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Chair

Mr. David Christopherson

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• (1135)

[English]

The Chair (Mr. David Christopherson (Hamilton Centre, NDP)): I now declare the 61st meeting of the Standing Committee on Public Accounts in order.

Colleagues, today is the day we formally receive the fall 2012 report of the Auditor General. It was tabled in the House two days ago. We had an in camera briefing on the day it was actually tabled. This, however, is the formal public presentation of the fall report to this committee; we receive it formally and then decide, going forward, what action if any will be taken on any of the individual chapters.

The Auditor General is, of course, here with us today. I would say to colleagues that I've asked the staff to do a little calculation, and as long as we stay on the rails, we should be able to accomplish our regular rotation. We have enough time built into our system, but if it looks like that is not going to be accomplished, then I'll bring it to your attention as soon as possible, with a recommendation for adjustment to get us to the conclusion of the meeting. All this, of course, was precipitated by the fact that we just had a vote in the House and we weren't able to start at our usual time.

Before I proceed with the Auditor General, are there any interventions vis-à-vis the way we're about to proceed?

Mr. Andrew Saxton (North Vancouver, CPC): Chair, we're going to have our regular seven-minute rounds, is that correct?

The Chair: It will be five minutes. I wish it was seven.

Mr. Andrew Saxton: That's fine.

The Chair: Unless you want to move an amendment to make it seven.

Mr. Andrew Saxton: Actually I think five makes more sense, given the time constraints.

The Chair: We'll be able to stay within our regular procedure. I'm watching the clock; I'm not going to bring to your attention the exact minute, but I have the calculations and we should be able to do this. If for any reason we won't be able to do it in the usual way, I'll bring it to the attention of the committee as quickly as possible. I'll make a recommendation and we'll adjust to take us through in a fair fashion to the end of this meeting.

Mr. Byrne.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Thank you, Mr. Chair.

Since we are a little delayed today, maybe we could ask the Auditor General if he would be prepared to come back on Tuesday to finish his testimony. It would be appreciated.

The Chair: We could certainly ask the Auditor General, but the first thing, of course, would be a decision on whether or not that's the will of the committee, before any invitation is extended. I'll take that towards the end of the meeting. Let's see how we do. If we get all our rotations in, the fact that the meeting was shortened shouldn't necessitate any change in our procedure, in my view. If, however, we are not able to accomplish the regular rotation, I would be bringing it to your attention and we'll adjust at that time. If we are short, Mr. Byrne, I would rule that your motion would be in order, and I would receive it, assuming there was time to deal with it.

But right now I believe we can complete the rotation in the usual fashion, even though it's a truncated meeting. I don't think there's a need for us to consider motions at this time.

Fair? Very good. Any further interventions?

Hearing none, we will proceed with Mr. Ferguson. You have the floor, sir. Please introduce your delegation and present your report.

[Translation]

Mr. Michael Ferguson (Auditor General of Canada, Office of the Auditor General of Canada): Thank you, Mr. Chair.

Mr. Chair, I am pleased to present my report, which was tabled in the House of Commons last Tuesday.

[English]

I am accompanied by Assistant Auditors General Jerome Berthelette and Wendy Loschiuk, as well as by Glenn Wheeler, the principal responsible for the audit of transfer payments to the aerospace sector.

[Translation]

The report contains the results of that audit. In the first chapter, we looked at how Public Works and Government Services Canada, Health Canada, and Human Resources and Skills Development Canada plan their use of professional service contractors. We found that the departments plan their needs for employees and contractors separately. This hampers their ability to assess whether they have the best mix of employees and contractors to meet their objectives.

Departments need to consider the full range of options that will enable them to most effectively deliver programs and services to Canadians.

[English]

I'll move now to our report about grant and contribution program reforms. In May 2008 the government announced an action plan to reform the administration of grant and contribution programs and to streamline the administrative and reporting burden on recipients. Our audit looked at whether the government has adequately implemented this action plan. We found that the government has in fact focused its actions where they're most important. Treasury Board Secretariat has provided leadership and guidance to federal organizations to make the necessary changes, and these organizations have acted on most of their obligations. The government has made good progress in implementing the 2008 action plan. Now it needs to determine if the actions taken have made a difference for recipients.

Let's turn now to our audit about what government is doing to help protect Canadian infrastructure against cyber threats. Critical infrastructure includes the power grid, banking and telephone systems, and the government's own information systems. The government has a leadership role to play in ensuring that information about threats is shared, and it has to improve the way it does this. This is important because officials are concerned that cyber threats are evolving faster than the government can keep pace.

In 2001 the government committed to building partnerships with the owners and operators of critical infrastructure systems to share information and provide technical support. We found that 11 years later, those arrangements are not fully operational. Similarly, the Canadian Cyber Incident Response Centre has only been operating eight hours a day, five days a week. It's not the 24/7 information hub it was designed to be in 2005. Furthermore, it's not being kept abreast of cyber security incidents in a timely manner.

Since 2010, the government has made some progress in protecting its own systems and building partnerships to secure Canada's infrastructure. The government must now ensure that the sector networks are in place and working with the Cyber Incident Response Centre.

We are also reporting on how National Defence and Veterans Affairs Canada manage selected programs, benefits, and services to support eligible ill and injured Canadian Forces members and veterans in the transition to civilian life.

There are many support programs, benefits, and services in place to help ill and injured members of the military make the transition to civilian life. However, we found that understanding and accessing these supports is often complex, lengthy, and challenging. The lack of clear information about programs and services, the complexity of eligibility criteria, and the dependence on paper-based systems are some of the difficulties for both clients and departmental staff.

We also found inconsistencies in how individual cases are managed and problem-sharing information between the two departments. As a result, forces members and veterans did not always receive services and benefits in a timely manner or at all.

National Defence and Veterans Affairs recognize they need to work together on solutions. I'm pleased they've accepted our

recommendations, including to streamline their processes to make programs more accessible for ill and injured forces members and veterans.

• (1140)

[Translation]

The next report also concerns National Defence—specifically, how the department is managing its real property at 21 main bases across Canada. The Canadian Forces rely on real property such as buildings, airfields and training facilities to carry out missions. These assets are valued at \$22 billion. I am concerned that the department is not yet adequately maintaining and renewing its assets.

We found several weaknesses in the department's management practices. For example, the approval process for construction projects is cumbersome and slow. It takes an average of 6 years to approve projects over \$5 million.

We also found that National Defence is behind in its spending targets for maintenance and repair, and recapitalization. As such, weaknesses in National Defence's management of real property could jeopardize the Canadian Forces' ability to carry out its missions. National Defence recognizes it needs to improve and change its approach to managing real property.

