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Chair

The Honourable Joseph Volpe

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• (1530)

[English]

The Chair (Hon. Joseph Volpe (Eglinton—Lawrence, Lib.)): Colleagues, pursuant to Standing Order 108(3)(g) and the motion adopted by the committee on Thursday, November 25, 2010, a study of public accounts in Canada 2010, referred to the committee on Thursday, October 20, 2010, we have with us today, from the Office of the Auditor General of Canada, Mr. John Wiersema, Deputy Auditor General, and Madam Nancy Cheng, Assistant Auditor General.

From the Treasury Board Secretariat, we have Mr. James Ralston, Comptroller General of Canada, Mr. Bill Matthews, Assistant Comptroller General, Financial Management and Analysis, and Madam Suzie Gignac, Executive Director, Government Accounting Policy and Reporting, Financial Management Sector.

We're waiting for Monsieur Benoît Robidoux, Assistant Deputy Minister, Economic and Fiscal Policy Branch, from the Department of Finance. When he comes in we'll say hello, but we'll go on with our business.

Colleagues, you'll note that we're going to put committee business down towards the end, in deference to the witnesses who are here today and who were here one month ago and were so dutifully patient while we went about other business.

I want to again express, on behalf of the entire committee, an apology for having kept them waiting for such a long time on the last occasion and a special appreciation for making themselves available today to the committee.

Without further ado, we'll begin with Mr. John Wiersema.

Mr. John Wiersema (Deputy Auditor General, Office of the Auditor General of Canada): Thank you, Mr. Chair.

Thank you for the opportunity to discuss our audit of the 2009-10 summary financial statements of the Government of Canada.

As you indicated, I'm accompanied today by Nancy Cheng, who is the Assistant Auditor General responsible for this audit.

We are pleased to see that the committee is holding this hearing on the *Public Accounts of Canada*, a key accountability report of the government. The Comptroller General will be explaining the main points in the government's financial statements to the Committee.

I will focus on our audit opinion and observations.

The Auditor General's report on the 2009-10 financial statements is included on page 2.4 of volume 1 of the *Public Accounts*. The

opinion provides Parliament with the assurance that the government's financial statements are presented fairly in accordance with the government's stated accounting policies, which conform to generally accepted Canadian accounting principles. It can be referred to as a clean opinion. Our office has been able to issue such an opinion in each of the past 12 years. We commend the government for its considerable efforts and due diligence in preparing these financial statements.

As legislative auditor, we have an obligation to bring to the attention of Parliament any other matter that we believe is significant. This year we draw Parliament's attention to significant changes to the accounts of the employment insurance program as a result of amendments to the Employment Insurance Act. As disclosed in note 4 to the financial statements, one such amendment was the closure of the former employment insurance account, with a balance of about \$57 billion.

I would now like to discuss an item that we have presented in our observations. Various transfer programs take place each year. Since the majority of the stimulus activities and actions related to the economic action plan announced last year took place in the 2009-10 fiscal year, our audit focused on the accounting for these transactions, including significant transfers made to support infrastructure projects. We concluded that the government's accounting for these initiatives is appropriate.

• (1535)

[Translation]

We are also pleased to note that volume 1, section 1 of the *Public Accounts* includes a discussion about the stimulus spending and on on-going initiatives relating to Canada's economic action plan.

Other significant transfers made during the year related to \$5.9 billion of compensation to the provinces of Ontario and British Columbia to harmonize the sales taxes in those provinces with the federal goods and services tax. We agreed with the government's accounting for these transactions as an expense in the 2009-2010 fiscal year.

[English]

More details can be found in our observations. They also include an update on issues raised in the previous years. These observations can be found on pages 2.34 to 2.37 of volume 1 of the *Public Accounts*.

In conclusion, we would like to thank the staff of the Office of the Comptroller General and those in all of the departments involved in preparing these accounts. It involves many hours of painstaking work.

If I can add, Mr. Chair, the documents the government has produced—the Comptroller General with his colleagues in the Department of Finance and the Receiver General—in sections 1 and 2 of volume I of the *Public Accounts* are very high-quality documents. I congratulate them on that.

Mr. Chair, we would be pleased to answer any questions the committee may have.

The Chair: Thank you, Mr. Wiersema.

I'm going to go to Mr. Ralston.

Mr. James Ralston (Comptroller General of Canada, Treasury Board Secretariat): Thank you, Mr. Chair and members of the committee.

[Translation]

Thank you very much for the invitation to appear before this committee to discuss the *Public Accounts of Canada*. I am pleased to be here in my role as Comptroller General of Canada.

[English]

With me are two members of my staff, Mr. Bill Matthews, Assistant Comptroller General, Financial Management Sector, and Ms. Suzie Gignac, Executive Director, Government Accounting Policy and Reporting.

[Translation]

For the 12th consecutive year, the Auditor General has issued an unqualified opinion on the government's financial statements. This testifies to the high standards of the government's financial statements and reporting.

[English]

I would like to thank the Auditor General and her office for the continued professional working relationship that we have enjoyed.

[Translation]

Mr. Chair, we have tabled a slide presentation outlining some of the key financial results for the fiscal year ended March 31, 2010. We can go through the presentation, or if you would prefer, we can simply table the presentation and go straight to questions from the committee.

The Chair: Thank you, Mr. Ralston, for your presentation.

I assume that Mr. Matthews and Ms. Gignac are both agreed. So, this ends the presentation.

Mr. Robidoux, you have already been introduced. Welcome to the committee. You don't have a presentation to make to us.

Mr. Benoît Robidoux (Assistant Deputy Minister, Economic and Fiscal Policy Branch, Department of Finance): [Inaudible—Editor], unfortunately.

The Chair: But you are still ready to take our questions?

Mr. Benoît Robidoux: I'm very happy to be here, and I'm available to answer your questions.

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

For the information of the other committee members, Mr. Robidoux is representing the Department of Finance.

I will now go immediately to Mr. Navdeep Bains. You have seven minutes.

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

[English]

Thank you very much for being back today. It's nice to see some familiar faces.

The first question I have is for Mr. Ralston.

Did you sign off on the severance agreement for Ms. Ouimet?

Mr. James Ralston: No, I did not.

Hon. Navdeep Bains: Are you aware of who would have signed off on the severance agreement for Ms. Ouimet?

Mr. James Ralston: I imagine it would have been in the Privy Council Office.

Hon. Navdeep Bains: There was no correspondence and no negotiations with the Treasury Board as to the amount and how that was to be arranged?

Mr. Andrew Saxton (North Vancouver, CPC): Mr. Chair, I have a point of order.

I don't see anywhere in the Auditor General's report anything to do with this subject. That's not why we're here today. We're here to review the Auditor General's reports. This is not the time and place for those questions.

Mr. Bains should wait until Thursday for those questions.

The Chair: Mr. Saxton, we are talking about the public accounts, so I don't think it's a question of order.

Continue, Mr. Bains.

Hon. Navdeep Bains: I just want a clarification on how the process works. How is the severance determined?

• (1540)

Mr. James Ralston: I was not involved.

Hon. Navdeep Bains: Are you aware of it? Do you know what the process is?

Mr. James Ralston: No. I had nothing to do with that particular transaction. That does not fall within the responsibilities of the Office of the Comptroller General.

Hon. Navdeep Bains: Thank you.

The question I had for the Auditor General with respect to this particular severance package is whether it's appropriate for the minister or the Privy Council to make such an agreement with an independent office of Parliament, in your opinion.

Mr. John Wiersema: Mr. Chair, the Office of the Auditor General did not do any audit work with respect to the severance arrangements with the former Integrity Commissioner. Therefore, I have no comment to offer in that respect.

Hon. Navdeep Bains: Thank you very much.

The second question I have is with respect to section 10.28, "Expenditures of Ministers' Offices". In particular, I was looking at the Minister of Citizenship, Immigration and Multiculturalism. His expenses tend to be relatively high compared to other ministers and their departments, particularly with personnel, information, and also with respect to utilities, materials, and supplies.

With respect to that, can you help explain to me particularly column 3, where it says "Information"? What does that pertain to? What does that cost entail, and why is that cost so high?

Mr. James Ralston: I'll ask Mr. Matthews to respond.

Hon. Navdeep Bains: Thank you.

Mr. Bill Matthews (Assistant Comptroller General, Financial Management and Analysis Sector, Treasury Board Secretariat): I can't respond exactly to the question about the expenses for that department. What you're dealing with under "Information" is cost related to IT telecommunications. Those budgets from ministers' offices are set each year on an individual basis. So the expenses for each minister's office are set through a process that is centralized. The actual reasons for variances—

Hon. Navdeep Bains: Sorry, the column on information, what does that entail?

Mr. Bill Matthews: What's actually in that column?

Hon. Navdeep Bains: What does that mean, "Information"? Could you elaborate?

Mr. Bill Matthews: It's costs related to communication, information technology, those types of things.

Hon. Navdeep Bains: The reason I ask is that the current Minister of Immigration is stuck in a scandal where he's used ministerial resources for partisan fundraising. That's why I want clarification on why his costs were so high. I wanted to determine if you had looked into that.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): I have a point of order.

The Chair: Mr. Kramp.

Mr. Daryl Kramp: I don't think it's proper for a member of this committee to be making allegations at the committee. Reporting on information, asking for responses—that's fine. But to deliberately go out and accuse people who are not here and have no opportunity to respond or deal with the department in question, that is out of order.

Hon. Navdeep Bains: This is all public knowledge. The minister has apologized for this. This information refers to questions asked in the House. It's all public information. This has to do with the minister's expenditures. We are dealing with expenditures. He's the one who said it was only \$10. He made a dollar association with the letterhead. I wanted to clarify what those costs were and why they were so high in comparison with those of other departments.

The Chair: Fair enough, Mr. Bains, but I think we can ask the question without inflammatory language.

Hon. Navdeep Bains: I appreciate that.

So getting to the point with regard to the Minister of Citizenship and Immigration, the reason I wanted to highlight that was to determine why this figure was so high, but we'll follow up on that later on.

With respect to a lapse in funding, this has raised some questions, and it caught my attention in the case of two programs under Citizenship and Immigration Canada. One was for grants in support of a multiculturalism program in which 99% of the funding was not used and lapsed, and the other was for contribution support of the community historical recognition program. Treasury Board, is this program designed just to cut ribbons and make announcements? Is that why it wasn't used? Was it a reflection of poor planning, something they announced but had no desire to carry into effect? Or is it simply a reflection of incompetence?

Mr. Terence Young (Oakville, CPC): I have a point of order.

That's not a fair question to ask the officials

The Chair: Mr. Young, do you have a point of order?

Mr. Terence Young: Yes. It's not a fair question to ask the officials. He has expressed a political opinion.

