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Chair

Mr. Brent St. Denis

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Tuesday, October 4, 2005

•(0900)

[English]

The Chair (Mr. Brent St. Denis (Algoma—Manitoulin—Kapusking, Lib.)): *Bonjour, tout le monde.* Good morning, everyone.

I call to order this October 4, 2005, meeting of the Standing Committee on Industry, Natural Resources, Science and Technology.

I have a couple of small points before we get into the subject of TPC and acknowledge our witnesses.

At the last minute this morning, Minister Dion's office called to say that he couldn't be here for 10 o'clock this morning. I assume there was a flurry of cabinet meetings happening. We don't have a new date.

I'll leave this in the committee's hands, but I'm aware that our witnesses are available to stay, so should the committee wish to continue and use the morning for TPC, that time is available.

As well, just as a reminder, Thursday afternoon we have Ministers Goodale and Emerson.

Minister Lapierre has a problem similar to Mr. Dion's. He has been unable to keep his Thursday morning appointment, which has been rescheduled for October 20. We will get a date from Minister Dion. So we have that one hour that has become available, where we had Minister Lapierre.

For the second hour, we have some witnesses to finish off our gas study. We have Green Communities of Canada. It turns out that the witness is in Ottawa; he's from Newfoundland, but he's in Ottawa any way, so that will work out well. We also have the Communications, Energy and Paperworkers Union of Canada. Unfortunately, the CLC and the CAW are unable to attend. So we're going to go ahead with those two in that hour, and then we'll be done.

As far as televising that session is concerned, it just depends on the room and the circumstances. The most important thing is the testimony from witnesses.

Unless I hear arguments to the contrary, we will continue with these witnesses until we're finished—but no later than the two-hour time slot we have.

So for the hour that has opened up on Thursday, the 9 to 10 slot, we can discuss later whether you want to continue with this matter, or we can probably... I'm not sure an hour is enough, but we have a little bit more time to finish up that very excellent bit of homework

we did the other day on foreign investment, the work we did based on Dan's discussion program, if you want.

With all of that out of the way, we're going to try to get everybody on as usual. We'll give everybody a fair shot of time as usual. So I'd like to welcome to the meeting, Tom Wright, executive director of Technology Partnerships Canada; and Peter Everson, director general, audit and evaluation branch, Department of Industry. Thank you for being here, gentlemen.

As is normal, the clerk has probably advised you that we'd like short opening remarks of five, six, or seven minutes. You don't need to spend any time explaining how the program works; I think members are familiar with that. I think you're well aware of the motion that was passed by the committee in June and of the essence of the committee's interest in having these discussions.

Mr. Wright, will you be speaking?

•(0905)

Mr. Tom Wright (Executive Director, Technology Partnerships Canada, Department of Industry): Yes.

The Chair: I invite you to start us off.

[Translation]

Mr. Tom Wright: Hello, my name is Tom Wright and I am executive director of Technology Partnerships Canada, TPC, and have been since September 2004.

I want to thank you for having invited me to appear before this committee to once again discuss the results of our audit on lobbyists. Last time I appeared before you, you had a number of questions. You now have the required information in front of you, in a binder.

[English]

This morning I thought I'd like to highlight a couple of things: the recent release of a status report; the attached audit reports the Minister of Industry put out; and the safeguards that have been put in place to ensure that going forward, each company complies with the provisions in its contribution agreement requiring it to represent that it has not employed any person to solicit the contribution agreement for a contingency fee and that any person who has lobbied on behalf of a company to obtain the agreement, if required to be registered, is in fact so registered.

In September of 2005, just less than a month ago, Minister Emerson released a status report that discussed both the forensic audit conducted by Kroll on the initial four companies and the compliance audit being conducted by Raymond Chabot Grant Thornton of some 47 companies as to whether they had complied with these two provisions of their contribution agreements. As disclosed in these reports, the department has acted quickly to investigate these issues. It's been diligent and rigorous in identifying non-compliant companies and working with these companies to rectify the events of their default.

The external compliance audit of 47 companies is ongoing, and the fieldwork is likely to continue for yet a few more months. Preliminary results have been received and 21 companies have been found to be in compliance. Five companies have been informed of a breach of one or both of their provisions regarding lobbyists and contingency fees. These companies were sent letters of default, which in accordance with the terms of their agreement provide them 30 days to rectify the breach of their agreements. Two companies have already rectified their breach.