We also looked at two programs that provide repayable assistance to support industrial research and development in Canada's aerospace sector. Since 2007, Industry Canada has authorized almost \$1.2 billion in assistance to 23 Canadian aerospace companies through the Strategic Aerospace and Defence Initiative and the Bombardier CSeries Program. Industry Canada has done a good job of managing most of the administrative aspects of the two transfer payment programs. However, we found that the department has been slow to measure progress against program objectives and report results publicly. Repayable support to the aerospace sector represents a significant investment on behalf of Canadians. Industry Canada has a responsibility to ensure that funding contributes to meeting the government's objectives in this area.

• (1145)

[English]

Finally, in our audit focusing on long-term fiscal sustainability, we found that Finance Canada analyzes and considers the long-term fiscal impact of the policy measures it recommends. However, at the time of the audit, the government had yet to make public its reports on long-term fiscal sustainability. Analysis that provides a long-term budgetary perspective would help parliamentarians and Canadians better understand the fiscal challenges facing the federal government.

The department has accepted our recommendations. Following the tabling of my report in Parliament, the department issued its first long-term analysis for the federal government. We also recommended that the department publish, from time to time, an analysis for all governments combined—federal, provincial, and territorial—to give a total Canadian perspective.

Mr. Chair, that concludes my opening statement.

[Translation]

We will be happy to answer any questions you may have.

[English]

The Chair: Very well. Thank you, Mr. Ferguson.

Prior to starting our rotation, I would just welcome Mr. Harris, who is subbing in today. Welcome, sir. I hope you enjoy your time with us.

I will begin the rotation with Mr. Saxton. You, sir, have the floor.

Mr. Andrew Saxton: Thank you, Chair, and thank you, Auditor General and Assistant Auditors General, for being here today as witnesses.

My first questions are regarding chapter 2.

In chapter 2 of your report, you found that the government had adequately implemented the 2008 Government of Canada action plan to reform the administration of grants and contributions programs. Can you comment on how you came to this conclusion?

Mr. Michael Ferguson: In that audit we looked at the fact that there had been a blue ribbon panel that had made some recommendations about changes to grant and contribution programs. The government had responded with an action plan. We wanted to determine whether the steps in that action plan had in fact been completed. We found that they had, for the most part.

One area we raised was the fact that one of the intended objectives of those changes to the grant and contribution programs was to lessen the burden on recipients. We found that this really hasn't been measured yet. There have been lots of good changes made, and changes that would lead one to expect that there may have been an impact on recipients, but there hasn't been a full effort yet to determine whether there is in fact less administrative burden on recipients.

Mr. Andrew Saxton: Are there examples that you found particularly innovative in the ways proposed by the implicated departments and agencies on their efforts to improve their grant and contribution program activities?

Mr. Michael Ferguson: I'm not going to be able to remember the exact number, but in the chapter we do point out the fact that there was a situation where a number of programs were brought together, and it reduced the number of application forms and that sort of thing that people had to fill out.

We did find, and we do have in the chapter, a couple of examples where—at least looking at it from the department's side—the reduction of the amount of effort that had to go into some of those programs was notable.

Mr. Andrew Saxton: Did you find that agencies and departments adequately consulted with their applicant and recipient communities to better serve Canadians within the grants and contributions process?

Mr. Michael Ferguson: We did find that the agencies and departments involved were in fact consulting with their constituency, their stakeholders, and again, that was one of the good practices we found.

• (1150)

Mr. Andrew Saxton: Thank you.

Can you speak to the positive steps that the secretariat took, and continues to take, with regard to providing leadership and ongoing support to ensure consistent implementation of new and more streamlined approaches to managing and administering the grants and contributions programs across the government?

Mr. Michael Ferguson: In general, we did find that Treasury Board Secretariat had fulfilled its responsibilities under the action plan, had taken leadership, had created opportunities for departments to get together to talk about how to improve the processes, how to streamline things. In general, the Treasury Board Secretariat took very much a leadership role in helping to make sure those improvements were made.

At the departmental level or the organizational level, we found very good progress. Perhaps there would have been some departments further ahead than others, but overall, from the Treasury Board Secretariat point of view, it certainly provided the leadership that was required in making these changes.

Mr. Andrew Saxton: Okay.

Finally, are you satisfied that all agencies and departments that you examined have taken appropriate steps in implementing the government action plan?

Mr. Michael Ferguson: Certainly in terms of implementation of the steps, we were very satisfied with what we found. Again, one area provided us with concern. One of the goals of the exercise was to reduce the administrative burden on recipients, and we think that is something that should be studied. Sometime in the next couple of years they are doing a review of the overall implementation, and going out and gathering information about whether there has in fact been a reduction in the burden on the recipients. It's sort of the final thing that needs to be done in terms of finishing off these measures.

Mr. Andrew Saxton: Thank you.

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

Leading off for the official opposition today will be Mr. Harris. You, sir, have the floor.

Mr. Jack Harris (St. John's East, NDP): How much time do I have?

The Chair: You have five minutes.

Mr. Jack Harris: Thank you, Chair.

Thank you, Mr. Ferguson and your officials, for joining us today.

There has been a lot of talk over the last few days about your report with respect to cyber threats. The word “progress” seems to come up. The Prime Minister liked to use that word in the House. I notice it appears several times in your report, usually qualified by something called “limited” or “slow”.

You talk about 11 years of working, for example, to obtain cooperation and partnerships with infrastructure holders and owners and operators, the lack of progress we have seen, for example, in communicating with critical infrastructure owners and operators. Could that be in any way related to the nature of cyber threats? It seemed to me the excuse is that cyber threats keep changing. But surely communicating with the stakeholders, establishing the awareness, for example, of the centre, making sure people know that reporting is a requirement in order to coordinate a response, it seems to me, have nothing to do with the changing nature of cyber threats, but rather have to do with government organization itself.

Would you agree with that, or is there another explanation?

Mr. Michael Ferguson: The audit we did was for the period starting 2001 up through 2011. We identified that through the first part of that period, really 2001 through until I guess 2009, progress was slow.

Starting in 2010 and into 2011 we found more progress in starting to build these things. It's important that it continue.

Just before 2010 they built the partnership with the electrical and utility sector, and that partnership has been working well, but they need to build those partnerships with others.

In terms of our assessment of progress, it was quite slow through the first number of years. We've seen better steps taken in the last couple of years, but with something like the Incident Response Centre not operating around the clock and not getting access to all the information that it should have to play its role, that's certainly something that from an organizational perspective needs to be fixed so that it can do what it was intended to do.

• (1155)

Mr. Jack Harris: Thank you.

Having seen your report, one of the phrases that comes to mind is attempting to play catch-up at this late date.

One of the things that you emphasize throughout your report on cyber security is what you call the lack of action plans. You say on page 11 of the chapter:

...the lack of action plans since the 2001 commitments for cyber security were announced has contributed to the overall lack of measurable progress. ...the 2010 Cyber Security Strategy does not yet have an action plan to guide its implementation.

Then you go on to say:

The lack of a plan makes it difficult to determine whether progress is on schedule and whether its objectives have been met.