The Chair: Mr. Young, I've already admonished Mr. Bains about using inflammatory language.

Mr. Navdeep Bains: There's nothing inflammatory about that.

The Chair: If he can avoid inflammatory language, it's a fair question to ask. I think all of us have exactly the same numbers that he's referring to.

Go ahead, Mr. Bains.

Hon. Navdeep Bains: In respect of lapsed funding, there are three reasons that I can determine. Can you comment on that? Is this program designed simply for cutting ribbons and making announcements? Is this a reflection of poor planning? Or are we looking at a simple case of incompetence?

● (1545)

Mr. James Ralston: I'm afraid I'm not familiar enough with the program in question to be able to respond.

Hon. Navdeep Bains: It has to do with the grants in support of the multiculturalism program.

Mr. James Ralston: Yes, I understand. But I'm not familiar with the purposes of that program. I think those questions would be better directed to the department involved.

Hon. Navdeep Bains: Does anyone else want to comment on that?

The next question I have is with respect to what was made public under the victims of crime initiative last year. The cost to taxpayers is only \$4.8 million, and yet the government spent \$6 million in advertising for this program.

Treasury Board, are you aware of any programs where the ad money was greater than the actual program? Has that ever happened? I would also like to ask the Auditor General the same question.

Mr. James Ralston: I'm not aware of the details of that program. Frankly, as I already said, the details of programs are questions that are better addressed to the departments. Our responsibility is for the accumulation of these numbers.

Hon. Navdeep Bains: To Mr. Wiersema, are you aware of any program of the government, like this example that I have here, where the government has spent more money on advertising, \$6 million on advertising for this program, and only \$4.8 million was actually given out? This is the victims of crime initiative that they announced last year. Are you familiar with any of the programs where the advertising has been more than the actual program cost?

Mr. John Wiersema: Mr. Chairman, I'm not sure exactly where in the public accounts the member is getting those numbers, but there are hundreds of programs listed in the public accounts, some of which the Auditor General has audited, most of which we haven't done any recent audit work on.

I came today mostly prepared to focus on the summary financial statements of the Government of Canada, so I'm not in a position to shed any light on the member's question.

Hon. Navdeep Bains: The other question I have is a very quick question on contracts, outsourcing, and contracting.

We raised this issue in the House of Commons, and maybe you can shed some light as well when you do your audits. One of the issues we raised is we saw that the government, for example, outsourced press releases that cost \$3,400 for VIA Rail, for example. We asked the minister to find out why they outsourced it and if they got value for money, because obviously the costs entailed were exceptionally high for the press release. When you do your audits and when you look at the public accounts, do you look at value-for-money examples like that, where they outsource at such a high rate and the return on that is very minimal?

The Chair: I'm not sure you're going to be able to answer that, Mr. Wiersema. We're already at seven minutes, so I'll give you an opportunity to do that afterwards.

Madame Faillie.

[*Translation*]

Ms. Meili Faillie (Vaudreuil-Soulanges, BQ): Thank you, Mr. Chair.

Today I would like to bring up a few major concerns. My colleague just spoke about the allocation of funds once the government has made announcements. In Quebec, we have had many complaints from agencies that were promised funding as part of the economic stimulus plan and that have still not been paid. So, I am eagerly awaiting the next report of the Auditor General who, I hope, will address this issue. Right now, fairly significant amounts, announced two years ago now, have not been paid.

I would first like to deal with a matter that involves the financial statements submitted by three agencies: the Office of the Public Sector Integrity Commissioner, the Human Rights Tribunal and the Office of the Commissioner of Lobbying. If you can't give me an

answer today, perhaps you could give the committee a more detailed analysis later.

You have been receiving these financial statements for a number of years now. I would like to hear what you, as comptroller, have to say about these things that need to be raised and to have you talk about the spending trends of these agencies.

I don't know if you have analysed the various budgetary items and made observations. If not, could you please do so and perhaps give us an answer in writing? I would like to know whether you have been in contact with these agencies and offered an opinion about the financial statements they have submitted.

[*English*]

The Chair: Mr. Ralston.

Mr. James Ralston: I'll ask Mr. Matthews.

[*Translation*]

Mr. Bill Matthews: Thank you for the question.

With regard to the departmental financial statements, we usually try to make sure that accounting standards are respected.

• (1550)

[*English*]

So our role is not to actually look at trends in expenditure. It's actually up to the head of those organizations, the deputy heads, to make determinations on where their spending is. Our efforts are focused on ensuring, through a review of the draft statements, that they've respected the accounting standards used by the Government of Canada.

That's an important task for us because it's those components from the departments that actually make up the public accounts of Canada. We want to ensure that there's some consistency in how our accounting policies are applied and also ensure that the disclosure in the notes to those financial statements meets the standards that have been established by the Office of the Comptroller General.

We're not involved in reviewing budgets. That's not the role—

[*Translation*]

Ms. Meili Faillie: So, with regard to the financial problems raised within these three agencies, you haven't been able to detect any problems related to expenditure trends.

[*English*]

Mr. Bill Matthews: Not related to spending trends.

Again, the review was around the accounting standards used and the note of disclosure of their financial statements.

[*Translation*]

Ms. Meili Faillie: Okay.

[*English*]

The Chair: Mr. Wiersema.

Mr. John Wiersema: Mr. Chairman, this gives me an opportunity to explain a little bit how we approach the audit of the government summary financial statements and what we look at in the context of that audit versus what we look at in the context of a performance audit, a value-for-money audit of a government program.

I would just remind members that the government summary financial statements include total revenues approaching \$225 billion, with total expenses of \$260 billion and total liabilities of \$883 billion. Those are some very big numbers. They reflect the total operations of the Government of Canada.

When we audit those accounts, we're focused on whether the systems and the controls and the transactions are properly recorded, properly approved, and captured in those summary financial reports. We express our opinion that for 12 years—and yes, it's a clean opinion—the government has properly recorded all those transactions and captured them in the financial statements.

As a specific example, would we look at the value for money of a decision to contract out certain expenditures? That wouldn't be the focus of our financial audit. That would be considered more in a performance audit or in something such as the case of the special examination of VIA Rail, as it's a crown corporation.

With respect to the member's questions on the economic action plan, as you know, we did a report on the economic action plan and tabled it last fall. Overall, as you are aware, Mr. Chair, it indicated that the government's initial stages of launching that economic action plan were well managed. In the second phase of that audit, we're looking at individual projects and how they are managed and delivered in the field. The report on that will be delivered later this fall.

[Translation]

Ms. Meili Faille: I have another question about the importance of the financial officer's role in the various departments. These people from the finance committees and these financial officers play an essential role, which is to ensure that expenditures or invoices are processed appropriately and comply with the rules. There are over 4,500 financial officers working for the government. We are talking about program cuts, pressure to reduce the number of human resource employees. Do you think their involvement in the various programs should be protected and even stepped up to ensure a proactive approach in financial management and to fully support the whole accountability process?

[English]

Mr. James Ralston: I certainly agree with you with respect to the importance of the role of the chief financial officers. That has been underlined in some of our recent policy changes and reforms. We now expect that chief financial officers will report directly to the deputy heads and the chief executive officers. We expect them to be present at the senior management table along with other key department heads or branch heads. We do expect that their advice will be sought and that their advice will be listened to by deputies.

[Translation]

Ms. Meili Faille: I am happy to hear that answer. It's the one I wanted.

The environment issue is equally important. Could you give us a detailed analysis of the amounts invested in a strategy identified in the government documents? Among other committees, there is an interdepartmental committee working on it. It's a strategy called the "oil sands advocacy strategy". We're talking about...

•(1555)

[English]

long-term research trust for the oil sands.

[Translation]

I was wondering whether these activities are clearly identified in the *Public Accounts*.

The Chair: Ms. Faille, perhaps Mr. Ralston or Mr. Wiersema will be able to answer your question later or provide an answer in writing to the committee clerk.

[English]

Okay?

Mr. Christopherson.

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

Thank you all for your attendance today, and I offer my personal apologies, along with those of the committee, for the last time when we wasted your valuable time.

Mr. Wiersema, in your opening remarks you mention that it's been a clean opinion for 12 years. Since I've been here a little less than seven, I've never seen one that isn't clean. Prior to the 12 years, what were the issues when it didn't get a clean bill of health? I'm just looking for anything off the top of your head. It's not a die-hard question.

Mr. John Wiersema: It's a very good question, Mr. Chair, and I should have the answer at my fingertips, but I don't. I do recall that throughout the 1980s and 2000, the then Auditor General had issues with how the government valued certain of its assets and liabilities. There were issues related to how it accounted for transactions with foundations, like the Canada Foundation for Innovation. You will recall we had quite a number of issues about accountability and accounting for those transactions. A few years ago the government amended its accounting for the foundations to include many of the larger foundations in the public accounts of Canada, and to account for them properly.

There were issues in the past related to the valuation of what's called "sovereign debt". That's the debt held by other countries. We had disagreements with the government on the proper book value of those amounts—

Mr. David Christopherson: I was curious.

Mr. John Wiersema: We're quite pleased and proud of the fact that Canadians and parliamentarians can receive the benefit of a good set of accounts, with the Auditor General's assurance that the numbers are reliable and they can be used as a basis for decision-making and accountability.

Mr. David Christopherson: Great. Thank you.

If I might turn to volume III, page 2.21, at the bottom of the page is "Public Works and Government Services", and third down, under "Sponsorship Program", \$6,988,140 was the amount of the loss. Last year the amount recovered was \$233,180, and then there's "amount not expected to be recovered". I'm assuming this may be the last time this will appear here, and that's why I'm asking the question.

Is the balance \$6,754,960? Can you help me understand, at least from an accounting point of view, what's going on there?

Mr. Bill Matthews: If you look at the disclosure around losses of public money, it's divided into a couple of chunks. We've got issues when we take losses that end up being heard by the courts. We don't actually disclose a loss until we can make a credible estimate as to how much was lost. If you're dealing with a process that's before the courts, such as many of these files on sponsorship, you'll see a delay of a few years in terms of when it's actually disclosed.

What you're seeing here is disclosure as a result of decisions made by the courts this year that confirmed there was a loss. The individuals or companies in question are now bankrupt, and they don't have resources to fund the recovery. Therefore, you're seeing that the amount expected to be recovered is minimal compared to the amount not expected to be recovered.

You may still see additional disclosure related to these as the courts continue to hear cases on sponsorship.

Mr. David Christopherson: Thank you. If I'm understanding correctly, the courts have said the people who owe this money don't have it and therefore you're not going to get it. Do you feel that's the end of the line on this amount of money?

