seem to me that we should have something in place that almost automatically will register that information when it happens.

•(1640)

Ms. Sheila Fraser: Mr. Chair, that is what they're trying to do in creating these links with the vital statistics in the provinces and territories, so that as soon as there is a notification of a death they would be advised and they could—

Mr. Brian Fitzpatrick: They'd be filing when they register the death certificate. Would they be putting the SIN number on the death certificate or with the information?

Ms. Sheila Fraser: I'm not sure exactly how it would work.

Mr. Brian Fitzpatrick: Would that be too complicated?

Ms. Sheila Fraser: The department could obviously tell you how they do that with the one province with whom they are doing it.

Mr. Brian Fitzpatrick: Okay.

I wanted to pursue another area, because it is quite important. I think Mr. Murphy raised it and I certainly wanted to follow through on it.

There have been a lot of mergers and acquisitions in Canada by big global players—a long list of them, and maybe a bunch more on the horizon. I saw on the news there is talk about Alcan being taken over by a big Australian conglomerate, and there are some analysts on Bay Street who are alleging or alluding in regard to the CVRD takeover of Inco—probably our biggest mining company in Canada—that CVRD did a whole bunch of creative and aggressive internal restructuring of debt and so on and may have ended up creating an effective tax shield of eight or nine or ten years on the income from the Inco operations. If that is in fact the case, I'm not exactly sure it's in the interests of anybody in Canada to have that sort of thing happening in our country. I would be a lot happier if I knew that the Canada Revenue Agency had a good handle on this sort of thing and that this wasn't happening.

Do you think when they are before our committee this is an area we could pursue with them?

Ms. Sheila Fraser: Obviously they can tell you about the kinds of activities and information provided to their people looking at international transactions. They obviously can't discuss specific cases, but we do note in the report that they have made a lot of improvements. There have been additional funds given and additional people hired to deal with international taxation, but it is a very complex area and they do need people with a lot of expertise to be able to analyze these transactions and the various tax implications as well.

Mr. Brian Fitzpatrick: Two areas that are particularly disturbing to me in this regard are the materials and energy sectors. Big private equity firms that don't really seem to have any home and that can move around and have deep pockets, and that don't have to report publicly in the U.S. or Canada or anywhere, are taking a dominant position in these sectors.

Another area that is of concern to me is that state-owned enterprises are taking a major position in these areas too. To whom are they accountable? I don't think it's to the Canadian public or to shareholders.

So both of these areas are troubling to me, and they're certainly on the horizon. As lawmakers and so on, I think we should all be cognizant of this problem coming along, and I hope you will keep an eye on these things for us.

Ms. Sheila Fraser: We'll try.

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

Madame Brunelle, cinq minutes.

[Translation]

Ms. Paule Brunelle (Trois-Rivières, BQ): Good afternoon, ladies and gentlemen.

Like our chair, I am very interested in tax havens and in a host of issues which the Canada Revenue Agency is attempting to deal with. I remain astounded however by the scope of this problem.

According to your estimations, Canadian corporations conducted \$1.5 trillion in transactions with related parties in foreign countries. It seems like a high figure to me.

The former Prime Minister of Canada had ships that were registered first in Liberia and then in Barbados. Is Barbados the only tax haven? Are there others?

You also said that there are 72 problems relating to trusts in Barbados. A few years ago, people were shocked to see a television report that showed a rather plain office which was being used as a company's headquarters. Clearly, it was being used for tax avoidance purposes.

This problem is only going to get worse because of globalization. First off, is Barbados the only place where there is tax evasion, or does it occur elsewhere? Apparently, some people hold bank accounts in Switzerland and in other countries throughout the world. I would like to know how we can measure the scope of this problem.

You said that last year non-residents paid over \$4.9 billion in taxes on income earned. Has there been any progress? Compared with last year, did non-residents pay more or less?