When we hear announcements, and you refer to announcements and commitments being made from time to time over the years, does that have any impact? For example, an announcement was made last week about an additional \$155 million over the next five years. This is an announcement that would have come after the department had an opportunity to review a draft of your report, I assume. Is that correct?

Mr. Michael Ferguson: Yes.

Mr. Jack Harris: They would have had a draft of this report, so they would have been aware of what you were planning to say. Then they made this announcement last week, at this point I assume still in the absence of an action plan. So you can't tell even today whether or not these kinds of measures will result in achieving goals or objectives such as those you pointed out here. Am I correct?

Mr. Michael Ferguson: When we raised the question about action plans when we started the audit, one of the things we wanted to do was to determine what were the steps, what were the things that government had said it was going to do in this area. Then we wanted to be able to measure progress against those steps.

We found there weren't any itemized action plans that we could compare to assess their progress, in terms of what they were going to do, where they were going to be in x number of years. Then you've got something you can assess as to whether they've made the right amount of progress, but we didn't find those types of things.

Certainly those types of action plans, we feel, are important in guiding any significant initiative. It's one thing to say here are our objectives, but in terms of the objectives, you then need to say, here are the actions that need to take place to achieve those objectives and here is the timeline in which we expect to do that. Then the government departments can use that as a guide for making sure they're on track, and folks like us who do audits can then make an assessment to say if they appear to be where they need to be, based on the original plans.

The Chair: Thank you. Time has expired.

We'll go over to Mr. Kramp. You have the floor, sir.

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

Welcome once again to our distinguished visitors. We're happy to see you again.

I've had the honour and the privilege of being on this committee for a number of years now, and I can tell you that your reports are important to Parliament. We take them in the vein and the context and the constructive nature in which they're proposed. Thank you for that.

I want to talk for a second about the transition of ill and injured military personnel. I have a bit of a personal hobby horse, in that my riding is adjacent to CFB Trenton, the air transport capital of Canada. As such, I have witnessed personally and have talked to many families who have experienced operational stress or who are subject to the fallout from it.

I was particularly pleased to attend with Minister MacKay when we made the announcement as a government of six operational stress centres opening in Canada—one of them right in Trenton. I can tell you first-hand that it was needed, absolutely. Does it solve all of our problems? No, but there was a step forward. I am so impressed with what I have seen in a short period of time there.

I know that in your evaluations you would have undergone some study of the operational stress centres. Could you give us some indication of the kind of workload they're facing and how they're adapting?

• (1200)

Mr. Michael Ferguson: We did in fact visit two operational stress injury clinics, as stated in the report in paragraph 4.47. Our discussion with them was about how case managers are utilizing the centres and whether case managers are referring some of these ill and injured members of the forces to the stress injury clinics. We identified in the case of one clinic that they said they could handle a greater volume than they were in fact handling. So there is something that needs to be explored further there.

In fact, part of what we are referring to in that whole section of the report is that after some of these ill and injured members have had assessments done, it's noted that they need to have additional consultation, and that wasn't always happening; they weren't always being referred and getting the additional consultation. This particular case also indicates that, at least for this one centre, there was some opportunity to take up some more work that needed to be done, so it wasn't necessarily just a resourcing issue.

Mr. Daryl Kramp: Fine. Thank you very much.

Some of my colleagues may find it a little different for me to be agreeing with my colleague across the floor, Mr. Harris, when he stated that cyber threats are steadily evolving. This is something that's going to require constant attention to detail, and as the technology advances, so must our security advance. They have to go hand in hand, and we recognize that fact.

I recall that in this committee a few years ago, we had a great challenge—and it was put forward by the Auditor General—that demonstrated a lack of interoperability among the communications systems of various departments and/or ministries and between DND and police forces, etc., and a number of changes were made in that regard.

I notice that back in 2011 our government introduced the government IT shared services initiative. It puts in place a sharing framework to facilitate the dialogue amongst all the shareholders. It's critical that we have that dialogue, because if we don't have that dialogue, we can't identify the problems.

With cyber threats being the vast domain that they are, are you comfortable that this initiative is at least leading us in the right direction to deal with them?

Mr. Michael Ferguson: The audit really didn't look into that. The one thing we noted in terms of the government's own systems, though, was that after there was an attempted intrusion into government systems, the departments involved conducted a "lessons learned" exercise to try to identify steps that could be taken to improve the security of the government's own systems. That was a good exercise.

As you mentioned, in the last couple of years there has been some changing of roles and responsibilities. The one thing we were concerned about was making sure that some of those roles and responsibilities line up with what policies say, because sometimes these things become a little out of sync, if changes are made organizationally before policies are put in place, and that can cause some confusion.

There's still some catch-up that needs to happen in making sure that roles and responsibilities are consistent with the policies and with what is happening on the ground.

• (1205)

Mr. Daryl Kramp: Thank you.

Thanks, Chair.

The Chair: Thank you, Mr. Kramp.

We'll now move to Madame Blanchette-Lamothe.

You have the floor, ma'am.

[*Translation*]

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

Thank you for joining us today.

I would like to discuss chapter 7. And I would appreciate your keeping your answers brief, if possible, as we have only five minutes.

I am referring to the report on long-term fiscal sustainability. In 2007, the government committed to publishing a report but did not do so. In 2011, the Office of the Auditor General encouraged the government to publish such a report, but, once again, the government did not do so.

A report of this nature should provide an analysis of current and future demographic changes and the implication of these changes on Canada's long-run economic and fiscal outlook. Do you think such a report would explain or justify changes to old age security, for instance? Would such a report have been useful? Would it have made it possible to justify changes to these kinds of programs?

Mr. Michael Ferguson: Certainly.... Of course, the government—
[*English*]

The Chair: Do you have a point of order, Madame?

Ms. Lysane Blanchette-Lamothe: Mr. Ferguson, I appreciate very much your effort to speak in French, but I think, unfortunately, the committee is not the place to practice. I think I deserve a quick and efficient answer as much as my colleagues do. So is it possible to ask you to answer in English during my five minutes and maybe practice another time?

Thank you.

Mr. Michael Ferguson: Sure.

The Chair: Very well.

Mr. Ferguson.

Mr. Michael Ferguson: Certainly the government made a commitment to release this type of long-term fiscal sustainability information. As we said in the chapter, we feel it is important for parliamentarians to have access to information about what the longer-term fiscal picture looks like when you put all of those budget decisions together—not just the impact on this year's budget, nor just the impact on the four-year political cycle, but the longer-term impact.

[Translation]

Ms. Lysane Blanchette-Lamothe: Thank you.

Would a report on long-term fiscal sustainability provide justification for program changes such as those made to old age security?

[English]

Mr. Michael Ferguson: Well, what we felt...and the reason we're saying that this information should be brought forward is so that parliamentarians can use that information in understanding the budget decisions and the impact of those budget decisions.