• (1600)

Mr. Bill Matthews: We're making our best estimates as to the recoverability. If the corporations or individuals involved have now declared bankruptcy and there are no assets there, that is informing our disclosure here. The courts make a decision as to whether there's a loss. There's a separate process as to how much we think we'll actually get back. The individuals in question here are bankrupt, as I said, and there's not much in the way of assets to be recovered.

Mr. David Christopherson: Is that our judgment, or is that the court's judgment?

Mr. Bill Matthews: The court's rulings were around whether there was a loss. To the best of my knowledge, the judgment on the likelihood of recovery is based on analysis that they've declared bankruptcy and they are no longer solvent. That doesn't mean there aren't efforts to recover—those go on—but this is the best estimate of the amount we expect to be recovered.

Mr. David Christopherson: Do you think there's more outstanding money than this?

Mr. Bill Matthews: There are still more cases before the courts. I believe that Public Works continues to maintain a website that actually offers updates on hearings before the courts.

Mr. David Christopherson: Thank you. That was helpful.

Now, Chair, we're going to get into a situation...and for the life of me, I can't recall what we've done in the past; we've probably done it different ways. I'll seek your indulgence, Chair, because at some point I'm going to ask a question, or others will—it's already happened—and you won't be able to provide the answer. We have a question on a line item and we need some kind of process. I would suggest we at least have a written dialogue going on with the departments, or if there is enough agreement here, then we'll haul somebody in.

For instance, it's not a huge one, but on page 2.26, under "Human Resources and Skills Development", "theft of laptop computers", I thought that was a big number. I get that there was theft of a computer—there was one case of it. Theft of monitors—I get it. Theft of a BlackBerry—I get it. That was one case. But the theft of laptop computers is 20 cases.

Again, this may be specific to the department and you can't answer it, but can anyone help?

Mr. Bill Matthews: I can likely help.

Laptops, by their nature, are more "stealable", if I can use that word, than desktops. They're easily transported.

What you'll find with the losses of laptops over history is that departments allowing greater access to the public because of the nature of their services are at greater risk of theft.

If you look here, I don't suspect you'll see much for the Department of Finance in terms of loss of laptops. However, there's a greater security risk for departments that are open to the public for business. Typically, you'll see greater losses there in the area of laptops.

Mr. David Christopherson: All right. I would just point out that Indian Affairs and Northern Development dropped down loss of computers to 126 cases. Those aren't laptops. Those look like desktops, which are a little tougher to lug away.

If I can, I'll go back to volume 1.

The Chair: You have ten seconds, Mr. Christopherson.

Mr. David Christopherson: How much? Ten seconds? I'll just say goodbye.

Voices: Oh, oh!

The Chair: You'll see him in the next round. You'll get another round, Mr. Christopherson.

Mr. Saxton.

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

David, I'll use your extra five seconds, if that's okay.

Thank you, witnesses, for coming back and being so patient last time as well.

My first question is for the Office of the Auditor General. In your opening comments, you mentioned you had an obligation to draw Parliament's attention to significant changes to the accounts for the employment insurance program as a result of amendments to the Employment Insurance Act. You go on to say that one such amendment was the closure of the employment insurance account with a surplus of \$57 billion.

I would like to know if there was an actual separate physical account used to hold the EI funds when they were deposited and withdrawn.

Mr. John Wiersema: Mr. Chair, there was a separate tracking account to keep track of expenditures and collections vis-à-vis the EI account, but there was not a separate bank account in which the funds were maintained.

As the member has indicated, this tracking account that was closed had a surplus of about \$57 billion as a result of changes to the Employment Insurance Act, which were passed in 2009-10. That former account was closed, and the new account reset, established, and started off at zero. It was reset to zero.

Mr. Andrew Saxton: Thank you.

Mr. John Wiersema: But there is no separate bank account.

Mr. Andrew Saxton: So it all went into the Consolidated Revenue Fund?

Mr. John Wiersema: Correct, Mr. Chair.

Mr. Andrew Saxton: When money enters the Consolidated Revenue Fund, is the government restricted in how they use that money?

Mr. John Wiersema: In the case of the EI program, no, there was no legal restriction on how the government uses this money. Those moneys were recorded and kept track of in a tracking account only. There's no legal prohibition on how the government spends it.

• (1605)

Mr. Andrew Saxton: Essentially, money that enters the CRF can be spent on anything the government chooses.

Mr. John Wiersema: My answer, Mr. Chair, was referring specifically to the EI account. There may be other moneys collected and deposited in the CRF that are not allowed to be spent for general purposes. With respect to the EI account, there was no restriction.

Mr. Andrew Saxton: Okay. Thank you.

In other words, the previous Liberal government would collect EI premiums and have discretion over whatever way they wished to use those funds. Is that correct?

Mr. John Wiersema: The legislation was such that the government can collect the premiums, and there is no legal restriction on how those funds could be used. That's correct, Mr. Chair, and I believe that's been confirmed through a Supreme Court of Canada decision.

Mr. Andrew Saxton: That's how the previous Liberal government used \$50 billion from that fund on non-EI-related expenditures?

Mr. John Wiersema: That is how governments, Mr. Chair, have used those EI funds for non-EI purposes.

Mr. Andrew Saxton: Specifically, I'm referring to \$50 billion that was spent by the previous Liberal government.

Mr. John Wiersema: Mr. Chair, I don't want to get into the debate about which government did what.

The Chair: Mr. Wiersema, that's fair.

Just a second, Mr. Saxton. I'm just interrupting. You have three minutes.

I think you asked me to make a ruling earlier on, and I think everybody agreed that we're not going to ask our witnesses policy decisions, and where you're headed is in a policy direction.

I think Mr. Wiersema has answered your question. It's unfair to ask him for something about policy; maybe one of the other opposition members would address that question for you. I think if you stay on the topic, we'll just be fine.

Thank you. We're recommencing at 3:07.

Mr. Andrew Saxton: Thank you.

I just want to confirm that this government, the Harper government, did establish—

Voices: Oh, oh!

Mr. Andrew Saxton: —yes, it is the Harper government—an independent EI financing board to set rates for 2011.

Mr. John Wiersema: Mr. Chair, in 2009-10, Parliament passed legislation that closed the former EI account and established a new EI financing board.

The Chair: Thank you, Mr. Wiersema.

I am going to repeat, for Mr. Saxton, that we're going to try to stay away from policy questions to our witnesses. He has addressed the issue in the public accounts. Let's go on, Mr. Saxton.

Mr. Andrew Saxton: This is about account management, and it is regarding the public accounts of Canada, so I think it is in order.

Now that the EI premium funds—

The Chair: It's also in order for them to say no to the question, and I will respect that.

Mr. Andrew Saxton: Now that the EI premium funds will be deposited in a separate account, can those who pay into this fund have confidence that it will be used for EI purposes?

Mr. John Wiersema: I'll state again that the changes in the legislation were made in 2009-10, so future premiums have further restrictions on them. My understanding is that the new EI operating account now has a deficit of some \$4 billion, or it did as of last year. So there are those surplus funds to transfer to the EI financing board at this time.

If and when there are surplus funds, they could be transferred to the EI financing board. As I understand it, the financing board can have a statutory reserve of up to \$2 billion. We're nowhere near that at present; the program has a deficit at this time.

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

My next question is for Finance. Could you outline how the global economic recession affected the Canadian economy?

Mr. Benoît Robidoux: The impact has been important. The global recession has been fairly large. It affected the U.S. significantly. This is our main trading partner. The first channel of impact was through exports. Our exports went down significantly. It also affected confidence in Canada. In October of 2008 we saw a huge and sudden drop in confidence. Domestic demand, consumption, and investment followed along quickly, and we ended up with a large reduction in GDP, similar to the reduction we observed in the early nineties in Canada.

Mr. Andrew Saxton: Following that same train of thought, could you explain how Canada's economic action plan has helped to cushion the economy and get Canada out of the recession?

Mr. Benoît Robidoux: When we put the plan together, the first objective was to stop the reduction in confidence in Canada, to try to stabilize the system, and to instill more confidence in the economy, for both consumption and investment. This was our first goal. In addition to directly stimulating the economy through the package we put together, we directly affected the economy through infrastructure spending and tax cuts. That helped Canadians to spend more, to keep more of their tax dollars with them. We've put out some seven reports. We tracked the plan and the economy in these seven reports. And we believe that the plan has been instrumental in supporting the economy and mitigating the depth of the recession by increasing output and employment and supporting the recovery in Canada.

•(1610)

Mr. Andrew Saxton: Is that correct?

The Chair: Thank you, Mr. Robidoux.

I'm going to go to Monsieur D'Amours. I'm going to try to stay on track here, rather than entertain speculation.

[*Translation*]

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

Mr. Wiersema, I have a quick question for you.

With regard to employment insurance, it was the government's prerogative to decide to invest in new funds or start over at zero. It was the government's choice. Am I right?

[*English*]

Mr. John Wiersema: Perhaps I'll ask Ms. Cheng to expand on that.

My understanding is that the surplus funds, if and when there are surplus funds in the new EI operating account, are transferred to this new financing board. The board then sets the premium rates based on the balance in that account. But I believe—

[*Translation*]

Mr. Jean-Claude D'Amours: That's right. It was the government's prerogative.

Mr. Comptroller, you're there to supervise and control spending. Right? That's your role.

Answer yes or no; it's not complicated.

[*English*]

Mr. James Ralston: My role is to establish financial management policies, among other policies.

[*Translation*]

Mr. Jean-Claude D'Amours: Mr. Ralston, do you think that spending half a billion dollars on consulting contracts is a good way to manage, supervise and control public spending?

[*English*]

Mr. Terence Young: Mr. Chair, I have a point of order.

That is a policy question, and it's unfair to ask the people who are here today to decide whether it's better to hire full-time employees to do specific work or contract out specific things. To be consistent with your previous decision, he should be asking a different question.

The Chair: Thank you, Mr. Young.

I'll be happy to consider my own consistency or not, but I think he's asking a question on the accounting practices of the Comptroller General.

Mr. Terence Young: You have got to be kidding. You are the most biased chair in this Parliament.

[*Translation*]

Mr. Jean-Claude D'Amours: Mr. Chair, I am referring to the information in the *Public Accounts*. It's a matter of \$554.7 million, so over half a billion dollars.

If you're there to ensure good management, it's normal that you would be interested in a half a billion dollars in consulting fees. Is it good management or is it last-minute planning when you have no choice but to hire these people because you have waited too long to do the work?

[English]

Mr. James Ralston: When Parliament appropriates funds, there are no restrictions on what objects of expenditure will be used. Those decisions on what is the best mix of resources—be it personnel, services of whatever kind, goods of whatever kind—are left to the deputy heads of the departments to organize their programs in the most efficient way.