• (1645)

Ms. Sheila Fraser: Mr. Chairman, I don't have the figures for last year, but that is information the Canada Revenue Agency could provide to members of the committee, if they request it.

With respect to so-called tax havens, I think there are others, but that is not something we have looked into. Moreover, the agency would have to describe the various tax treaties with the various countries, because the conditions vary.

In our report, we indicated that the agency had made satisfactory progress. Officials in the agency have been more attentive and aggressive when it comes to detecting misuse of tax treaties. We note the case of the 72 trusts that were reassessed and taxed.

Ms. Paule Brunelle: What leads you to say that these results are satisfactory?

Ms. Sheila Fraser: We see that they have used more staff, that they have adopted a risk assessment strategy. They have made efforts, and we are seeing concrete results, in other words there were assessments and the agency levied the taxes that were owed to Canada.

Are some missing? In my opinion, that is the question. It is possible, but that would be an issue you could look at with the agency. However, we do see that they have made efforts.

Ms. Paule Brunelle: Elsewhere, you said that the agency still lacks sufficient expertise in international tax auditing. You also say that the agency is having difficulty retaining sufficient expertise, specifically in Toronto, if I recall.

Why is it that it is having difficulty recruiting and retaining qualified staff?

Ms. Sheila Fraser: There is indeed some difficulty in recruiting and retaining staff. Those who have expertise in international tax auditing are highly prized, by companies or advisors, law firms and accounting firms. It really is specialized expertise. They are in very high demand in areas like Toronto, and I presume the situation is probably the same in Calgary. There are offices which hire people who have expertise and have been at the agency for a number of years. We should make better use of their services for more complex and higher-risk files.

Ms. Paule Brunelle: That is a growing field for young people in training. We should tell them.

Ms. Sheila Fraser: I am not sure they would all want to become tax experts.

Ms. Paule Brunelle: No?

Ms. Sheila Fraser: It is true that there is increased demand for this type of expertise.

Ms. Paule Brunelle: Thank you.

[English]

The Chair: *Merci beaucoup, Madame Brunelle.*

Mr. Poilievre is next, for five minutes.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): I won't be long, as many of my thoughts and comments have been covered by others.

I just want to zero in on the importance of this problem you have identified with SIN numbers. It's spelled out very clearly in your report under "Why it's important". You have repeated that same paragraph twice in that section of the report, which I think is appropriate, because you point out that:

—the SIN was used in issuing about \$12.5 billion in Employment Insurance benefits, about \$53.8 billion in Old Age Security and Canada Pension Plan benefits, and more than \$1.3 billion in Canada Student Loans. By law, anyone submitting income tax information to the Canada Revenue Agency must also use the SIN.

When you have enormous quantities of SIN numbers in excess of the known population, how big is the risk of fraud in the programs that I just mentioned and others?

•(1650)

Ms. Sheila Fraser: Obviously the risk is there. How big it is I think is difficult to determine.

Some of the programs track—quite well, actually—the errors, if you will, in payments that are made inappropriately or errors in payments. I think the old age security does that, or the employment insurance. They actually publish yearly what those overpayments or errors in payments are. The social insurance number, as I mentioned earlier, is not the only document used to obtain these benefits, but the social insurance number is one of these base documents or foundation documents for establishing identity, so it's very important that the controls over that be rigorous.

When the social insurance number was introduced, it was really introduced as a file identifier. We note that the usage has expanded considerably since then, both within government and outside. That's why the policy needs to be looked at, why clearer guidance needs to be given to departments on its use, and why consideration needs to be given on its use as well in the private sector.

Mr. Pierre Poilievre: Is there a consistent government-wide policy on the verification techniques departments must use to match with the SIN number?

Ms. Sheila Fraser: There is a policy on matching under the Privacy Act, so if there is to be matching, there are conditions there on how it is to be used. The policy on the social insurance number is not sufficiently clear, and we note in the report that departments are interpreting it differently. There has to be much clearer guidance given to departments on the use of the social insurance number.