[Translation]

Ms. Lysane Blanchette-Lamothe: Thank you, Mr. Ferguson.

The government announced changes to old age security in the budget. I have repeatedly asked for any documentation that would justify those changes so that I can understand them. One member even told me that knowing whether the changes were appropriate and what impact they would have was just a matter of—

[English]

pretty simple math.

[Translation]

Would you say that a report on long-term fiscal sustainability is a matter of simple math?

[English]

Mr. Michael Ferguson: Long-term fiscal sustainability is a question of what, when you look at the impact of all of those budget decisions, they look like to future generations.

Ms. Lysane Blanchette-Lamothe: It's not “pretty simple math”, is it?

Mr. Michael Ferguson: One thing to remember about fiscal sustainability is that it's not predictions. It's taking information and economic analysis as it exists now and extrapolating it into the future. It's complex; it requires economic models and a lot of different information. But also, you have to remember that it isn't somebody trying to predict what the future is going to look like.

Ms. Lysane Blanchette-Lamothe: I understand that. Thank you very much.

[Translation]

In 2009, the department commissioned a study. It did not reveal a need to raise the eligibility age for old age security. Other published reports have said more or less the same thing.

In your report, you said the department conducted an analysis that, to some extent, justified raising the eligibility age for the program. Was that analysis made public?

[English]

Mr. Michael Ferguson: We did identify the 2009 initial assessment of what the impact would be. After that the department did a more in-depth analysis, as we describe in the chapter. There are about three paragraphs there describing the different types of information the department used to—

• (1210)

Ms. Lysane Blanchette-Lamothe: Mr. Ferguson, I read the report. I just want to make sure that the analysis you just talked about, that the ministry did.... Is it public?

[Translation]

Was the department's analysis published?

[English]

Mr. Michael Ferguson: To the best of my knowledge, no. But to be certain of that, you would have to ask the department.

The Chair: Sorry, Madame, time has expired.

[Translation]

Thank you.

[English]

We will move now to Mr. Shipley.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chair. Thank you, Mr. Auditor General.

Chapter 5, recognizing that the responsibility was to look at the stewardship and management of the real property of DND.... Just as a little background to help the viewers understand, National Defence real property includes 2.3 million hectares—that's not acres, that's hectares—some 20,000 buildings, and over 13,000 works and installations. That reaches from coast to coast in this great country and the territories. In fact, the buildings themselves go back to World War I. If you include the Citadel in Quebec, they go back to the War of 1812.

For most people watching, the sheer scope and conditions of the infrastructure and real estate are a little hard to envision because of the size. Considering the magnitude of trying to manage a real property with 2.3 million hectares, 20,000 buildings, 13,000 works, in every province and territory across Canada, is there any weight given to that consideration of it?

Secondly, is there any other department that would compare in scope and diversity of holdings?

Mr. Michael Ferguson: Certainly the portfolio of assets that National Defence has to manage is very large. It's a vast inventory of assets to be managed.

Mr. Bev Shipley: That's fine. I was just looking for a comment in terms of recognition, in terms of your report.

Mr. Michael Ferguson: We were looking at it from the point of view of how the bases manage the assets. We were very much breaking it down to who's responsible for that management. So it wasn't really a matter of having to weight anything.

Mr. Bev Shipley: Okay.

And I think it's fair to say there isn't any other department in the Government of Canada, in Canada, that compares in scope and diversity with those types of holdings.

Mr. Michael Ferguson: To the best of my knowledge, that's a correct statement.

Mr. Bev Shipley: When we formed the government in 2006, the budget was at \$14 billion. It's now somewhere north of \$20 billion. I want viewers to recognize that that type of budget responsibility to DND has increased during a time of fiscal constraint and a tough time in the economy, not only in Canada but around the world.

We acknowledge that through the 1990s there were significant budget cuts in the National Defence infrastructure. In fact, the report states that 43% of non-residential buildings and 61% of works are over 50 years old. In the early 2000s, non-residential buildings deteriorated by 6% while the condition of the works declined by 16%.

Is it fair to make some assumptions, or to know that long-term neglect leads to long-term challenges of refurbishing those infrastructures, especially during times of economic constraint, not only in Canada but around the world?

Mr. Michael Ferguson: One of the things the department told us was that they had gone through a number of years where they hadn't put their focus on maintaining these types of assets and therefore now they're trying to catch up. They've set targets for the amount of spending that needs to happen in these types of areas to try to make sure that the assets are maintained.

•(1215)

Mr. Bev Shipley: In your recommendations, in your comments that you just made this morning, you mentioned that National Defence recognizes that it needs to improve and change the approach to managing its real property. In your report, you had 12 recommendations for National Defence regarding their property management.

I'm wondering if you could help us. Would you be able to highlight the recommendations you believe to be the most pressing of those that need to be addressed as urgently as possible?

Mr. Michael Ferguson: The recommendation that we feel would certainly be the most important would be in paragraph 5.95:

National Defence...should complete the transformation of its real property business model that should include an integrated real property financial and human resource strategy.

So it's something that looks at.... They need to fundamentally change the way they are managing these types of assets to make sure they can accomplish what needs to be accomplished.

Mr. Bev Shipley: Thank you very much.

The Chair: Thank you.

Mr. Byrne, you have the floor, sir.

Hon. Gerry Byrne: Thank you very much, Mr. Chair.

I want to focus a little bit on chapter 7, "Long-Term Fiscal Sustainability", and Finance Canada's actions.

Mr. Ferguson, your message to Parliament is, in my opinion, fairly clear. Parliament needs better information before policy decisions and budgetary decisions are decided on through votes, and that information has not necessarily been forthcoming. Is that a fair characterization?

Mr. Michael Ferguson: What we were looking at was the particular situation of that long-term fiscal sustainability information, that sort of overall picture of the government's fiscal situation. That was what we were focusing in on.

We did that because of two things, in fact: many other governments do it; and, secondly, there was a commitment on behalf of the federal government to do that. We felt that this information would be useful and helpful to parliamentarians.

Hon. Gerry Byrne: Thank you.

In addition to the Department of Finance, there are other institutions and agencies that do indeed provide advice, actuarial advice, on the implications of budgetary decisions. For example, the Office of the Chief Actuary provides advice to Parliament through its reports on the fiscal sustainability or the fiscal circumstances surrounding OAS and GIS, through a triennial report.

The ninth actuarial report on the OAS/GIS program was based on circumstances as at December 31, 2009, but it wasn't tabled until July 20, 2011. Subsequent to that—the Office of the Chief Actuary, as is allowed through legislation, can produce supplementary reports—there was the tenth actuarial report, necessitated by Bill C-3, which increased certain GIS benefits for seniors. That bill was assented to by Parliament on June 26, 2011, but the chief actuarial report concerning that, the tenth report, wasn't made available until November 4, 2011, three months after laws had been passed.