[Translation]

Mr. Jean-Claude D'Amours: Mr. Ralston, perhaps the Office of the Auditor General should be able to do departmental audits to ensure that the money was spent appropriately. This isn't what is done.

Does it seem normal to you that over \$5 billion was spent to hire people through employment agencies? What good management! Over \$5 billion dollars!

How much did it cost? How much was paid to these employment agencies while the Government of Canada has a system for hiring employees? Is this also good management?

[English]

Mr. James Ralston: We can see in any organization's operation, including an organization such as the Government of Canada, the managers organize their resources to get results. They have to make judgments about the kinds of resources they need and the best use of their available funds. Those flexibilities are given to the senior managers.

• (1615)

[Translation]

Mr. Jean-Claude D'Amours: Mr. Ralston, the proof that there should be a departmental audit is still there. Right now, we are saying that the departments can spend however they please, but no one can check to see whether it was done correctly.

Now I want to move on to the Agriculture and Agri-Food Canada program. Ninety-one per cent of the money in the Agriculture Flexibility Fund has not been used. I can understand why 91% of the funds haven't been used. I will give you a simple example, and you tell me if it constitutes good management.

Someone in my riding who keeps cattle spent thousands of dollars to submit an application to the federal government, to the Government of Canada, as part of that program. He has 225 animals. I don't know how much it cost to assess the file, but at the end of the day, he received a cheque for \$55.04. In other words, he received 26¢ per head from the Government of Canada. So we can easily understand why 91% of the funds have not been spent.

Could you explain to me how it is that very little money has been distributed to the people who need it? There are hundreds and hundreds of millions of dollars that are sitting in the coffers. Meanwhile, we are mocking people and giving them 26¢ per head of cattle to help them get through the crisis. We are talking about a crisis. Twenty-six cents a head; that's going to be real helpful in an economic crisis!

[English]

The Chair: Monsieur D'Amours, that will have to be a rhetorical question. We're up to five minutes. Maybe Mr. Ralston will want to answer it later.

Mr. Kramp.

Mr. Daryl Kramp: Thank you, Mr. Chair.

Mr. Bains raised some questions on the cost of advertising. Of course, we can all question whether or not we have confidence that the advertising is spent in a manner that we deem to be desirable. But I might point out that at least this government actually spent their money on advertising and didn't spend those advertising dollars filling the pockets of their friends...or brown bags.

However, if I may go to the purpose of the meeting today, I would like to—

The Chair: A point of order, Mr. Bains.

Hon. Navdeep Bains: A point of clarification.

Sorry, where were you saying that money was spent?

Mr. Daryl Kramp: Which money do you mean?

Hon. Navdeep Bains: You mentioned at the end of your comment—

Mr. Daryl Kramp: I meant the government's and/or the former government's money.

Hon. Navdeep Bains: The former government's money—

Mr. Daryl Kramp: They either spent it in the sponsorship scandal or it went right into the pockets of their friends and/or brown bags.

Thank you.

Hon. Navdeep Bains: A point of order with regard to the language and—

Mr. Daryl Kramp: It's just a little tit for tat.

The Chair: Excuse me, Mr. Bains and Mr. Kramp.

I'm sure we all want to impress our witnesses with our ability to be partisan, but I think they already understand that we're going to stay away from that.

Carry on, Mr. Kramp.

Mr. Daryl Kramp: Thank you very much, Chair.

Actually, to respond as well, I know my colleague across the floor had asked a question with regard to the last time we did not have a clean audit. I actually have some documentation here. It was actually back in 1996-97, and it was a result of either the overstating of the liabilities and/or \$800 million that was recorded as owing to an organization after the organization wasn't even in existence. So it was unfortunate. There was a bit of a pea-in-the-shell game going on, but that was then.

The fortunate thing is right now—and I'm tremendously confident here—we've had respective governments since of different stripes in here. We've had 12 consecutive years of a clean audit, and I'm tremendously encouraged by that, because Canadians have to have confidence in our system. They have to have confidence in the accountability of it, and they have to have confidence that the government financing is up to par by respected international standards. We have that clean audit, and I'm really pleased to see that.

But I would like to know if that is relative. For example, we have a clean audit. Does everybody else in the world have clean audits? How do we compare with other nations?

Hon. Navdeep Bains: On a point of order, again, just from my understanding and from the notes we've received here, there's a difference between being given an opinion by the Auditor General and having a clean audit. I just wanted to make that point of clarification.

The Chair: Okay. I think I'll just go to Mr. Wiersema.

Mr. John Wiersema: Mr. Chair, there are two things to add to my earlier question on the EI financing. I am advised that there's a formula in the act for transferring the moneys to the EI financing board. It's set out in legislation.

With respect to the specific question of how Canada fares internationally in terms of its summary reporting—and I'm referring here, Mr. Chairman, to sections I and II of volume I of the *Public Accounts*—in my professional opinion, Canada compares very positively. It is a world leader in financial reporting. There is a good set of accounts accompanied by a good financial statement discussion and analysis analyzing those accounts.

There are very few countries that can claim to have such a complete and thorough set of summary financial statements along with an accompanying analysis and that also get a clean auditor's report. The only countries I can think of that would come close to this, Mr. Chair, would be Australia and New Zealand.

• (1620)

Mr. Daryl Kramp: Thank you.

We've now adopted international standards on auditing, and to me that's pretty important. But I think we need a little bit of a clarification on that. Has Canada played a role in that, and how would that differentiate us and/or the system now from what was previously there? Is there an improvement, and how and why is there one?

Mr. John Wiersema: Thank you for the question, Mr. Chair.

I think this gives me an opportunity to talk about something. There are basically three sets of standards out there that are relevant to our financial audit work. There are the international standards on auditing, which Canada has now adopted and which the Office of the Auditor General is using for audits of year-ends December 31, 2010, and March 31, 2011.

So this is relatively new to Canada, and the Office of the Auditor General is beginning to conduct its audits with those new international standards for the audits that we presently have under way in the office.

There are also two sets of accounting standards out there. There are international financial reporting standards, also known as IFRS. Those are largely applied to the private sector in Canada to publicly traded companies and to many of the crown corporations. So many of our crown corporations are applying international accounting standards, also known as IFRS.

With respect to the summary financial statements of the Government of Canada, there's a third set of standards out there known as international public sector accounting standards. These are specifically for public sector organizations.

In Canada, we are still following standards set domestically by an organization called the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Mr. Ralston and I are both members of that board.

In Canada, we follow domestically set accounting standards for the public sector. For governments, such as in this case, we're not yet in a position in Canada to adopt international standards. We track those standards. We are actively involved in inputting into those standards, but we haven't yet adopted international public sector standards in Canada.

The Chair: Thank you, Mr. Wiersema.

Madam Faillie.

[*Translation*]

Ms. Meili Faillie: Thank you, Mr. Chair.

Mr. Ralston, I just asked you some questions about the financial officers. I hope that the comments you made about the chief financial officer also apply to the financial officers working in those departments.

[*English*]

Mr. James Ralston: I had understood your question to be specifically about chief financial officers, and I discussed the relationships they are to have to the senior managers. But indeed, the entire organization beneath those CFOs is expected to have qualified financial officers, and—

[*Translation*]

Ms. Meili Faillie: So, you are saying that it's important for the whole team, including the financial officers.

[*English*]

Mr. James Ralston: Yes, they all are to be well qualified, and they all are to do their jobs professionally. We expect the managers to benefit from their efforts.

[*Translation*]

Ms. Meili Faillie: Thank you very much. Over the past three years, I've had the opportunity to comment on the *Public Accounts of Canada*. I brought up concerns about spending related to legal fees and out-of-court settlements. Within the Department of Justice, the number of prosecutors asked to defend disputes related to problems in the awarding of contracts have increased in the past two fiscal years.

Does the department have a directive or policy that explains this increase and that justifies holding proceedings that have proven to be very costly? I would like your analysis of this situation.

[English]

Mr. James Ralston: I'm sorry, we're not able to respond to that question.

The Chair: If you can't respond to it now, will you consider it, and then after consideration send a written response to the clerk, in both official languages?

• (1625)

Mr. James Ralston: Absolutely.

The Chair: *Merci.*

[Translation]

Ms. Meili Faille: I also have a question about the relocation program for members of the Canadian Forces, the RCMP and the federal public service. The federal government awarded a contract including expenditures for the administration of relocation files and expenditures for services provided by third-party service providers. These include property management, appraisals, building inspections, realtor services, rental search services and legal services.

Why do the *Public Accounts of Canada* not include any payment to service providers, aside from Brookfield Global Relocation Services? Could you add a section for those expenditures, given the fact that they total more than \$2 billion?

[English]

The Chair: Mr. Matthews.

Mr. Bill Matthews: Thank you. There are parts of the public accounts that are printed, obviously, but there are other sections that are available online only. You will see additional detail around large payments that are available only online, but they are available to the public.

[Translation]

Ms. Meili Faille: I checked that section and those transactions. I obtained information on those financial transactions through an access to information request. That information is not in the *Public Accounts*.

[English]

Mr. Bill Matthews: My understanding is that if the payments are above a certain threshold, they're required to be posted there. We can verify to see if there were payments above that threshold to make sure we've captured them all, if that's the question—

[Translation]

Ms. Meili Faille: Could you provide us with a detailed analysis of this \$2 billion in spending?

[English]

Mr. Bill Matthews: I don't know which departments have actually made those payments. If it's specific to a department, it's better for them to give you the analysis. If it's a matter of ensuring the disclosure is following our rules, we can undertake to ensure we have the disclosure correct. But if you'd like an analysis of the payments, I'd suggest that's a better question for—

[Translation]

Ms. Meili Faille: I'm more interested in disclosure. Those amounts are not in the *Public Accounts*.

[English]

Mr. Bill Matthews: We'll verify the amount of the payments in question. If there are any that are above our threshold, they should be there. And we'll verify that the disclosure is appropriate. If it's not, we'll let you know, but my—

[Translation]

Ms. Meili Faille: I would like you to provide those figures in detail.

Thank you.

Another issue deals with the environment. Perhaps I haven't been clear enough that I want to know about the famous oil sands promotion strategy.

The expenditures are scattered throughout the accounting documents and various departments. Among other things, when we look at the service contracts, we see that the federal government hired a lobby firm in 2009.

It also contains details on the campaigns conducted at the embassy in Washington, which hosted events to promote the oil sands industry.

I would like to have the details on the financial commitments made by the government toward that particular industry and to find how much those promotional events cost.

I would also like to know if the government made expenditures in Europe, if there was a campaign similar to the one in Washington. Expenditures were made by a Department of Foreign Affairs and International Trade group called the "oil sands advisory group". There are no details anywhere about the group's expenditures or activities. Since the department is spreading out the activities—it's a concerted activity since an interdepartmental group is involved—is it possible for you to put all the expenditures in one place for us?