In addition, the status report the minister put out outlines that since these compliance issues surfaced, TPC has implemented new steps and safeguards, and I want to come back and outline some of those briefly for you. But you should also know as well that the Auditor General and the Comptroller General have been kept fully informed of the approach of the department and the audit work to date, and they have so far agreed with what the department has been taking as steps in this regard.

I wanted to reinforce with you the steps we're taking to ensure that we do not see the recurrence of these issues. TPC's new procedures include the following.

First, after initial contact with the TPC investment officer, potential applicants now receive a letter informing them of the contractual obligations regarding the use of lobbyists and the payment of contingency fees, including a direction to the lobbyist registration website. TPC officials subsequently verify that any lobbyist engaged by the applicant companies have in fact registered with the lobbyist registry.

Next, at the investment outline stage, companies must certify in writing that they are in compliance with these provisions. Written certification is again required when the company submits a full investment proposal. In fact, TPC continues to monitor compliance as the project proceeds, and companies are now required to complete an annual information update that includes yet another certification of ongoing compliance with these requirements.

Beyond this, all of the staff at TPC have been required to take training on the Lobbyists Registration Act and on the Values and Ethics Code for the Public Service. This training is mandatory for all current as well as all new staff engaged.

Finally, TPC's website now highlights with greater prominence the contractual provisions regarding the use of lobbyists and payment of contingency fees. All of these are steps we've taken to ensure there will not be any recurrence of these issues.

I would like also to assure the committee that the minister has made it clear to us that when completed, the results of this

compliance audit that is currently under way are to be made public consistent with access and privacy laws, just as we did with the Kroll forensic audit.

In closing, I'd also like to draw the committee's attention to the minister's recent announcement that the government will be launching a new transformative technologies program. The new program will be open to all sectors and all technologies, with improved access for SMEs. Of particular importance is that the hallmark of this new program will be the openness and the transparency associated with its review and assessment of projects and in the administration of the repayments.

● (0910)

We'll be using expert panels to assess projects for their innovativeness and their market relevance. The criteria for the review, the set repayment options—all of this will be available on the Internet site, consistent with the objectives of openness and transparency for all.

Mr. Chairman, I'll stop here. I know you want to use the time available for questions.

I'm accompanied by my colleague, Mr. Everson, who is the head of our audit and evaluation branch. It is through his organization that all the audits we have commissioned have been undertaken. There is an element of independence between my organization and his.

The Chair: Thank you, Mr. Wright.

I understand, James, you'll start us off.

Mr. James Rajotte (Edmonton—Leduc, CPC): Thank you, Mr. Chairman.

The Chair: We'll try to keep the first round to five to seven minutes.

Hon. Jerry Pickard (Chatham-Kent—Essex, Lib.): Five minutes, Mr. Chair. We agreed to that last—

The Chair: We agreed in June that the chair will do his best to balance the time out.

Hon. Jerry Pickard: Mr. Chairman, it's totally inappropriate on the timing. Quite frankly, everybody else gets—

The Chair: Jerry, excuse me.

Hon. Jerry Pickard: Five minutes is the time on the sheets. That's what we agreed to.

The Chair: Jerry, the motion was that the chair had the discretion to balance the time out, so we're going to start.

James, you're on board.

Mr. James Rajotte: Thank you, Mr. Chair. So my time starts now?

The Chair: Yes.

Mr. James Rajotte: Thank you.

I would like to first of all touch upon the two reports.

First, we have the Kroll Lindquist Avery report regarding the four companies: Intrinsyc, Wavemakers, TIR, Infoware. It was one lobbyist in that situation. His name was Neelam Makhija. Just for background, he was not registered. Is that correct?

Mr. Tom Wright: That's correct.

Mr. James Rajotte: And he received, I believe you said last time, Mr. Wright, \$3.7 million?

Mr. Tom Wright: Yes, \$3.7 million is the moneys that we had returned to the Crown from the companies.

Mr. James Rajotte: Was that in fact the amount given to Mr. Makhija?

Mr. Tom Wright: Not necessarily, no. The moneys we got back from the four companies were an amount equivalent to that which had been paid or would have been paid to the lobbyist through the contingency fee arrangements we had uncovered.

Mr. James Rajotte: How much did he actually receive?

Mr. Tom Wright: I do not have that information.

Mr. James Rajotte: Mr. Everson, do you have that information?

Mr. Peter Everson (Director General, Audit and Evaluation Branch, Department of Industry): My apologies; no, I do not.

Mr. James Rajotte: Does anyone have that information? Where would we get this information?