Mr. Pierre Poilievre: Would you suggest a consistent rule of verification for all departments across the federal government?

Ms. Sheila Fraser: It could depend on the specific program. Because of the types of documents they would need for the various programs, I'm not sure you could have a consistent verification program across government. It should be up to the program managers to determine the most appropriate verification, but certainly the use of the social insurance number should be clear across government; there should not be the inconsistencies that we have found in our audit.

Mr. Pierre Poilievre: Do you think the surplus of numbers in relation to population is the result of issuance? Or where is the surplus coming from?

Ms. Sheila Fraser: There are probably a number of reasons for the surplus. One could be deaths, another could be people leaving the country.

As well, if we go back several years, into the seventies and previously, it was considered just a file identifier. Probably many of the people in this room got their social insurance number when they had their first summer employment and their employer applied for it. Some may even have received more than one. You would just sort of get these numbers. There wasn't a lot of control over them.

So there could be duplicate numbers in the system, and that could account for some of those dormant numbers.

Mr. Pierre Poilievre: Thank you.

The Chair: Thank you very much.

Mr. Christopherson, up to five minutes.

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

I'd like to follow up on questions regarding the Canada Revenue Agency, on this whole business about not having the international auditors. There was some talk about tax havens and inability to do proper risk assessment.

The reason it's important is that this is, in large part, where big money is. There aren't too many steelworkers in downtown Hamilton, in my riding, who are taking advantage of tax havens and offshore tax treatments, etc., but they are the taxpayers who have to make up the difference when those who already have money can hire high-end auditors to work the numbers for them. So I consider this to be pretty big, although it's not a large, looming issue in all of these reports.

I know you've already acknowledged that you don't have a dollar figure—perhaps we can ask Canada Revenue for it—but roughly what are we talking about? You know the old saying, you talk enough millions, pretty soon you're talking real money. What's the potential here for tax leakage whereby either programs are not going to be paid for or somebody who's already paid their fair share is going to pay someone else's fair share?

•(1655)

Ms. Sheila Fraser: I really don't have that information, Mr. Chair. I don't know that the agency itself has done that study, but that's something that certainly could be asked of them.

Mr. David Christopherson: You see, I know there's a lot of noise out there...and I'm sure some of it's warranted. It's happening in the U.S. too. Once you've done everything you can on the right wing to go after tax cuts, and to get as much as you can when you already have lots, then you go after the revenueurs with talk of “unfair”, and try to put a chill in there.

Again, it's not the steelworkers in Hamilton who are raising this. It's the people with the big bucks already who are doing this. And my concern is that the areas that aren't being looked at just happen to be the areas where the most wealthy are. We know what the history of money and politics has been in Canada. Notwithstanding the changes in the last couple of years...but historically, and these are historical issues.

That's what gives me some concern. It's not deliberate, but it met certain unspoken political priorities, that we just won't do a whole lot in that area because we get too much heat when we do; let's go elsewhere.

So this is a concern for me. Every time I hear “tax haven”, I think of all the shipping lines and others who've taken advantage, as Canadians, of these tax havens. Basically, they're just not paying their fair share of the tax rate. I don't know how we would go about that.

One thing I want to talk to you about, Chair, is the possibility...and we've never done this before, so if it's a non-starter, so be it.

Right now when we call up a chapter we bring in the deputy, and they bring in all their folks, and the Auditor General comes in with all her folks, and we spend the whole two hours doing that one chapter. But let's say we have a couple of questions where a full two hours may not be required but you don't want to let something go. I wonder if there's a method or some means whereby, for issues that don't have a requirement for two hours, we could look at bringing in two of them, at an hour each, just to get at a few things. Because something like this....