The Chair: Ms. Faille, unfortunately...

Ms. Meili Faille: Anyway, I only wanted to clarify my question that I want a written answer to.

[English]

The Chair: Before I go to Mr. Shipley, I have a process question.

Mr. Matthews talked about some documentation that's available in the public accounts and some that is put on a website. I'm not clear about the rationale of what goes where.

Mr. James Ralston: In terms of the summary financial statement, I think it's fair to say it's meant to capture the entirety of the operations of the entities that are consolidated into what is the whole-of-government view. But in terms of the level of detail and the nature of the reporting, that will be dictated by the public sector accounting standards, as Mr. Wiersema said. That's going to dictate the form and nature of the reporting at that level.

In terms of the details, much of the public accounts—the three published volumes—are traditional disclosures. Some of the newer disclosures that are being referenced, the proactive disclosure, to take an example, are more recent.

Frankly, I think the use of things like the Internet makes them a little more accessible than something in hard copy and published once a year. I think the view now is that much information of that sort is more useful to users if we can have it disclosed through that sort of a means.

I think it's a trend you're likely to see. We'll rely less and less on large hard-copy volumes and more and more on the more flexible reporting-type style.

• (1630)

The Chair: Mr. Matthews.

Mr. Bill Matthews: To add a bit of precision, a number of years back, the decision was taken to produce.... As you might notice, volume III is quite thick. On the public accounts website you will see exact replicas of these three documents, but you will also see an additional bit of information that frankly is too cumbersome to print. It's around payments to contractors that are above a certain size and things of that nature. That's been that way for a number of years. I believe it's titled as "unpublished", but it is public, and it is formally part of the public accounts.

The Chair: So it's both historical and current? Is that what I should understand?

Mr. Bill Matthews: You can go back for many years of the public accounts.

The Chair: I'm only concerned about the one we're talking about now.

Mr. Bill Matthews: It is current as well.

The Chair: Thank you.

Mr. Shipley.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chair, and my thanks to our witnesses.

In your comments, Mr. Wiersema, you mentioned Parliament's attention to significant changes to the accounts for the employment insurance program as a result of amendments to the Employment Insurance Act. One such amendment was the closure of the employment insurance account, which at one time had a surplus of \$57 billion. It only had a tracking system but not an account. It would appear to me that the government had a prerogative to open a new account. Once the \$57 billion was siphoned off, you would need to set up another account.

You also said that it now has a deficit of \$4 billion. I'm wondering why there is a deficit, how that happened, and what the new rates are going to become. When we come out of this recession, we will require an account reflective of the needs of EI.

Mr. John Wiersema: The member referred to the government's having the prerogative to open a new account. I thought I should indicate once again that this was done through legislation, through amendments to the Employment Insurance Act as part of the budget bill last year. This wasn't the government's doing; this was authorized by Parliament.

With respect to the EI account, the financial statements for the year ending March 31, 2010, are included in volume 1 of the *Public Accounts*. I refer the member to page 4.17. There you will see the new EI operating account for the year ending March 31, 2010. It

shows that the EI program collected total revenues, primarily EI premiums from employees and employers, of some \$17 billion. It paid the expenses of some \$23.7 billion. There were benefit enhancement measures from the government of some \$1.5 billion, leaving a net deficit for 2010. Actually, it's \$5 billion as opposed to the \$4 billion I previously quoted. The new account, as of March 31, 2010, is in a deficit situation.

• (1635)

Mr. Bev Shipley: What is the reason for that?

Mr. John Wiersema: Some of the expenses exceeded premiums collected.

Mr. Bev Shipley: There was a higher EI at one time?

Mr. John Wiersema: Well, the premium rate has—

Mr. Bev Shipley: I think they froze the premiums for two years.

Mr. John Wiersema: The premium rates have been reduced. I don't have the numbers here, but—

Mr. Bev Shipley: The premium rates were frozen for two years, so now there has been an establishment—

The Chair: I think Mr. Robidoux wants to answer your question, Mr. Shipley.

Mr. Benoît Robidoux: They have not been reduced; they have been kept unchanged. They have been frozen throughout the recession. At one point, they spent \$100 per—

Mr. Bev Shipley: I'd like to go to Finance. We had the worst recession since the 1930s. We've come out of it by all accounts better than just about all the countries around the world, particularly the industrialized countries. With respect to the higher EI benefits, is there any idea from Finance how those have affected the public accounts for 2010?

Mr. Benoît Robidoux: Are you referring to the EI benefit, the account itself, or the freezing of the rates?

Mr. Bev Shipley: I'm interested in the freezing. Now we're at a position where we have had to reset the rate. How has that freezing affected the public accounts for 2010?

Mr. Benoît Robidoux: The account was created that year, so the old deficit has led to an increase in the overall deficit of the government. The way the board has been set up, the maximum increase in the rate that would have been possible was 15¢. That's why there's a cap on the increase in rates. If the board didn't follow the rules, they would have increased the premium by 15¢ to offset the increase in benefits, ensuring that the accounts would not have gone so deeply into deficit. It would probably have added a deficit anyway—but one of a larger size.

The Chair: Thank you.

Mr. Bev Shipley: Instead of 5¢, it would come closer to balancing

The Chair: We're down to Mr. Christopherson.

Mr. David Christopherson: I'd kind of like to think of it as the best being last, but that would be my view, of course.

Voices: Oh, oh!

Mr. David Christopherson: You would expect that.

I just want to throw in my 2¢ worth on this EI. It's interesting that the Conservatives and Liberals want to spend so much time talking about it—very interesting. I just want to recap, if I can, so it's clear.

First of all, it's not taxpayers' money. It's not taxes that pay for this—correct me if I'm wrong. It's premiums from employers and employees, correct?

Mr. John Wiersema: Yes, Mr. Chairman, it would be correct to characterize these as employer and employee premiums.

Mr. David Christopherson: It's very important that it's not taxpayers' money. It's those companies' and those workers', it's their money that evaporated. I say “evaporated” to be kind.

So \$57 billion was notionally in that account. It's all in one Consolidated Revenue Fund, but when you're recapping what the money is for, there's a notation that this amount of money is recognized as EI income, and that's ultimately where the cumulative \$57 billion came from, correct?

Mr. John Wiersema: That is correct. It's an accumulation of premiums collected, minus benefits paid, plus interest paid on the balance in the EI account. Previously, there was interest paid on the balance of that account as well.

Mr. David Christopherson: Right, and the last budget effectively wiped it out and said it just didn't exist anymore, and then they started anew with the fund you've been talking about. Is that also correct?

Mr. John Wiersema: Yes, Mr. Chairman.

Mr. David Christopherson: It's interesting that it took the Conservatives and the Liberals to pass that budget. So the Liberals have their fingerprints all over this thing, notwithstanding that it was the Conservatives who also agreed they weren't going to pay those people back the money they were entitled to. But the Liberals were part of making sure the \$57 billion was taken, which rightfully belonged to every person who went out and worked and had premiums taken off and every employer who paid out a premium for every hour worked on their behalf. It's their money that was taken, and it was their money that was wiped out by the vote of the Conservatives and the Liberals, just to be clear on how that worked.

Now, this question has to be asked. I'm actually doing work for Mr. Kramp here because normally this is his job. He normally wades in, in this area. The question has to be asked. In volume I, page 2.36, bottom of the page, accrual—

• (1640)

Mr. Daryl Kramp: I knew it.

Mr. David Christopherson: Accrual, Daryl. I'm disappointed you weren't there, man.

Mr. Daryl Kramp: David, give me another minute and I would have been.

Mr. David Christopherson: Okay. Were you coming to it?

Mr. Daryl Kramp: Yes, I was.

Mr. David Christopherson: Are you going to get a turn?

A voice: No.

Mr. David Christopherson: Okay, then, it has to be asked, so here we go.

Mr. Daryl Kramp: Go ahead and do it for me.

Mr. David Christopherson: On behalf of my friend, Daryl, and me—

Mr. Daryl Kramp: I have confidence in you.

Mr. David Christopherson: That's probably the first ever, a joint question.

An hon. member: A new coalition.

Mr. David Christopherson: That's right, a new coalition. It's happening all over the place.

I'm quoting the Auditor General:

As I noted and I continue to observe, the government has yet to commit to an implementation date for adopting accrual appropriations or to explain why it would not be prudent to do so.

I raise that, not just because it's a bit of an ongoing joke, because we've been dealing with this since we got here in 2004, but because we've actually taken some time to make recommendations around this over and over, and the government's been part of that in terms of saying, at least look at a date; give us a target date. We can't even seem to get that.

I know you can't answer the question; you're pointing out the problem. Maybe you could just give us some sense of the discussions you're having with the government. Are there legitimate impediments that we're not aware of, that we're not taking into account, and therefore possibly we're being unfair in our comments, which we would never want to be?

Mr. John Wiersema: Perhaps I'll start, Mr. Chairman, and then perhaps the Comptroller General should comment.

I believe it would be fair to say, Mr. Chairman, that the Auditor General shares the member's frustration. We believe this is the way to go and have been so indicating, which is why we keep coming back to it. I know the government has looked at it; I know the government has considered international practice, which varies. There are some views out there that we need to be prudent, but we have indeed been looking at this for a very, very long time.

I know the government now requires some departments to put what is called “forecasted financial statements” into their RPPs, their reports on plans and priorities, and the DPRs. Personally, I don't think that helps. I don't think it's going to help to advance the yardsticks of accrual budgeting and accrual appropriations. So the Auditor General shares the member's frustration. It has been studied for a long time. We believe it's time to make tough decisions.

It will have profound implications for how Parliament manages the appropriations process, and that needs to be carefully thought through. It requires leadership to make a decision and then move forward with that decision, whatever it might be. We continue to encourage—

The Chair: Thank you, Mr. Wiersema.

Mr. Christopherson, I know you wanted to get Mr. Ralston in on this, and I draw attention to all members to a communication item they've all received through the clerk from the Auditor General that essentially says what Mr. Wiersema has said. I note that Mr. Ralston also got a copy of it, as did the Secretary of the Treasury Board.

I'm going to give Mr. Ralston just a moment or two, or at least the 30 seconds that Mr. Wiersema took to respond, to let him have a say. I don't want him to go unnoted.

Mr. James Ralston: Thank you, Mr. Chair.

Mr. Wiersema did note that there is no international consensus on the benefits of accrual appropriations. In fact, there is nothing authoritative that suggests this is the way to go. There is no standard-setter that has suggested this is the way to go, so it's therefore not a requirement. It's not even recognized generally as a best practice.