Mr. Tom Wright: The dealings between the company and the lobbyist are issues between the company and the lobbyist. The relationship we had is with the companies themselves, so we don't have access to what Mr. Makhija would have received.

Mr. James Rajotte: But you obviously found the contract, so you found that he was eligible to be paid \$3.7 million. But you don't have any idea how much he actually received of the amount that was due him, which was the \$3.7 million. Is that correct?

Mr. Peter Everson: What's correct is that the amount actually paid to Mr. Makhija.... We had access to the company side of those transactions, not necessarily to what Mr. Makhija received.

I think the other point to make here is that this information still remains personal information. It's protected under access and privacy laws.

• (0915)

Mr. James Rajotte: Which specific access or privacy law protects that type of information, especially when we're dealing with taxpayer dollars?

Mr. Peter Everson: On that point, I would have to talk to legal counsel to find out exactly which section of either the Privacy Act or the Access to Information Act—

Mr. James Rajotte: Mr. Wright, do you know?

Mr. Tom Wright: I couldn't give you the specific reference to the act. But just to be perfectly clear, the Kroll report in its entirety, which I believe we have shared with the committee—

Mr. James Rajotte: Except for all the information that's blacked out.

Mr. Tom Wright: —was passed through our access to information and privacy office, the ATIP office of our department. The officials in that organization are charged with the responsibility of ensuring that any and all documentation we would release into the public domain is consistent with the provisions of those statutes. That is not an act of editing on the part of the program management or the auditors; the blacking out comes from that office.

Mr. James Rajotte: Okay. Thank you, Mr. Wright.

Mr. Chairman, through you, I'd like to request, then, the specific access and privacy laws that are guiding the blacking out of a lot of this report. This is taxpayer money we're dealing with here, and why we're blacking out so much of this report and not letting the public see how their money is being spent I think is offensive to a lot of us. So I'd like a formal submission to the chair of this committee as soon as possible.

Secondly, I'd like to move to the Raymond Chabot Grant Thornton interim report, a compliance audit of 47 companies, in which 21 appear to be compliant, 11 appear to be in breach, there's additional work required for 11, and there's fieldwork pending for four.

We have the name of the lobbyist in the first report and we have the names of the four companies. Can we get the names of the companies and the lobbyists for the second report?

Mr. Tom Wright: The names of the companies and all of that information will be released at the end of the work on the 47 companies, consistent again with the Access to Information Act and the Privacy Act.

Mr. James Rajotte: And when will this be?

Mr. Tom Wright: My information, subject to Mr. Everson...is that the fieldwork will continue yet for another couple of months. The fieldwork on that would carry on into December.

Mr. James Rajotte: If I could just clarify this, you know who the companies and the lobbyists are. The minister knows who the companies and lobbyists are. They've been released for the first report. Especially for the ones that are in breach, why is that information not being made public today?

You know the information. You've released it for the first report. Why is the public not allowed to see which companies and which lobbyists have breached the TPC's own guidelines?

Mr. Tom Wright: The audit work on this round is not yet complete. The advice I have from our auditors is that it would do damage to the integrity of the effort to be releasing information prematurely. The release of the information, the names of the companies, is again something that would be subject to the access to information and privacy requirements.

On the question of lobbyists, when we uncover information that might suggest that the lobbyists are not registered, the determination of what could or should be done is that of the registrar under the Lobbyists Registration Act. So we would refer information, that information that we have gathered through the audits, to the registrar, and it would be to the registrar to go through whatever process is appropriate to determine what could or should be done vis-à-vis the lobbyist. So again, under the access to information and privacy provisions, it would be inappropriate for us to be releasing those names prior to the due process associated with that statute.

The Chair: Mr. Rajotte, I have to ask you to wrap up.

Mr. James Rajotte: When will the final report be complete, then, and released for public information?

Mr. Tom Wright: I don't have a final commitment to a date from the auditors. I've been informed that their fieldwork would carry on into December. They would then have to draft a report, it would be reviewed, and then the minister expects us to release it.

The Chair: Mr. Everson.

Mr. Peter Everson: On that point, as in the case of the Kroll report, it's important to appreciate that after the auditors have completed their work, there still has to be consultation with anyone named in the report—that's their right under those acts—to ensure that they have a right to make a case whether or not the release of the information would damage them in a material way. Indeed, they have recourse to the Federal Court if they so choose. So the process of releasing the report includes not only the preparation of the actual audit report itself, but all of the steps to protect the individuals in question.