The eleventh report by the Chief Actuary on the OAS/GIS program was necessitated by changes to OAS/GIS through Bill C-38, which was made into law on June 29, 2012. That information wasn't given to the minister until July 18, 2012—again, well after these proposals, these budgetary proposals that affect the long-term sustainability of a very important program to the Government of Canada and to Canadians, and well after the budget had been made into law. Is that acceptable?

Mr. Michael Ferguson: It's not really something that I can comment on at this point in time. It wasn't the focus of the audit—all of those different types of reports that you're referring to. What we were looking at was the analysis that the Department of Finance does itself in terms of bringing that type of information forward. We didn't do any audit work in terms of when those types of other reports would be available or what should be done with them.

•(1220)

Hon. Gerry Byrne: We are spending resources, through the Office of the Chief Actuary, to have them provide actuarial advice and table that actuarial advice on the fiscal stability of the OAS and GIS programs. The Department of Finance appears to be doing something else, on their own, and are keeping that matter internal, whereas the Office of the Chief Actuary has an obligation to actually table that information.

Would it be your opinion that it would be helpful that Parliament not only utilize the Office of the Chief Actuary in assessing budgetary matters, but that the information be made available before the matters are voted upon in Parliament? Would you hold that opinion?

Mr. Michael Ferguson: Again, Mr. Chair, my only response is that we didn't do an audit on the Office of the Chief Actuary, so I can't comment on that.

Hon. Gerry Byrne: Having done an audit on the Department of Finance and their procedures, are you suggesting in any way that Parliament should have that information from the Department of Finance before we vote on budgetary matters?

Mr. Michael Ferguson: Certainly our recommendation was that the long-term fiscal sustainability information be made public as part of the budget exercise so that people understand the impact on the long-term situation of the federal government and so that people and parliamentarians understand it at the time the budget is coming down.

The Chair: Sorry, Mr. Byrne, time has expired.

Hon. Gerry Byrne: Shoot.

The Chair: I know.

Mr. Aspin, you now have the floor, sir.

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

Welcome to our committee.

I am going to focus my questions on chapter 6, which deals with the aerospace sector. I note the conclusion in this chapter that over the past three years, Industry Canada has improved the way it collects and consolidates information on the SADI program, the strategic aerospace and defence initiative. That is, in fact, good news, and good news for all Canadians.

Does Industry Canada have an action plan to respond to this audit? If it does, has the action plan begun? Could you elaborate on what progress has been made?

Mr. Michael Ferguson: I'll actually probably ask Mr. Wheeler to address that question.

Mr. Glenn Wheeler (Principal, Office of the Auditor General of Canada): Thank you, Mr. Chair.

At this point in time what we have is the department's responses to each of the seven recommendations we make in the audit report. We were happy that in their responses the department set specific timelines and made specific commitments for actions to take. However, at this point we have not seen an overall action plan that

would set out in more explicit detail how and when the department plans to fully implement our recommendations.

We understand that as per a public accounts committee decision back in 2010, the department is to be tabling to the committee an action plan within 90 days of the tabling of this report.

Mr. Jay Aspin: Thank you for that.

I wonder, sir, if you can give us some sense of the purpose of this SADI program, the strategic aerospace and defence initiative. What is its impact in terms of the size of the investment in research and development it is able to leverage?

Mr. Glenn Wheeler: Mr. Chair, the government perceives SADI to be a very important government program designed to encourage research and development in the area of aerospace and defence. One of the indicators it uses to assess its success is the number of private sector dollars leveraged per SADI dollar. At this point in time, the department has not yet reported on that indicator. We're hoping that as the department continues to monitor the success of the program, and, more importantly, evaluates the program in 2016-17, this information will be provided.

•(1225)

Mr. Jay Aspin: Fair enough.

With regard to SADI, can you give me some sense as to how it ranks relative to previous programs, such as TPC, DIPPP, or any of those programs?

Mr. Glenn Wheeler: One of the issues we looked at in our audit was whether the department fully evaluated the predecessor to SADI, which was a Technology Partnerships Canada program. We were happy to see that a mid-term evaluation was done, which looked at issues with respect to program effectiveness, but we were disappointed that a final evaluation was not done. As we state in the chapter, we feel the department missed an opportunity to improve program implementation and program evaluation with respect to SADI. However, we were happy to see that in SADI the department has taken steps to establish service standards, and it's taken steps to improve its information management systems to better administer the program. In both of those areas work is ongoing.

Mr. Jay Aspin: Okay, so I guess we're on the right track.

What is Industry Canada doing to follow up the recommendations to ensure that future contribution agreements it signs specify project objectives and identify anticipated outcomes and benefits aligned with the SADI program initiatives?

Mr. Glenn Wheeler: As we note in the chapter, for the period 2007 to 2010, that was not well done. We were happy to see in the last seven agreements that were signed that project objectives were more clearly set out and that anticipated outcomes of benefits were also more explicitly stated. We were also happy to see that the department, as it signs additional agreements with recipients under SADI, is committed to continuing that improvement and ensuring that the contribution agreements clearly set out project objectives and anticipated outcomes and benefits.

Mr. Jay Aspin: Thank you, Mr. Chair.

The Chair: Thank you. Your time has expired.

We'll move to Mr. Allen, who now has the floor.

Mr. Malcolm Allen (Welland, NDP): Thank you, Chair, and my thanks to the Auditor General.

Auditor General, in chapter 3, in paragraph 3.20, you've identified funding of some \$780 million that had been allocated from 2001 through 2011 to address some different things. Of that \$780 million, which part is cyber security? The report says:

Therefore, we were unable to determine how much of the \$780 million was specifically allocated to activities for the protection of critical infrastructure from cyber threats.

It seems to me that's a fair amount of money. It's a large sum of money, \$780 million. It wasn't all to be allocated, I believe the report is trying to tell us, for a specific cyber threat. It might have to do with some other infrastructure around Public Safety Canada, etc.

When you go to paragraph 3.21, the last part of it is that Public Safety Canada officials informed you that they had spent \$20.9 million of the remaining \$210 million on cyber protection for critical infrastructure between 2001 and 2011. If my math is right, that's about \$2 million a year over 10 years.

I know enough to not ask you to judge whether that's an appropriate amount or not—of course I wouldn't ask that question. But it's disquieting for me not to be able to follow the money. Where did it go? The department was unable to tell you where the cyber security money went, whether it went to other departments. They couldn't answer that. How much did they really spend? They didn't really know. Is that a fair sense of what is being told to me here?

Mr. Michael Ferguson: As the chapter explains, we wanted to identify how much money was set aside for cyber security. However, it was just one of a set of objectives in funding envelopes, so we weren't able to identify specifically how much had been set aside for the cyber security initiatives. Therefore, we weren't able to say that there was this amount of money, these were the things intended to be achieved with it, and this is what was achieved. This was a function of the way the money had been originally approved. It was not specifically identified as an amount of money for cyber security.