Again, think of all those hard-working Hamiltonians—Mr. Sweet represents Hamiltonians also—paying their fair share and carrying the freight, and then think of the possibility whereby those who are already dripping in wealth don't have to pay their fair share. If we don't jump in and defend those hard-working Hamiltonians, who will?

I leave that with the committee to think about. Maybe there's a second way you can do that.

If I have any time left, I'd like to go to advertising and public opinion. We haven't done that yet.

The Chair: You have 45 seconds.

Mr. David Christopherson: Hmm, 45 seconds. It takes me that long to clear my throat.

In the 2003 audit, you found that with regard to department public opinion research—you remember public opinion contracts, everybody, we spent a little time on those things—20% did not demonstrate why their research was needed. In this report you have the same percentage.

Maybe you can talk to us a little bit about the implications of not meeting these needs. In other words, what is not being done, and why should that matter to us?

Ms. Sheila Fraser: Again, there is a process required in the policy under which the department should clearly demonstrate why this public opinion research is being carried out. They also have to submit all of that to a group of experts within Public Works, who can then challenge the methodology and make sure there's coordination if another department is doing similar research.

So it's really to have appropriate research done in the most effective and efficient way possible. If they're not following those policies, there's a risk that won't be the result.

Mr. David Christopherson: We know what happens when those risks are not dealt with.

Thank you, Chair.

Thank you, Auditor General.

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

The next person is Mr. Rodriguez. I understand you're splitting your time with Mr. Wrzesnewskyj, so I'll give you each two minutes.

[*Translation*]

Mr. Pablo Rodriguez: Thank you, Mr. Chairman.

With respect to managing the Coast Guard fleet and marine navigational services, you said that vessels are less and less reliable.

Does that mean that they are dangerous?

Ms. Sheila Fraser: It means that they are less available for operations. They spend more time being repaired.

• (1700)

Mr. Pablo Rodriguez: So, you're not saying there is any danger for sailors, in this case.

Ms. Sheila Fraser: No.

Mr. Pablo Rodriguez: But you did say that the fact that they are less reliable or less available means that and I quote "[...] certain key fish stock surveys had to be cancelled because vessels were not available."

The fishing industry is already going through some difficulty, so this is not helpful at all. Does Fisheries and Oceans Canada have some options in this regard?

Ms. Sheila Fraser: We did not explore that. We considered large vessels which serve scientific purposes, supporting the Department of Fisheries and Oceans. We consider these surveys very important because if we do not have them, we do not have accurate information on which to make decisions regarding fishing quotas, etc.

Mr. Pablo Rodriguez: That is precisely what I find worrying.

Has it been postponed every time, or sometimes completely cancelled?

Ms. Sheila Fraser: Some of them have been completely cancelled.

Mr. Pablo Rodriguez: That is serious.

[*English*]

Mr. Borys Wrzesnewskyj: Thank you, Chair.

Madam Fraser, you stated something quite worrisome. You said we're lacking people with expertise in international taxation and we can't provide the salaries to compete for that expertise.

Who is hiring these experts?

Ms. Sheila Fraser: This is a particular problem in the greater Toronto area. People with international tax expertise are highly sought after by large corporations, or large legal firms or accounting firms that provide tax advice to these corporations.

Mr. Borys Wrzesnewskyj: So the very entities we need to be able to analyze and monitor quite closely—multinationals and the law firms and accounting firms that represent them—that have potential tax avoidance benefits in the tens or hundreds of millions of dollars are the ones that are hiring the best experts.

Ms. Sheila Fraser: Absolutely.

Mr. Borys Wrzesnewskij: What is the department doing to address this issue? Have they made requests to the government? This is a serious area of concern. We're in a world that's becoming more globalized when it comes to industry. Profits are not just being moved in a paper method to offshore havens; manufacturing is being done in a number of countries. There's inter-company accounting for products that move between countries with different tax levels. So we don't have the expertise to really do a good job of monitoring this situation.