• (0920)

The Chair: Thank you.

We'll come back to you, James.

Paul or Marc.

[*Translation*]

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Thank you, Mr. Chairman.

Will the investigation currently underway look into compliance for each transaction made under Technology Partnerships Canada? I believe you had a significant sample and there were several problems. Is the new study going to look into all of the applications that were accepted or studied under TPC?

Mr. Tom Wright: The current audit includes 47 companies; there are more than 275. We would like to complete this study before deciding on what is to follow.

Obviously, we have identified the problems. Moreover, there will be a follow-up, but we would like to decide on that once all of the results on the 47 companies we are currently studying are in. We would like to have completed results before moving on to the next step.

Mr. Paul Crête: In the documents you've handed out you have a chart on actual repayments to TPC. There's been quite a significant increase in the amounts. At the end of the day, will there be an assessment of the entire program? Initially, it would seem the plan was to provide the money so that, in the medium term, there would be enough companies making repayments for it to be worthwhile. Will there be a follow-up on that?

Mr. Tom Wright: Yes, we continue to do so. Indeed, there will be a follow-up on that.

Mr. Paul Crête: The minister announced that the TPC program was finished; that it was cancelled. There is now a new one that has different objectives. What type of transfer is there currently between these two programs? Could you tell us what will happen to applications being currently processed by TPC and what will happen with the new program? Will there be a gap, or will the applications continue to be processed?

Mr. Tom Wright: At this point, the program is no longer accepting applications, except in the fields of aerospace and defence.

I'm referring to all other projects related, for instance, to the environment, etc.

Mr. Paul Crête: What will happen to those that were made before the minister made his announcement?

Mr. Tom Wright: We will continue to assess those that were made and that we have therefore already received. We will make recommendations to the minister as to whether or not to approve them. We will do everything in our power to take into consideration what we now have before us. However, we are not accepting any new applications. We will wait until the new program is announced next year before we accept any other applications.

With respect to aerospace and defence, we are continuing to work on the projects we have because we haven't yet shut the door on them. If I'm not mistaken, the government intends to develop a strategy for this sector and discuss it soon. Further to that, a decision will be made on this sector.

Mr. Paul Crête: What will you do with new requests which could be sent to you for sectors which could be covered by the new program? Will you wait until January, for instance?

Mr. Tom Wright: The program is not yet up and running. We will therefore have to wait until it is. In this regard, there is a sort of gap.

Mr. Paul Crête: I'll give you a concrete example. You're saying the program is still in effect for the aeronautics and aerospace sectors.

• (0925)

Mr. Tom Wright: Yes.

Mr. Paul Crête: Efforts were made to see whether the Bombardier Transport factory in La Pocatière could be eligible for the program in order to avoid a loss of jobs to the United States. There was a meeting to that effect this summer.

According to you, are these applications still active or will we have to wait until the new program is up and running?

Mr. Tom Wright: I would have to check whether they have indeed forwarded an application.

Mr. Paul Crête: If there was no official application...

Mr. Tom Wright: If they haven't forwarded an official application, they'll have to wait until the new program. However, if an official application was technically filed, then it should be under consideration as we speak. Otherwise, they'll have to wait.

Mr. Paul Crête: I'd like to make a final comment, Mr. Chairman. I find it rather unfortunate that this program, which had a very positive aim, is now being called into question because of inappropriate conduct. I hope we will be able to pinpoint the problem and correct the situation, so as not to throw the baby out with the bathwater.

Mr. Tom Wright: I agree wholeheartedly.

[*English*]

The Chair: Thank you, Paul.

Lynn, please.

Mr. Lynn Myers (Kitchener—Conestoga, Lib.): Thank you, Mr. Chairman.

I want to thank the witnesses for appearing here today.

I believe this is a very good program, and well worth defending and continuing. However, I find it a little disturbing that we're at this point, in terms of what has happened. I think it's important that we deal with it effectively.

I wonder if you can help me understand—if I'm getting this right—why you're only dealing with companies, when in effect its lobbyists who appear to be the problem. Am I missing something here? Help me understand that.

Mr. Tom Wright: Yes, you're quite correct. I know it appears confusing to a number of people.

The program in effect runs through a contractual arrangement between the government and the applicant company. At the end of the day, what we have uncovered is a set of actions between the company with which we have a contract and another private sector entity, in this case a lobbyist or a lobbyist firm.