• (1230)

Mr. Malcolm Allen: I can agree that a funding envelope can come with different tags to it—let's do this and let's do that—but one would think that a department would be able to report to you that actually it accomplished such and such and this is what it spent on it. One would hope they could tell us that.

I know we only have five minutes, so I want to go to paragraph 3.32, where it talks about 10 sectors or networks that have sector risk profiles. I know the government is saying we're progressing in the last two years. This is actually talking about 11 years after we first committed to undertake a partnership to strengthen our critical infrastructure protection.

According to this:

All 10 networks have sector risk profiles and lead departments identified, but 6 did not include representatives from all the industry groups that Public Safety Canada identified as key stakeholders. We also noted that while most have met, only 5 have included cyber security in their discussions.

And yet in these sectors, or networks, if you will—it's explained what they are exactly, but I don't have enough time to tell the public what those are—it seems to me the plan is not very far along. We have six. You haven't really got the folks who should be there. We have five that don't even talk about cyber security.

Is it reasonable to expect that we really need to push this along a bit?

Mr. Michael Ferguson: Certainly that was the point in raising this issue, that these are important components of making sure that the federal government is playing its role in terms of helping protect critical infrastructure from cyber threats. These sector networks need to be well established, and they need to be talking about the potential of cyber threats.

Mr. Malcolm Allen: I know time is tight, but the last bit is this issue of having the CCIRC open 24/7.

I noticed in the recommendation the response from the department is that it didn't agree. You had suggested 24/7. It has come back and said 15/7.

Is that a fair articulation, that it has decided not to follow your advice of 24/7 and will go to 15/7?

The Chair: Please be very brief, Mr. Ferguson, if you will.

Mr. Michael Ferguson: I think all I can tell you—certainly to this moment all I know—is that it has decided to go to 15 hours a day, 7 days a week. We indicated that we felt 24/7 was what the agency was intended to do, and that one way or another it's critical that there be round-the-clock ability to collect information about these types of threats, to analyze it, and then to tell the people who need to know that information. That needs to happen one way or another on a round-the-clock basis.

The Chair: Very good. Thank you very much.

Mr. Storseth, you have the floor, sir.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you, Mr. Chairman.

Thank you, Auditor General, for coming today. I appreciate your reports.

I have a couple of questions for you, beginning with chapter 7.

The first one is actually more of a statement. According to your analysis, as well as the findings of the Department of Finance, the Government of Canada's finances are on a solid, sustainable, long-term footing. Would you agree with that statement?

Mr. Michael Ferguson: We put a graph in the chapter. If you extrapolate the budget out over the long term, there appears to be a trend towards an improving fiscal situation, but again understanding that those type of extrapolations are just that: they are extrapolations; they are not predictions.

Mr. Brian Storseth: And nobody's going to hold you to it at this point in time.

The other question I have for you is about recommendation 7.57, where you say the Department of Finance should publish “the long-term fiscal sustainability analyses for the federal government and provide from time to time analysis for all governments combined....”

I think both I and the department agree with your statement in regard to the Government of Canada. I think it is important to see what the long-term fiscal sustainability is for the provinces as well. But seeing as that's not our purview, have you entertained the thought of perhaps writing the provinces yourself on this and getting the information from the various provincial and territorial governments?

• (1235)

Mr. Michael Ferguson: We made the comment related to the provinces because we think that's something that from time to time the federal government should do—collect that information. Of course, it requires cooperation from the provinces as well, but we felt that really was something the federal government should do, not necessarily every year but on a fairly regular basis, to make sure there is a fuller picture of the fiscal situation, not just of the federal government, but of the federal government and the provinces and territories combined.

Mr. Brian Storseth: What would you anticipate “a fairly regular basis” to be?

Mr. Michael Ferguson: I could see something like every three years or so.

Mr. Brian Storseth: Okay. And what would that recommendation be based on, for...?

Mr. Michael Ferguson: It's simply a matter of...the fiscal situation of the provinces is also an important part of the big picture of fiscal sustainability for the whole country.

I'm saying three years. It could be four years. It could be two years. You have to have a starting point somewhere, which is why I'm saying three years.

Mr. Brian Storseth: Okay.

I'd actually like to move on to chapter 4. You talked about the OSI clinics with my colleague. You mentioned that you had visited two clinics.

Would you be able to say which two clinics you visited, and why they were the choice for your selection?

Mr. Michael Ferguson: I don't have that information with me.

Mr. Brian Storseth: Perhaps you could, through the chair, table that for the committee.

My next question is in regard to the IPSC clinics that you also visited. Could we get that information as well? I do have an IPSC clinic as well as an OSI clinic in my riding, so it's something that's very interesting to me.

In your review of the processes between the Department of National Defence case managers, did you take a look at the work flow or the turnover between when a veteran or a soon-to-be-

released veteran goes from the Department of National Defence to the Veterans Affairs case manager, and how that flow goes?

Mr. Michael Ferguson: The “hand-off”, I guess, wasn't a specific item of inquiry for us, but what we did was we looked at how case management happens for these people while they are still members of the Canadian Forces, and then how case management happens for people once they are in Veterans Affairs.

We did identify also, though, in the chapter, some specific situations—for example, the hand-off of medical information from one to the other. We also identified that there were some issues with data in some of the information systems. The data wasn't complete.

Mr. Brian Storseth: I don't mean to cut you off, but I only have five minutes.

My question is in regard to the actual hand-off, because that's where there is potential for confusion, certainly from a service member's point of view, going from one case manager to another case manager.

Could I ask you, when you looked at the Department of Veterans Affairs, did you take into account the transformation initiatives, things like streamlining, simpler letters that are being written rather than the kind of complicated language that used to be in place, and less paperwork? I know in my area one of the big improvements has been something as simple as putting in for mileage, not having to submit Google maps every time. Some of these things have made it a lot easier on veterans.

I'm just wondering if you guys looked at the transformation initiatives as well in your investigation.

Mr. Michael Ferguson: Again, we looked at the whole process as it was at the time that we were doing the audit. We identified that there were still issues around how people access programs.

For example, you mentioned language. We did a language assessment of a number of pieces of information, and we found that the language used in some of the explanations and information for veterans was still too complex and needed to be improved.

So we identified that there were things going on, but in general there were still those types of obstacles that still made it hard for people to access those programs.

Back to my previous response, I just want to make clear that what I was trying to get to was that in that handover, it's important for there to be consistent information in databases about these people from one side, from the Canadian Forces, to Veterans Affairs, so that there is accurate information about these individuals. That would help make that hand-off more efficient.

• (1240)

Mr. Brian Storseth: Thank you.

The Chair: Mr. Storseth, your time has expired.

Over to you, Mr. Byrne. You have the floor, sir.

Hon. Gerry Byrne: Thank you.