Ms. Sheila Fraser: The issue we're reporting here is particularly problematic in the greater Toronto area. There is expertise in other offices, and we are recommending to the agency that they need to develop a national strategy. We note, for example, that a very significant portion of the international auditors in the greater Toronto area have less than two years of experience. They need to use people in other offices on the high-risk, more complex files, which in many cases are in the greater Toronto area.

Mr. Borys Wrzesnewskij: It doesn't appear the government has done a study to quantify the various categories of potential loss.

Has any outside body done an analysis of what Canada is potentially losing on an annual basis?

Ms. Sheila Fraser: The agency may be aware of some, but I'm not aware of any.

Mr. Borys Wrzesnewskij: Thank you.

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

Thank you, Mrs. Fraser.

Mr. Williams, up to five minutes.

Mr. John Williams: Thank you, Mr. Chair. I think Mr. Sweet is actually going to lead off.

Mr. David Sweet: Thank you, Mr. Chairman.

I want to pick up where Mr. Christopherson left off. I certainly do echo his comments that hard-working Canadians are paying their fair share of taxes and we do not want to have anybody trying to seek any illegal, inordinate tax haven.

In your answers to Mr. Wrzesnewskij you talked about the difficulty in finding high-calibre people for this kind of work. Would you suggest, then, that there needs to be a revisiting of the remuneration policy, to try to capture these people so they can serve the Crown?

• (1705)

Ms. Sheila Fraser: I don't know if the agency has looked at that possibility.

We are suggesting the agency does have people with the required expertise—perhaps not in the greater Toronto area—and that they should be using those people on some of the more complex, high-risk files. It's really assessing the risk and then using the people with the most expertise on the highest-risk files.

Mr. David Sweet: Okay.

I have one more question and then I'll go to Mr. Williams.

I notice in the recommendations you made that there was a response by the department. Before we get the department in here, it

says, "The Agency agrees that access to additional information would further enhance its ability to identify—".

We want to take a look at this. Is this the kind of response you would expect, as far as having some capability of holding them to account in the future?

Ms. Sheila Fraser: Well, we would certainly prefer to see specific commitments with timelines. At times departments will give more general answers in response to the chapter and then produce an action plan.

The committee has actually been very helpful in asking departments to produce those action plans with specific timelines. Then we can follow up as well and see if the commitments have been met.

Mr. David Sweet: So that would be a question we need to pursue.

Ms. Sheila Fraser: Yes, that would be a good question that the committee may wish to consider.

Mr. David Sweet: Thank you very much.

The Chair: Do you have a question, Mr. Williams?

Mr. John Williams: Yes, I do, Mr. Chairman. Thank you.

Madam Fraser, I'm still on these social insurance numbers. The last time we investigated this, it seems to me you could actually download a birth certificate off the Internet, fill it in, and get a social insurance number. I take it that's not going on anymore.

Still, given the report of the public accounts committee, I can't imagine why they haven't done anything about building a rapport with the departments of vital statistics to ensure they capture the people who are deceased.

Also, since it's Canada Revenue Agency that's writing all these cheques for old age security and the child tax credit and everything else, when people file a final tax return with the date of death of the deceased, why the Privacy Act would prevent them from saying.... It's the same department issuing the cheques and receiving tax returns. Why can't they say that the database can't collect it or they can't send a cheque to that social insurance number anymore? Is this beyond them? What's the problem that they can't add two and two and get four?

Ms. Sheila Fraser: Mr. Chair, I really think that's a question that has to be directed to the department. I suspect it may be around privacy issues, but I think it would be best to ask them.

Mr. John Williams: I can't understand this whole concept here.

You take the coast guard, Mr. Chairman. There are multi-million-dollar vessels they can't fix properly because they don't have a \$50 manual on board to follow the instructions on how to repair it. They cause millions of dollars in damage rather than fixing the ship.