Australia, which tried it out, concluded that the accrual appropriations led to a loss of transparency and has decided to re-implement cash-based appropriations. So there's nothing authoritative to support this.

Mr. Wiersema has expressed the Office of the Auditor General's preferences, but in terms of actually demonstrated benefits—and I do say demonstrated as opposed to hypothesized benefits—there is no international evidence of that. That is why there is no consensus. That is why standard-setters have not gone that route. So, as I say, it's the Office of the Auditor General's preference at this point in time.

Mr. David Christopherson: It's one thing to disagree with me and John; it's quite another to disagree with Sheila.

• (1645)

The Chair: Speaking of that, I'm going to go to Mr. Young.

Mr. Terence Young: Thank you, Chair.

This is a clean report, and you tell us, Mr. Wiersema, it can be relied upon. So I immediately went to a section that is very important to me: volume 3, section 2.21, and here's the title: "Losses of Public Money Due To An Offence, Illegal Act Or Accident—Occurrence". There are items under there that you're familiar with: "Loss of meal ticket sales", \$386. There is "Loss of public funds" in one of the columns, \$420. There's one that says "Theft of cashier float", \$40. Then there's one amount that stands out—it's just massive in comparison to the others—which is \$6,754,000 and change, which is public money that was lost in the sponsorship scandal.

What I'd like to find out first is this. The number that comes to mind in the media was \$40 million that was stolen in the sponsorship scandal, so why is that not referenced, and why is it only just under \$7 million there?

Mr. John Wiersema: Thank you for the question, Mr. Chair. It gives me an opportunity to clarify once again.

The Auditor General's opinion and observations on the *Public Accounts of Canada* relate to the summary financial statements of the Government of Canada. We did not audit all three volumes of this, Mr. Chairman. The only thing we audited is what's included in section 2 of volume 1. I believe that's made very clear with the Auditor General's report. We've also looked at section 1 of volume 1. The audit work to audit all three volumes of the *Public Accounts* would be prohibitively expensive and I'm not sure necessarily of value to Parliament.

Mr. Terence Young: Could you shed any light on that issue, though?

Mr. John Wiersema: The short answer, Mr. Chairman, is no.

Mr. Terence Young: You can't. Do you have no insight into it?

The Chair: Mr. Matthews.

Mr. Bill Matthews: Thank you, Chair.

The disclosure is in a couple of parts. The first section the member is referring to is the loss occurring or discovery in the current fiscal year, so 2009-10. If you actually flip a little further, Mr. Chair, to 2.44, you'll see an update of cases reported in previous years, because what happens is there are estimates made in terms of the amounts that are recoverable, and those estimates are best estimates, but history tends to be a little bit different. So there's an update here on what actually has happened in terms of our estimates of recovery. So to get the complete history here, you have to go to the further section, which is an update on losses reported in previous years.

Mr. Chair, if you're looking for information specific to sponsorship, as I mentioned earlier, I believe Public Works and Government Services Canada continues to maintain something on their website that actually gives excellent disclosure on the history of these cases.

Mr. Terence Young: Thank you.

Since the Liberal Party has not declared bankruptcy yet, like the other organizations you're going after, do you have any insight on how the government might go after it to collect some of this money back from the Liberal Party? You have an advisory role. Is that correct?

Mr. Bill Matthews: No. We assist departments in terms of their disclosure.

Mr. Terence Young: Can you give the committee any insight into how to do that?

Mr. Bill Matthews: Mr. Chair, I don't think it's appropriate for me to answer that question.

Mr. Terence Young: Mr. Ralston?

Mr. James Ralston: No.

Mr. Terence Young: Mr. Wiersema, as auditor...?

Mr. John Wiersema: No, Mr. Chairman.

The Chair: Let me compliment the witnesses on making a distinction between a political question and a technical question.

Mr. Young, you've got another minute and a half to go ahead with political questions.

Mr. Terence Young: Thank you.

On a very important issue that is very often misunderstood—in fact, a lot of members of Parliament don't understand this. It's a phenomenon that is very important, and the answer is very important. That is, how is it possible that corporate taxes have been going down every year and continue to go down—they will go down next year—and yet from the previous year, the taxes collected from corporate taxes went up 3%?

The Chair: You look a little skeptical there, Mr. Ralston. I think you should answer the question.

Mr. James Ralston: No, I'm just wondering if perhaps it's not a question that's better addressed to the Department of Finance.

Mr. Terence Young: Mr. Wiersema, do you have any comment?

The Chair: I hope you do. You're the guy who keeps those books. Mr. Robidoux.

Mr. Terence Young: I was asking Mr. Wiersema, Mr. Chair.

The Chair: I think he asked if he could go over to Mr. Robidoux.

Mr. Terence Young: Are you going to decide now who answers the questions, or are we allowed to direct questions, Chair?

The Chair: You can use your time if you like, but you've got another 10 seconds to go.

Mr. Terence Young: You're using my time.

The Chair: Good.

Mr. Terence Young: Mr. Wiersema, do you have any comments on this?

Mr. John Wiersema: Perhaps I could use this as an opportunity to refer the member to section 1 of volume 1 of the *Public Accounts*, which includes a 10-year comparative table of all the government's revenues and expenses. This goes back to my earlier comment. I think the government has done a good job of preparing this report, because the member now can ask the type of question that he is able to ask here. Looking at the trend of corporate tax revenues between 2001 and 2010, you'll see that in 2001 corporate tax revenues were \$28 billion; they dropped, increased again in 2005, and then increased a little higher to \$40 billion—

•(1650)

Mr. Terence Young: How can they go down? If tax rates are going down, how can revenues go up?

The Chair: Thank you, Mr. Wiersema, for making that effort. Would you mind telling us what that page is again?

Mr. John Wiersema: Page 1.16. It's a 10-year comparative statement on the government's operating scheme.

The Chair: Thank you very much.

I have Mr. Bains and Mr. D'Amours splitting their time.

Mr. D'Amours.

[*Translation*]

Mr. Jean-Claude D'Amours: Thank you, Mr. Chair.

I am going to ask two quick questions.

Mr. Ralston, I asked the President of the Treasury Board a question today about a meeting that he had with Ms. Ouimet to discuss certain files. He initially said that the meeting never took place. Later, he remembered that one had taken place, or, rather, someone reminded him about it.

Have you had discussions, or have you been made aware of discussions between the minister...

[*English*]

Mr. Andrew Saxton: I have a point of order. I'd like to say that this has nothing to do with the question at hand, which is why the witnesses are here. Unless the minister bought coffee for the agent of Parliament, I think this particular question is out of order.

The Chair: Just a moment, Mr. D'Amours. I want to thank Mr. Saxton for bringing my attention back. I apologize to colleagues. I was distracted for a moment, so I can't even rule whether that was or was not in order.

I think Mr. Saxton would probably like me to have Mr. D'Amours repeat that so I can make a decision. Is that what he's asking me to do?

Mr. Andrew Saxton: I'd like you to rule, Mr. Chair, on the point of order.

The Chair: I already admitted I was distracted and I apologized for that.

Mr. Andrew Saxton: I think that's just a tactic.

The Chair: Good.

Mr. D'Amours, please continue the question. If I find that it's not in order, I will tell you so.

[*Translation*]

Mr. Jean-Claude D'Amours: Thank you. Once I have finished asking my question, Mr. Saxton will know if it's in order.

Have you heard about discussions or about the meeting between the minister and Ms. Ouimet, about the Treasury Board submission on the transfer payment program?

[*English*]

Mr. James Ralston: No, I have no knowledge of what—

[*Translation*]

Mr. Jean-Claude D'Amours: Thank you, Mr. Ralston.

I have one last question, and then I will give the floor to my colleague.

Mr. Wiersema, we are talking about consulting contracts, employment agencies, adjustment funds for human resources where only 64% of the budget has been used, an agriculture fund where 91% of the amount hasn't been used, and high speed Internet, an area where 100% of the amounts allocated have not been used. Mr. Ralston said that these involve internal departmental decisions.

So, do you think that it is becoming even more important that a departmental audit be done by the Office of the Auditor General?

[*English*]

Mr. John Wiersema: There are many dozens of votes in the public accounts of Canada where Parliament has authorized departments to spend up to a certain amount—operating votes, capital votes, grants and contribution votes. Many of those votes aren't fully used and funds lapse.

If the committee wishes to pursue the reasons that funds were lapsed on individual votes, those questions would be best posed to the departments responsible for those votes and to which Parliament had voted the funds.

With respect to the question of the use of temporary help agencies and contractors in government, this is not something the office of the Auditor General has looked at in a performance audit. I would point out that an organization as large and as complex as the Government of Canada is going to have a requirement for temporary help periodically, and it is going to have a requirement for specialized assistance for those skills it doesn't have on staff. In my view, there will be some legitimate needs. We can question the extent of these needs, but there will certainly be some legitimate needs for temporary help, specialized assistance, legal advice, and other advice or skills that the government does not have on staff.

Hon. Navdeep Bains: I respectfully disagree with my colleague that this is a clean audit. It's not a clean audit. I'm going to state that it's an unqualified opinion, because it's prepared in accordance with the government's stated accounting principles, and these principles were applied in a manner consistent with the preceding year.

You said that the Auditor General provided observations. I want to look at one observation you mentioned, just to demystify this myth that it's a clean audit. You said that the testing of tax revenue estimates continues to show significant differences from reported amounts. Could you elaborate on that? Are we talking about millions or billions of dollars with respect to the estimates compared with the reported amounts?

• (1655)

Mr. John Wiersema: With respect to the Auditor General's opinion on the government summary financial statements, in my opinion it would be correct to characterize it as a clean audit. It is an audit without qualification, and therefore it is properly characterized as a clean audit.

As with any audit, there are things that are noted during the audit. The auditors are always able to find something. Those issues that we think might be of interest and relevance to Parliament, we've included in our observations, which are included in the public accounts.

I believe the member is referring to the observation on tax revenue on page 2.35 of volume 1 of the *Public Accounts*. This is an issue on which we've had discussions with Mr. Ralston, in his present and former capacity, for a number of years. The biggest management estimate that appears on the government's financial statements is tax revenues. Some of that is hard cash and some of it is estimated under accrual accounting. We continue to encourage the government to test those estimates with actual data to make sure that their previous assumptions and estimates are the best possible. The government has been doing that. CRA in particular has been doing it.

In 2010, it wasn't able to complete all of the "back testing" that it had planned to do. Some of this revealed differences between what they had estimated and the actual numbers of between 20% and 30% of what was recorded. We've encouraged the government to refine those estimates, to continue to back-test, to validate the underlying data, and to update its methodology. It's an ongoing discussion that we have with the CRA and with the Comptroller General. It is not so significant as to affect that clean opinion. We are still comfortable with the amount of tax revenue reported on the summary financial statements.