I am just following up on my questions earlier. The Office of the Chief Actuary provides actuarial advice for the Canada Pension Plan, the old age security program, the Canada student loan program, and for other public sector pension plans and benefit plans.

Mr. Ferguson, the Office of the Chief Actuary is part of the Office of the Superintendent of Financial Institutions, and the Office of the Superintendent of Financial Institutions reports to the Minister of Finance, and it's actually housed in the Department of Finance.

I appreciate that there may be some machinery of government issues on why you may not have actually audited or included in the audit specifically the Office of the Chief Actuary or the Office of the Superintendent of Financial Institutions, but clearly it is housed within the Department of Finance. It just seems to me that this is an incredible wealth of information. If I'm projecting your message to Parliament in your seventh chapter, it is that we can do better. We can provide more credible, more responsible information for parliamentarians and Canadians in the decision-making process by having that information available to Parliament before decisions are taken. I don't want to put words in your mouth, but that's the message you projected to me.

It would seem to me that if you have an organization like the Office of the Chief Actuary, which is housed in the Department of Finance, which you audited, you'd want to include that type of information as to whether or not that's being disseminated to Canadians and to Parliament in a timely way.

Was that a consideration at all? I know that Ms. Cheng was part of the audit team, the lead principal on that. Maybe she might want to address it, or you yourself.

Mr. Michael Ferguson: Again, what we looked at in the audit was, number one, whether the Department of Finance itself did the adequate analysis on individual budget measures. When they do that analysis, they have to gather information from various sources. We identified that on individual items they were doing an adequate analysis.

The issue that we raised that was not happening was making public, on a timely basis, the information—when we put all of that together—about what the long-term fiscal situation of the country looked like. So on an individual basis, the analysis was being done, but the recommendation was about the global picture.

Hon. Gerry Byrne: I appreciate that.

The issue I flagged is that this information is actually being collected in various measures through the Office of the Chief Actuary, through the Office of the Superintendent of Financial Institutions, which is housed within the Department of Finance. Those agencies are actually mandated to make their information public. They're not doing it on a timely basis, and it appears to me that this is an opportunity for us—it's not a problem, it's an opportunity—to utilize that in a far more effective way.

I queried this particular issue about how the Office of the Chief Actuary does their assessments, the range, when they projected to 2030. The Office of the Chief Actuary actually has a range, a best estimate, but it has a range of costs that by 2030 the OAS program could be as low as \$70 billion in costs and as high as \$140 billion in costs. The way you refine that is to use multivariate analysis, as

opposed to single variate analysis, and to use resources to actually get a better scoping down of the unknown.

Do you think that's a sensible approach? Should Finance Canada take more of an initiative in getting better data with a better range or better limits of what their estimates might be?

Mr. Michael Ferguson: Again, Mr. Chair, all I can really speak to is the audit we did and the information we gathered, which was on an issue by issue basis. And again, it was back to whether the department itself, the Department of Finance, was doing an adequate analysis on each of those individual issues. We found, in fact, they were doing that. So they would have been gathering the information they needed in order to make those types of assessments.

I can't speak to what's going on in different areas or how they are doing their analysis, because we just didn't audit that.

• (1245)

Hon. Gerry Byrne: It appears, then, that if you have the Office of the Chief Actuary, which has a staff, it has resources, it's spending money, and it's doing analysis—it's a stovepipe that's operating independently from the Department of Finance. It's operating independently from Parliament, because when the Office of the Chief Actuary doesn't actually even table their analysis of these important initiatives until after they are passed into law, we're missing something. We're missing a valuable opportunity for decision-making.

Then you have the Department of Finance, which is doing its own analysis. I hope they're actually utilizing the Office of the Chief Actuary when they do that.

Even the Office of the Chief Actuary has admitted, through a question I posed to them, that they actually do a fairly rudimentary analysis of long-term fiscal planning of actuarial work related to the OAS in particular. The range they came to was that by 2030, OAS could cost Canadian taxpayers \$70 billion—which, in other words, means there's no problem within the fiscal sustainability—or it could actually cost as high as \$140 billion. Their best estimate is that with the changes as a result of Bill C-38, it will be around \$90 billion.

For you, who tabled this report about getting this right, getting fiscal sustainability right, would it be advisable to do a sharper, more precise analysis and report that to Parliament?

The Chair: I hate to do that to you on a complicated question, but could you keep it as tight as possible, Mr. Ferguson? I'm minding the clock. Thank you.

Mr. Michael Ferguson: My response again would be that the Department of Finance uses economic models to do these types of analysis and they collect the data they need within that economic model to make their determination of what the long-term cost is going to be.

We didn't raise any concerns about the type of modelling they were using.

The Chair: Thank you.

Mr. Hayes, you have the floor, sir.

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

Welcome to our guests.

My focus is going to be on chapter 4. It was an extremely comprehensive audit. The recommendations made were excellent; I think there were 13 overall. Every recommendation was accepted, in fact with a definitive timeline and a fairly comprehensive response. I actually enjoyed reading that report.

You are covering National Defence, Canadian Forces, some of Veterans Affairs—it's very complex.

How long did this audit take in terms of the timeframe or the number of hours?

Mr. Michael Ferguson: In elapsed time it was about an 18-month audit.

Mr. Bryan Hayes: That's extremely significant. You had a lot of interaction, obviously, with Veterans Affairs Canada. Based on that interaction, do you have confidence that they will in fact act upon the recommendations that you have made?

I know that's a judgment call, but you had an opportunity to spend a lot of time, and you've seen their responses to your recommendations.

Mr. Michael Ferguson: Mr. Chair, all I can say is that we were happy with the cooperation we got from everybody involved in the audit. Our recommendations have been accepted, so to that point we are satisfied with the relationship and the responses. We'll have to wait and see whether the recommendations are implemented.

Mr. Bryan Hayes: Thank you.

One area of the report jumped out at me, and it spoke to case plans. In fact, I think 11% of the participants didn't even end up having a case plan.

I'm trying to understand a little bit about what exactly a case plan is, what information it contains. Based on that, can you give me an outline of why the department might not have had a case plan for these 11% of the cases you reviewed?

Mr. Michael Ferguson: For example, in paragraph 4.34 we list some of the things case managers do: "assess the member's health needs and reassess them when required; develop and monitor a case plan...."

In fact, in terms of Veterans Affairs, we indicate that there are 10 components of case plans that need to be in place. There's a chart in exhibit 4.5, after paragraph 4.49, that indicates the various things that would be in the Veterans Affairs case plans for individual members.

In terms of why some people were not getting the case plans, that was the fundamental finding of the audit. There were situations where case plans should be in place and they weren't being put in place, and that's the thing that needs to be improved in the whole process.

• (1250)

Mr. Bryan Hayes: I would think the department must have given you some understanding as to why the case plan wasn't put in place,

and clearly it wasn't. But I expect there must have been some reasoning as to why some of it didn't happen.