It seems there's a lackadaisical attitude of it being taxpayers' property and money and they're just going through the motions. Not much is getting done. I don't want to castigate all public servants, because I do know many of them provide yeoman service to the country. But it does seem that either at the management level or the lower management level, or with somebody coming up with a new logic model that defies any logic whatsoever, that these things just seem to fall through the cracks. They're so obvious—just so obvious—Mr. Chairman, that anybody can see there is a problem. And even when we point that out—years ago at the public accounts committee—nothing gets done. We have to change that.

Thank you.

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

That, colleagues, concludes the questions.

I want to echo the comments of other members. I want to thank you, Mrs. Fraser, for your report. I want to thank you and your staff for the excellent work you do. Do you have any closing remarks?

Ms. Sheila Fraser: I would just like to thank the committee again for their interest in the report. We look forward to hearings, I would suspect, on some of the chapters in the coming weeks.

Thank you.

• (1710)

The Chair: Thank you very much.

Colleagues, we're now going to deal with Mr. Wrzesnewskyj's motion.

The witnesses can be excluded, if they so wish.

We have approximately 15 minutes left. Mr. Wrzesnewskyj has very kindly put the rationale for his motion into writing, and I want to commend him for that. I don't know how he could have explained it in the brief time we have.

I'd like to give the mover perhaps up to four minutes to explain the rationale. If there are any intervenors, I'll give them up to two minutes to respond, and then I'd like to put the question at 5:28 p.m., or when the bells ring, whichever comes first.

Mr. Wrzesnewskyj, you have up to four minutes.

Mr. Borys Wrzesnewskyj: Thank you, Chair, for the generosity in time.

In order to ensure that the public accounts committee is fully able to get to the bottom of the serious criminal issues surrounding the findings of the Auditor General in chapter 9 of the report of November 2006, "Pension and Insurance Administration—Royal Canadian Mounted Police", I move that the following people appear as witnesses before us next Monday.

The witnesses mentioned in my motion are as follows. The first is Staff Sergeant Ron Lewis. Staff Sergeant Ron Lewis will relate his allegations of a cover-up of the criminal internal investigations. These include delays and obstruction by Commissioner Zaccardelli.

Denise Revine, a public service employee, will testify about how she discovered evidence of wrongdoing by senior executives within the human resource directorate in relation to the RCMP pension

fund. The most incredible part of her testimony will be her account of the actions taken by the RCMP to remove her, through constructive dismissal, from her position as an example to others who might be thinking of coming forward and whistle-blowing in the RCMP.

Chief Superintendent Fraser Macaulay was the director general of organizational and renewal effectiveness when allegations were brought forward in 2003. The formerly mentioned Denise Revine reported directly to him. The chief superintendent's superiors initiated a bogus internal investigation against the chief superintendent after he requested an investigation concerning one of the major subjects of this investigation.

Staff Sergeant Steve Walker, who is one of the lead investigators of the criminal investigation of the RCMP pension fund, will inform the hearing on how the investigation escalated due to the numerous violations uncovered, to the point that the RCMP had to take over the investigation. He will highlight the extent of violations, the amount of funds misappropriated, and related matters.

Staff Sergeant Mike Frizzell was seconded to the investigation and became the lead investigator for the RCMP on the insurance plan investigation. He'll outline the extent of the insurance plan investigation, including types of violations and amount of funds involved, and he'll also relate the roadblocks he encountered, his sudden removal from the investigation, and the shutting down of the investigation within days of his removal.

Finally, there is Assistant Commissioner for the RCMP David Gork. About halfway through the criminal investigation, during its most crucial stage, Assistant Commissioner Gork was transferred from this investigation and seconded to Interpol in Lyons, France. This was a significant development. Investigators will indicate that the investigation took a downturn in intensity after the announcement of the Gork transfer. He'll be able to shed some light on who made decisions regarding how the criminal investigation was set up, funded, and controlled, and why a parallel RCMP investigation was not conducted simultaneously, why it took fifteen months before that in fact took place, and at that point, how, because of the delay, the limitation of action expired and no member of the RCMP could be charged.