The Chair: Thank you, Mr. Wiersema.

Mr. Dreeshen.

Mr. Earl Dreeshen (Red Deer, CPC): I want to go to some of the economic action plan benefits. I know you've already talked about how the reduction in taxes had money in people's pockets so that they were able to buy and therefore help the communities. There are a couple of other programs, like helping the unemployed through the enhanced EI benefits and the training programs, the enhanced work-share programs, the injection of infrastructure spending, the home renovation tax credit, the improvement of infrastructure at colleges and universities, and the consequential support for research and technology. I wonder if you could explain what the outcomes were from that, and perhaps look at it from the point of view of a cost-benefit analysis.

The Chair: Monsieur Robidoux.

Mr. Benoît Robidoux: Thank you, Chair.

It's difficult to go through all these programs. I would just mention maybe one that we have provided information on, I believe in every report we did, which is the work-sharing program. It has been very, very popular. We had about 20,000 Canadians benefiting from that program before the recession. We went up to over 200,000 workers benefiting from that program at the peak of the recession.

And again, the cost of that program is fairly limited and the benefit for those who stay at work is fairly high, I believe. They don't lose their experience and all that. They don't go out of the labour market. They remain in the labour market, so I believe the long-term benefit of that program was fairly high. It was a fairly successful program. So that's one example.

Mr. Earl Dreeshen: So when we talk about the cost benefit, then, that is an example. We recognize that there is a deficit in the EI fund, if we wish to speak to that, but these were dollars that were being spent that were able to keep people working and in their communities so they were able to maintain their jobs. That's the way you see it?

• (1700)

Mr. Benoît Robidoux: I would think that this program was one good example of a fairly effective program in terms of cost benefit. It would be a good example of that. The impact on the account has been fairly minimal, and the benefit for our workers has been fairly large, I believe. I suppose I would say that it's a program that has been more popular than we thought, and it did function very well through the recession.

Mr. Earl Dreeshen: Okay, thank you.

You had also talked about reduction of taxes, and I believe it's in volume 1, page 1.4, that you spoke of tax savings. Could you perhaps go through those personal tax savings to Canadians? What would that be for the average Canadian?

Mr. Benoît Robidoux: I couldn't tell you for the average. It was again a personal income tax reduction that was announced in the 2009 budget and it was announced as permanent, so it's a permanent reduction.

We explained in the first report that in terms of stimulating the economy, a permanent reduction in taxes, when you can afford it—which was the case in Canada at that time—is way more effective than a temporary reduction; temporary reductions tend to be saved by people because they know they're only temporary.

So those were permanent, broad-based tax cuts to all Canadians that did support consumption spending through the recovery, for sure.

Mr. Earl Dreeshen: Could someone comment, then, on the transitional assistance to the provinces that came in the form of transfer payments, and how they might have inflated the projected deficit?

Mr. Benoît Robidoux: On the transitional payment to provinces, as you know, we had agreements at the time of the 2010 budget, for sure, and before with B.C. and Ontario to harmonize their sales tax. And we recorded the payments as expected, based on the agreements.

At the time of the financial statement, we had discussions with the CG, discussions with the AG, and by then we were advised that all the criteria needed to implement the HST in these provinces were expected. As a result, we had to provide all the payments in 2009-10, which led to a higher deficit than expected in that year.

Mr. Earl Dreeshen: Thank you.

My last comment is that the first quarter of 2010 showed a real GDP growth of 5.8%, which has been the strongest in the last 10 years. I am just wondering if there are any comments on what might have contributed to this strong growth.

Mr. Benoît Robidoux: I'm sorry, what might...?

Mr. Earl Dreeshen: What might have contributed to the growth in GDP in this last quarter.

Mr. Benoît Robidoux: Well, this is kind of typical in recovery, to have a rebound. In Canada it was a stronger rebound than elsewhere.

We have again in our report looked at the impact of the action plan. I do believe in that quarter the impact of the action plan was fairly important. I don't have the number with me, but I think we have explained half of that number. But I would refer you to the report we put in Budget 2010, in the annex, which looks at that. But clearly the action plan was instrumental in supporting that growth.

The Chair: Thank you, Mr. Robidoux.

I'm going to give Monsieur Nadeau two and a half minutes, but I understand he wants to share his time with Madame Faille.

[Translation]

Mr. Richard Nadeau (Gatineau, BQ): Thank you, Mr. Chair. The whole matter of employment agencies bothers me a bit. I would like to know what you think.

In the public service, people have casual contracts. Unfortunately, they can remain casual employees for a long time. Furthermore, based on what we know about them, employment agencies make a lot of money through federal funds. In my humble opinion, it would be better to have faithful employees in the organization than to do extensive business with employment agencies. However, I'm not saying that people don't have a need for these agencies.

Do you notice that the government tends to spend more money by using employment agencies, by hiring casual employees, rather than people who would eventually become indeterminate employees?

[English]

The Chair: Who are you asking?

• (1705)

[Translation]

Mr. Richard Nadeau: My question is for anyone who can answer it.

[English]

Mr. John Wiersema: Perhaps I'll start on this, Mr. Chairman, and Mr. Ralston can add.

The issue of the use of temporary help agencies by the government has come up a couple of times in today's discussion. It has also come up in other discussions that the office has had with other members and members in the other place. We have received a number of requests to consider doing a performance audit on the government's use of temporary help agencies. I know the Auditor General is considering doing that audit.

Obviously, it would be an audit that will be delivered by the next Auditor General. It is something that's on our radar screen, and we are looking at the possibility of doing a performance audit in this area.

[Translation]

Mr. Richard Nadeau: Thank you.

Do you want to continue, Ms. Faille?

Ms. Meili Faille: Yes, I have a question. Given that we just went through a more difficult economic period, the Canada Revenue Agency established a source deductions policy. When a company goes bankrupt, the government makes deductions at the source for a certain number of months. I'm wondering how the government collects that money and if it manages to recover the entire amount owed. Also, where do those amounts figure in the *Public Accounts*? To give a more specific case, how much money was recovered from Nortel?

Moreover, the Canada Revenue Agency and, perhaps, Industry Canada give tax credits through the SR&ED program, the Research and Experimental Development Tax Incentive program...

The Chair: You need to wrap up, Ms. Faille.

Ms. Meili Faille: Where in the report are these amounts? Perhaps you could give us an overview or provide it in writing.

[English]

The Chair: Mr. Ralston, if you wouldn't mind addressing that question, Madam Faille would appreciate it in writing, and so would we.

Mr. James Ralston: All right. There's only one part of it that I could attempt to respond to immediately, and that is just to comment on the source deductions and how they would appear in the public accounts.

The public accounts are prepared on the basis of accruals as opposed to cash payments, so in point of fact the numbers here are predominantly based on assessed taxes based on the filing of taxpayers' returns, not on the cash transactions through the source deduction system.

There are some technical exceptions I won't get into, but by and large, we are talking about an accrual system here.

The Chair: Thank you, colleagues.

Mr. Ralston, let me just finish off for a moment on something you said earlier with Mr. Wiersema. On behalf of all committee members, we like to see people actually cooperating in order to produce some documents that all Canadians can feel comfortable with in determining that their government is making decisions based on a common set of facts that everybody understands and has access to.

I note in the Auditor General's letter, which you raised, at the bottom, in the last paragraph—and you'll correct me if I have a wrong impression, Mr. Ralston—it says:

One way of doing this would be through audits of departmental financial statements. However, if the government does not intend to require audits of departmental financial statements, we will adjust our approach to the audit of the Public Accounts and conduct periodic performance audits in order to provide assurance to Parliament on the strength of the controls.

Should we detect any difference of opinion there and direction about where we will go on this, that there might be some friction between the two offices? One is an agent of Parliament. The other one is the Comptroller General and Treasury Board.

Mr. James Ralston: With respect to the remark that you cited, my sense of the Auditor General's remarks was that whatever decision the government ends up making, the Auditor General's audit approach can accommodate one decision or the other.

I would also just point out, and harking back to our earlier discussion, one of the options that the Auditor General has, even for the public accounts audit, is the controls-reliant approach, which we discussed at the earlier meeting.

To the extent of the work we're doing to strengthen internal controls, I would expect the Auditor General would still look at those improvements, and even in respect of the public accounts audit, they may be able to find opportunities to rely on controls as they improve. That may also have been in their minds when they wrote the words that you cited.

•(1710)

The Chair: I don't detect an interest in responding to that, Mr. Wiersema. Suffice it to say that all colleagues have that letter before them. You don't have to be very long on this; 30 seconds is good.

Mr. John Wiersema: I can do it in 20 seconds, Mr. Chair. I don't have a great deal to add.

I had a hand in writing that letter. I am aware of that letter the Auditor General sent. I believe it's quite clear. As Mr. Ralston has indicated, if the government decides not to proceed with audited departmental financial statements, we will adjust our own audit plans accordingly.

We will deal with some of the issues we might have dealt with in an audited departmental financial statement through our audit of the public accounts and through performance audits. I believe that's what the Auditor General's letter indicates.

The Chair: Let me thank all of you on behalf of all committee members for your resilience in answering questions, and your willingness to come forward and answer questions, always of a technical nature. May I compliment you on everybody's behalf, not only for your patience in addressing issues that might not normally pertain to you, but in understanding the difference as well. I thank you on behalf of everybody. I know we'll see each other again.

We're going to suspend the meeting for a couple of minutes, and then we're going to go on to business.

[Translation]

Ms. Meili Faille: Before we suspend the meeting, can I please give a document to the witnesses and ask them to answer us in writing?

The Chair: Give it to the clerk, who will give it to them and ask them to respond in writing.

The witnesses are okay with this, right?

Ms. Meili Faille: Actually, it's a thing called WR100 that we all received at our offices. It's a meteorological sensor.

The Chair: They already said that they were willing to answer in writing. So give the document to the clerk, who will give it to the witnesses, who will give us an answer as soon as possible.

Thank you, ladies and gentlemen.

[English]

We'll suspend for two minutes.

•(1710)

_____ (Pause) _____

•(1715)

The Chair: Thank you for your patience, and thank you for helping out. I didn't want to do the business, in the event that we got into a protracted discussion, and be discourteous to the witnesses. As it was, they had to put up with us anyway.

We received a notice of motion from Mr. Navdeep Bains. That's the only item of business I have. If Mr. Bains wants to deal with that motion, he has to move it. Otherwise, we'll just go on about the end of the day.

Hon. Navdeep Bains: I would like to move the motion.

The Chair: Go ahead, Mr. Bains.

Hon. Navdeep Bains: Thank you, Chair.