Mr. Michael Ferguson: Certainly I don't have more details to give you on that at this point. But it was what we found when we were looking at what situations require case plans: were they happening or were they not?

Mr. Bryan Hayes: Okay.

Based on your entire review, can you speak to some of the positive things you found and give some context as to whether the department as a whole is, in your opinion, fulfilling its mandate?

Mr. Michael Ferguson: I think the positives for me are probably that we got good cooperation from both organizations. We did feel that both organizations are taking the issue seriously and know that it needs to be dealt with.

As we listed in the chapter, a number of programs and services are available to veterans, but fundamentally the issue now is making sure that the obstacles that are still in the way of the veterans getting the services they need, when they need them, get removed, so that the processes can be improved and these folks can get the services they need.

The Chair: Thank you, Mr. Hayes.

Over to Mr. Harris, who, I understand, will share his time with Madame Blanchette-Lamothe.

Mr. Jack Harris: Yes, thank you, Chair.

Given that we're sharing the time, I'd ask that the responses be as brief as possible.

I want to reflect on the real property in Defence, chapter 5. We know that the Department of Defence has many assets, but they also have a very big budget and there's a targeted amount for repair.

In your opening statement you talked about the weaknesses in the government's approach in their management of real property, that it could jeopardize the Canadian Forces' ability to carry out its missions, which I find to be a serious concern.

You also indicated in your report that the failure to have a completed strategy framework and development plan means that the department can't know if they have the required real property assets at the right place at the right time to meet the operational requirement.

You also said the operational failure of risks to health and safety are present because maintenance practices are inadequate. Some bases didn't even have the money available to them to address identified problems with health and safety, particularly fire codes.

If you have a targeted budget and you don't spend it, that seems to me to be a problem regardless of the size or age of your assets. Am I right in characterizing it that way?

Mr. Michael Ferguson: The issue we identified is that the way they are managing and trying to deal with these assets does not allow them to get done what needs to be done in a timely manner.

Mr. Jack Harris: That's increasing the health and safety risks, particularly when it comes to the fire code and other aspects of life safety that real property deterioration can lead to.

Mr. Michael Ferguson: We did identify, in terms of needing to deal with those fire safety issues, that those are health and safety issues for members of the forces.

Mr. Jack Harris: Thank you.

The Chair: Madame Blanchette-Lamothe.

[Translation]

Ms. Lysane Blanchette-Lamothe: Thank you.

Mr. Ferguson, why did you recommend that the Department of Finance publish, from time to time, an analysis for all governments, including the provinces and territories? What would be the point of performing such an analysis and making the information public?

• (1255)

[English]

Mr. Michael Ferguson: The reason for that analysis is that, again, if you want to look at it from the point of view that there's one taxpayer, whether they're paying provincial or federal taxes...as an individual taxpayer, you want to know the fiscal situation, not just of the federal government, but also of the provinces.

[Translation]

Ms. Lysane Blanchette-Lamothe: Thank you.

I see the point.

The government's response clearly shows that it does not intend to follow through on this recommendation, meaning it does not anticipate introducing a measure to this effect. That's unfortunate, especially given that, according to your report, the Department of Finance had information on the impact its decisions would have on the health transfer. The department was aware of how the changes could affect the provinces but did not disclose that information. I realize you can't comment on this point specifically, but the government reminds me of a child trying to hide mischievous behaviour so as not to get in trouble.

It's a shame that the department will not commit to this recommendation. There's nothing more to say. It wouldn't be hard to accept the recommendation, and yet only one part was accepted.

From its response, I gather that the department does not accept the recommendation in full. Would you agree?

[English]

Mr. Michael Ferguson: The department did say in the response that they're not accountable for the fiscal situation of the provinces and territories. Therefore, the department will publish the long-term analysis for the federal government on an annual basis.

We made the recommendation that from time to time the analysis should include all levels of government. That continues to be our recommendation. We would hope that the department would choose in the future to make fuller information available, including the impact on the provinces.

The Chair: Very good. Thank you, sir.

We'll go over to Mr. Dreeshen, who has the short stick. You have two minutes, sir.

Hon. Gerry Byrne: I don't want you to bang the gavel and call this meeting adjourned at exactly one o'clock before we as a committee decide whether we're going to ask the Office of the Auditor General if he will return.

The Chair: I have to tell you that we're only going to be short by two or three minutes, and it's the government that's going to be short. So I'm going to deem that we go ahead and conclude with Mr. Dreeshen. In my opinion, that's a full and sufficient hearing.

Mr. Dreeshen.

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much. I appreciate your concern.

It's certainly the purpose of this meeting to hear the information you have on all of the various chapters you presented to us. We will then be taking a look at it and deciding what is important to our committee.

I suppose from that particular point of view, the only chapter we haven't looked at yet is chapter 1, so I would like to talk about that.

I have served on the aboriginal affairs and northern development committee. I was also a hospital board chair for a number of years. So I have a special interest in those particular areas and the topic of professional service contractors.

In the part of the chapter that looks at integrating human resource planning, you indicated that Health Canada is in the process of implementing an information system to collect and summarize data on employees and contractors. I'm just wondering if you could comment on how the full implementation of such a system would improve human resource planning in that department.

Mr. Michael Ferguson: In general, any system that allows an organization to collect information about the types of human resources it needs and how it can fulfill those needs, whether it be through employees or contractors, would help manage resources from an overall perspective.

Mr. Earl Dreeshen: I think the other point is that the First Nations and Inuit Health Branch of Health Canada is doing some good work with respect to planning for contractors in health care services, primarily in the nursing area.

They are also doing an analysis on the need for contracts at the project or program level. They are also looking at the level of the branch itself.

I'm wondering if you could comment on the effect there might be if other Health Canada branches, or even departments, were to adopt the practices they are using when they are considering contractors.

• (1300)

The Chair: Be very brief.

Mr. Michael Ferguson: I think I would just go back to our overall recommendations in the chapter, which are that all departments and organizations need to manage these resources as a group rather than individually.

The Chair: Thank you, Mr. Dreeshen. I appreciate your cooperation.

Go ahead. Is it on the time issue?

Hon. Gerry Byrne: Mr. Chair, am I to understand that you will not accept my motion to ask the Auditor General—

The Chair: Here's my thinking. We have 30 seconds left. This is an oversight body. We are short by three minutes on the rotation, and the three minutes are short on the government side. Had it been the opposition, I would have entertained your motion, but given that it's the government, and it's the opposition that this committee really

exists for, I think we have met our full obligation to the opposition members to allow them to question the Auditor General.

I don't think we should get into a long, protracted debate about whether or not we're going to hold another meeting for the sake of a two and a half minutes or three minutes that is coming off the government side. So, no, I'm not going to accept your point of order, sir. This meeting is already past the allotted time.

I must give our thanks to Mr. Ferguson and his delegation and advise colleagues that we now stand adjourned.

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