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

Mr. Williams, you have a two-minute intervention.

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

I'm coming at this because I think the motion is out of order and ask you to consider the point.

In his motion Mr. Wrzesnewskyj asks the public accounts committee to get to the bottom of serious criminal issues. Mr. Chairman, as far as I'm aware, no charges have been laid. There may be some allegations of criminal activity here, but if no charges have been laid, why are we dealing with serious criminal charges?

In Mr. Wrzesnewskyj's opening remarks, he talked about bogus internal investigations, funds misappropriated, types of violations, criminal investigations, and so on, with absolutely no proof or substantiation of any kind.

Mr. Chairman, as I've said many times, the public accounts committee is an institution of accountability. We're not an institution of management or investigation. We are not here to take over where the RCMP, the City of Ottawa police, or anybody else failed. Our job is to hold the government accountable before Parliament.

Now there may be reasons why no criminal charges were laid. We may want to find out why no criminal charges were laid, but I'm not interested in any way, shape, or form in approving a motion that talks about serious criminal issues and in bringing people forward to talk about bogus internal investigations and funds misappropriated when no charges have been laid and no charges may ever be laid.

Now, if Mr. Wrzesnewskyj wants to go down this road, I say he goes down this road by himself. It seems as though he's talked to everybody involved and has the whole story, so why are we being involved? It's not our job, Mr. Chairman.

Therefore, I would ask that you rule the motion out of order. If there's a failure to do that, we should defeat the motion as it's currently presented.

• (1715)

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

First, no, I'm not prepared to rule the motion out of order—

Mr. John Williams: Why?

The Chair: —because it's a matter of debate.

But perhaps to clarify the record, I might invite Mr. Wrzesnewskyj to remove the word “criminal” from his motion.

Mr. Borys Wrzesnewskyj: Thank you, Mr. Chairman.

In fact, I was going to make that suggestion, in the hope that it would assuage Mr. Williams' concerns.

The Chair: Very good.

Mr. Christopherson, you have up to two minutes.

Mr. David Christopherson: Thank you.

I have probably a little more sympathy for Mr. Wrzesnewskyj's motion than Mr. Williams does, because I think the matter, number one, is rightly before us. Number two, just because there haven't been charges laid doesn't mean there aren't areas we should be going into to find out what's going on.

Certainly Mr. Williams would be the first to recollect the sponsorship scandal, and how it began and where it went. Ultimately it led to criminal charges, but it didn't start with that. The matter is rightly before us via the Auditor General.

Through you, Chair, my only concern to Borys is that we had a bit of a debate on this once before, where Mr. Wrzesnewskyj attempted to have certain police documents and investigative reports brought in. We determined that we really weren't there yet. If my memory serves me correctly, the majority of us supported a motion that would have had the RCMP commissioner and the police chief for the Ottawa Police Service come in.

If I didn't say it, certainly my intent was that if we aren't satisfied with what we hear there, I am quite prepared to entertain further

action, maybe along the lines that you introduced earlier, but perhaps other things—and I find that this fits in that category.

You seem to know a lot about the story, and that's fine; you've done your homework. If you can pose questions that can't be adequately and thoroughly answered by the two police officers here at the table, then that would beg the question, how do we get those answers? At that point, your suggestion today and your previous one to me are back before us as options.

But I see this very much as either we get the answers we want, we're satisfied, and it's over when they come in, or it's not satisfactory and there is a tacit understanding that, if so, we will dig further—and this may include going in that direction.

So for that reason, Chair, I don't find myself in a position to support this now. But I do give assurances to my colleague that if we don't get the answers from our invited witnesses, I am prepared to take further action to bring in those needed to get to the bottom of this.

The Chair: Thank you, Mr. Christopherson.

Mr. Laforest, you have up to two minutes.