I hope everyone received a copy of the motion. It's a fairly straightforward motion that we've dealt with in a similar context, except there's a change to the dates. It reads:

That pursuant to Standing Order 108(1)(a), with regard to the report by the Auditor General on the Public Sector Integrity Commissioner of Canada, the Committee asks the Treasury Board of Canada Secretariat and the Privy Council Office to produce all correspondence between their offices and the Office of Public Sector Integrity Commissioner of Canada for the period from April 15, 2007 to April 30, 2009; and that these documents and files be submitted to the Committee in both official languages in time for its meeting of March 22, 2011.

This is done keeping in mind that we're trying to determine when and how this office was set up.

The second question I have is with respect to the independence of the Integrity Commissioner and any relationship that existed between her and any of the departments I've alluded to.

The Chair: Mr. Bains, I don't mean to interrupt your train of thought. It's just that we're trying to make sure that everything we have in the motion reflects what you've said, and we lost track for a moment there.

In line 3 where you said "and the Privy Council Office", did you add something after that?

Hon. Navdeep Bains: This is the copy that everyone has received.

The Chair: Is what we have what you...?

Hon. Navdeep Bains: What do you have? I would double check. Yes, that's correct.

The Chair: So there is no change?

Hon. Navdeep Bains: There is no change.

The Chair: Thank you. It's just that you said there was an addition or a change.

Hon. Navdeep Bains: No, nothing like that.

The Chair: So we got confused.

Hon. Navdeep Bains: It's consistent with the copy everyone has. I just wanted to read it into the record. That's all it was.

The request for this motion is straightforward. It is meant to help us address the original set-up of the Integrity Commissioner's office, and to try to examine the independence of that office. That's why I've requested this information. It's consistent with what we've asked for in the past, except I was changing the dates of the starting of her mandate.

The Chair: I see we have comments already.

Mr. Young.

Mr. Terence Young: Thank you, Chair.

Before we move forward on this motion, I wanted to ask you about something. We've just had a colossal leak. I won't go into how it happened. Let me just ask you this. How do you intend, as chair, to direct this information to be handled so as to protect any confidentiality in respect of the people involved?

The Chair: Let me answer your question, Mr. Young.

Mr. Terence Young: Let me finish the question.

How would you handle it differently from the way you handled the last one?

The Chair: I don't accept what you just said. I'm going to remind you of what we agreed to as a committee last week. We agreed that

all documents in the clerk's office that have not yet left would remain there. We're going to talk about that with the steering committee and then determine how we will deal with them. This is a motion that, if accepted, would produce documents that would go to the clerk's office. They would fall into what this committee decided last week would be the process.

• (1720)

Mr. Terence Young: Thank you.

The Chair: Mr. D'Amours.

[Translation]

Mr. Jean-Claude D'Amours: Thank you, Mr. Chair.

I don't know if my colleague would accept a friendly amendment, or simply an amendment. After the request about the correspondence exchanged between April 15, 2007 and April 30, 2009, there is a semicolon. We could add there "and the documents from the President of the Treasury Board on the matter of the legal advice given to award amounts to Ms. Ouimet."

During question period, the President of the Treasury Board said a few times that he had received legal advice. I think that it would be good to obtain those documents as well. This note could be added after the semicolon. I don't know if my colleague is willing to accept a friendly amendment.

Hon. Navdeep Bains: Absolutely.

Mr. Jean-Claude D'Amours: Yes? So, this would be included in the motion, and we could vote on it.

The Chair: What do you want to include?

Mr. Jean-Claude D'Amours: An addition saying, "including the legal advice received by the Treasury Board on the matter of the departure agreement." That involves the amounts paid to Ms. Ouimet.

The Chair: That comes after...

Mr. Jean-Claude D'Amours: After the semicolon. It reads, "from April 15, 2007 to April 30, 2009"; After that, we would add what I just said.

The Chair: The legal advice received by...

Mr. Jean-Claude D'Amours: I'll write it down, "including the legal advice received by Treasury Board on the matter of the departure agreement" between Ms. Ouimet and the Government of Canada.

Mr. Richard Nadeau: It's severance pay.

Mr. Jean-Claude D'Amours: Severance pay or departure agreement, whichever is the most specific.

The minister keeps talking about it, and it created some confusion this afternoon during question period. So it is important to have all the documents in question and to read them.

The Chair: Did you say in French, *au sujet de la prime de départ*?

Mr. Richard Nadeau: I said, *entente de départ*.

Mr. Jean-Claude D'Amours: The *entente de départ*.

[English]

The Chair: All right. If you'll write it down, then we can deal with it.

Mr. Saxton, you have a comment.

Mr. Andrew Saxton: I have.

Along the same lines as Mr. D'Amours, I would ask our colleague to consider a friendly amendment to his motion. It is something consistent with what we discussed last time, and that is "that all documents delivered to the Committee shall be reviewed by the Committee members"—that's plural, members with an "s"—"to determine what is necessary to disclose for the public interest, as advised by the Parliamentary Law Clerk and the Deputy Privacy Commissioner of Canada". I would ask our friend and colleague to please consider that amendment, which I believe is consistent and in line with what was discussed and agreed in the last meeting as to the handling of these documents.

Thank you for that consideration.

Mr. David Christopherson: I have a point of order, Mr. Chair.

Isn't that moot, based on what you just said?

The Chair: I would have thought so—

Hon. Navdeep Bains: That's what I thought too.

The Chair: —but that's for the committee to say.

Hon. Navdeep Bains: Just as a point of clarification of the process, is this an amendment to the amendment? I just want to know.

The Chair: Let me go through that—unless you want to take my spot. That's okay too.

We have an amendment from Monsieur D'Amours, and we have another, a subamendment, from Mr. Saxton.

Mr. Saxton, do you want to amend Mr. D'Amours' amendment? Is that what you want to do?

Mr. Andrew Saxton: This is added; it's in addition to. It's Mr. Bains' original motion with Mr. D'Amours' amendment, and then with mine added on to it.

The Chair: All right. Well, let's decide....

I'm sorry, just hear me out for a second.

Let's decide on Mr. D'Amours' amendment to Mr. Bains' motion first.

Mr. D'Amours says that after "April 30, 2009" we should add "including the legal advice received by Treasury Board on the matter of the departure agreement with Madame Ouimet". That's all it says. It just expanded the motion.

Mr. Kramp.

• (1725)

Mr. Daryl Kramp: Mr. Chair, I don't have any difficulty with that; however, I have some concerns. Are we asking for something that is doable and reasonable? I don't know. I'm wondering, should we hear from Treasury Board prior to asking for that?

I'm throwing this on the floor. I have no problem with receiving information, but once again, is there a time and a place for it? Is it the time for that motion, or is the time after we have had a request? If we have heard from Treasury Board and we're not satisfied with what we hear, then I think that motion would be in order—if we're not satisfied, but in a sequence.

The Chair: Mr. Kramp, it's in order to ask for information. Whether we get it or get it in a digestible fashion is something we can deal with later. Our decision is whether we want to accept an expansion of the motion first or not. Let's not pre-judge anything else.

Do we want to accept the expansion or not? You're saying yes; you don't have a problem with that, but you'd like to discuss other things later.

In the interest of moving forward, since....

I don't know whether I should take it that you speak for people on that side of the table or not.

No, you don't? All right.

Mr. Saxton.

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

I think what is really important, when this motion goes forward, is that we have already dealt with the issue of documents—how they're going to be treated, the kind of confidentiality, the process we're going to be using, and whether there will be an in camera meeting with numbered hard copies given to each member of the committee and collected at the end of each meeting.

I think it's important that before we proceed we actually discuss how we deal with documents. Our experience, obviously, is not a good experience; there have been some serious leaks. We simply lose credibility as a committee if we continue to allow this to happen. I think it's of utmost importance that all of us—not just the steering committee, but every single member of this committee—have a vested interest in the integrity of the committee. Therefore, I think it's up to every member of this committee—as a whole, not as a steering committee—to decide how the documentation is going to be handled. It's very important that the decision be made, that this question be discussed, before anything else goes forward, because there is a risk that confidential—

The Chair: So you want to say no to the enlarging of the motion? That's all we're talking about right now.

Mr. Andrew Saxton: What I'm talking about is emphasizing the importance of dealing with the issue of confidentiality with the documentation. I'm saying that we should deal with that question at our first possible opportunity, which I see as being right now. I don't think it should be decided—

The Chair: If we can get it done in about a minute and a half, then it would be right now. So if you don't mind my—

Mr. Andrew Saxton: I think it should be discussed in the committee as a whole.

The Chair: Mr. Saxton, you do have an objection to widening the scope of the motion.

Mr. D'Amours.

[*Translation*]

Mr. Jean-Claude D'Amours: Mr. Chair, I'll get right to the point.

This involves deciding whether we are expanding the motion or not. It doesn't involve knowing what we are going to do with the documents. Can we agree on expanding the motion or not, nothing more? If not, we will reach a decision on the main motion.

[*English*]

The Chair: Mr. Bains.

Hon. Navdeep Bains: I suggest that you call the vote. We have already discussed the process of how to deal with the documents. I would suggest, keeping in mind that we have a vote as well, that you call the vote, please.

The Chair: Mr. Young.

Mr. Andrew Saxton: Mr. Chair, I would like, one more time, to emphasize how important it is—

The Chair: I have Mr. Young, then Mr. Saxton.

Are you in favour of enlarging the scope or not?

Mr. Terence Young: Yes. In fact, I'm profoundly concerned about this motion without conditions, because of what happened—

The Chair: What does it say, Mr. Young? Are you in favour of widening the motion so that we can deal with the motion or not? That's all we're asking—yes or no.

Mr. Terence Young: Let me tell you what my concern is, Chair. I missed the last meeting, and I'm sorry I missed the last meeting, but I had important work that took me out of Parliament.

There is a shadow on everybody in this committee right now because of the leak of private information, which really belonged to one primary individual but to others as well, confidential information that should have never gone beyond the membership of this committee.

I have to answer for that in my riding, and every person has to answer for that in their riding and explain how it could happen. There are some people, I guess, who take great joy in it. It makes me think of WikiLeaks.

WikiLeaks all of a sudden are exposing everything to the world, and everybody thinks there will be freer information everywhere, when in fact it does the exact opposite. What's going to happen with information with WikiLeaks is that it will be driven down further—

• (1730)

The Chair: Thank you, Mr. Young. You had an opportunity. You weren't here.

I think I have a longer list now to discuss this. It's clear that the committee is not seized with the opportunity to deal with Mr. Bains' motion. We are being called to a vote as well. I guess we'll deal with this at another meeting.

Meanwhile, we have already established a sitting of the steering committee, and the issue will again be dealt with there.

Thank you, colleagues.

The meeting is adjourned.

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