[*Translation*]

Mr. Jean-Yves Laforest: Mr. Chairman, contrary to what Mr. Williams said, I completely agree with your decision. As far as the Standing Committee on Public Accounts is concerned, I believe that this motion is quite in order.

This matter is part of a very broad issue and arises from the fact that as soon as the Auditor General informed us about significant problems pertaining to the Royal Canadian Mounted Police, specifically, the pension fund, it is incumbent upon the Standing Committee on Public Accounts to look into the matter and hear witnesses. Accordingly, both Bloc Québécois committee members will be supporting the motion.

• (1720)

[*English*]

The Chair: Are there any other interventions?

I'm going to go to Mr. Fitzpatrick for up to two minutes.

Mr. Brian Fitzpatrick: I feel uncomfortable pursuing this matter because implicit in this matter are allegations of something being really seriously wrong in the RCMP.

What we're doing is carrying on a kind of trial. We're hauling in a bunch of witnesses from one side to try to prove something. I look at some of the witnesses, and one says it's constructive dismissal and it's related to this sort of thing. But I see, maybe, unhappy ex-employees trying to get their things in. I'm not exactly sure what kind of tree we're going to start barking up if we want to plough into this sort of thing and what service we're going to really provide to anybody by doing this sort of thing.

I'm uncomfortable with it, quite seriously. I don't think we should be some sort of jury and prosecutor and judge on these sorts of things. I just don't think we're equipped to do those sorts of things. As Mr. Williams says, we're here for accountability; we're not here for holding trials and inquiries and major investigations. I feel uncomfortable ploughing into that sort of thing.

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

I'm going to go to Mr. Sweet. I'm going to give the last word to you, Mr. Sweet.

Mr. David Sweet: I'll be very quick. First, I agree with Mr. Fitzpatrick in the sense that I wouldn't feel comfortable having assented to a motion that has a number of allegations already, before we have the witnesses before the committee.

Second, the actions of a motion like this seem more like those for a police services board than for the public accounts committee.

And third, I think if we do what Mr. Christopherson suggests in following the path we're already on with the witnesses, then we do have options that would lead more to the regular process for our kind of business, rather than to this way.

The Chair: Okay.

I'm going to invite Mr. Wrzesnewskyj to respond. You have a minute and a half, Mr. Wrzesnewskyj, and then I'm going to call the question.

Mr. Borys Wrzesnewskyj: Thank you, Chair.

I'm thankful that the NDP will consider calling these witnesses forward, witnesses that can provide us with key evidence that, unfortunately, we weren't able to dig into from the information the Auditor General was able to garner in her report.

What was quite worrisome in that report was that in fact you had millions of dollars, which she red-flagged, that went into the wrong pockets in the most inappropriate ways. She encountered a culture

that made it very difficult for her to really dig into what transpired. We're talking about the pension insurance funds of the rank-and-file RCMP officers.

The two witnesses we'll have coming before us—the acting commissioner and the police chief—will only be able to take a look at what has remained in those particular files. They'll be briefed on it. Perhaps individuals here have gone through the Auditor General's report and been briefed. They might in fact even have more information than the two witnesses we've called. These particular witnesses will allow us the opportunity—we'll have two hours for this—to call other people forward so we can get at more of the details.

You referenced that this is legitimately within our scope of work. You referenced sponsorship—

The Chair: Your time is up.

Mr. Borys Wrzesnewskyj: Thank you.

We certainly dedicated the amount of resources required for that. I believe we would do a tremendous service for the Canadian public and for the RCMP rank and file if we did the work to guarantee that this never occurred again.

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

I believe the question has been canvassed adequately. I'm prepared now to put the question. The amended motion has been circulated. I don't have to read it. It's to call the six witnesses who are identified in the motion.

(Motion negatived)

● (1725)

The Chair: That concludes today's agenda. We're on for Monday.

The meeting is adjourned.

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