The nature of the contract a company has with the government is one that has clauses on not using lobbyists who are not registered and not making use of contingency fees. You should not be paying fees contingent upon the moneys you get from the government. When we uncovered these breaches, we found that companies had in fact engaged lobbyists who weren't registered. We uncovered that they had in fact reimbursed and paid those lobbyists through contingency fees. As a result, they had breached their contracts with us.

The only authority I would have in the program, from the perspective of the Department of Industry, is one of dealing with that contract. It then becomes a question of contract law, if you wish. We had to embark upon a route to try to rectify the breach of the contract, which we have tried to do.

It was the judgment of our organization that not terminating the contracts completely was in the public's interest and that taking all of the money back and putting some of these small businesses out of business was not in the public's interest. These are small firms. If we had required full repayment, it would have caused some of them to potentially go out of business. Equally, the work they were engaged in was considered to be of significant importance. We therefore embarked upon a course of action to rectify the breaches of the contracts.

The lobbyist, who attracts so much attention, has an arrangement with the company and not with the government. The government has not paid the lobbyist. Government money has never gone to the lobbyist.

Through this contract, the government makes payments to the company for eligible expenses on an eligible project. The companies have to make submissions to us after they have made their expenditures, and then we would reimburse about 30%. That's the normal sharing ratio. We would reimburse 30% of the eligible expenses. Contingency fees and lobbyist fees are not eligible expenses, so government money has only gone to the companies for eligible expenses on eligible projects.

It is the company that then uses its money to pay the lobbyist. We have no recourse. We have no role in terms of the relationship between the company and the lobbyist.

On the matter of the lobbyist being registered or not, that's an issue for the registrar of lobbyists. We take all the information we garner from the forensic audits and the others on that score. We refer that to the registrar of lobbyists such that whatever actions are appropriate can be taken in that regard.

From a program standpoint, it is strictly a contract between us and the company. We take steps to ensure that the contract is upheld. If it's in breach, we take steps to rectify the breach.

Our contracting arrangement is not with lobbyists.

● (0930)

Mr. Lynn Myers: When rectifying the breaches and such, are there other things that can and should be done in order to see that this kind of thing doesn't happen again?

Mr. Tom Wright: Very much so, and with the benefit of hindsight, a couple of things have come to pass. I outlined a few of them in my opening remarks.

It seems to me that it's important for the staff, the officers who work with these firms, to be fully informed of the lobbyist registration rules and to understand that. While companies have been given drafts of the contracts early on in the negotiations, it's now incumbent upon us to point out to them these requirements and to ensure that they fully understand them.

At the end of the day, a lot of the firms that are found to be in breach of their contracts are small and medium-sized enterprises. I suspect it's safe to say that they lack the resources to fully vet and understand the complexities of some of these programs.

To ensure that we don't get into situations like this in the future, as the administrators of the program, we have to be more proactive. I think we have put in place steps to ensure that kind of proactive action is taken and that we would not see a recurrence of it. I'm fairly comfortable that we've taken a lot of steps and we won't see it again.

Mr. Lynn Myers: Very good. Thank you very much.

The Chair: I have Brian, please, and then Michael.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

One of the questions I asked earlier—and thank you for your answer—was relating to the amount of money the audit is costing us. You've answered that on the Kroll one, those four contracts have already cost us around \$150,000 just to review. Who pays for that?

Mr. Tom Wright: The contract has been paid through our audit and evaluation branch. I know there is some consideration being given to recouping those costs from the companies.

Mr. Brian Masse: Have the companies been approached with that yet?

Mr. Tom Wright: My understanding is that may well form a part of what we get into in the future.

Mr. Brian Masse: What's the overall scope right now of the cost in terms of your studies and audits? What have you budgeted for this investigation?

Mr. Tom Wright: I'm going to have to defer to my colleague. Just so I'm clear, we're talking about the current activity of the 47, because that's all that's planned right now.

Mr. Brian Masse: Right, and also any other research. To clean up this mess, what are we looking at in terms of the effect on your budget?

Mr. Tom Wright: So far, all I've tried to forecast moneys for is the current 47 package. I haven't put into my budget forecast what the cost might be for the next step. That's something I'm going to have to look at very closely. I share the interest, but on the 47, I could ask my colleague to confirm.

Mr. Peter Everson: On that point, Mr. Chairman, I don't want to speculate on what the cost has been, but I would be happy to undertake to provide the year-to-date cost on that.

Mr. Brian Masse: What happens if you go over budget? Where do you draw from those funds? Do they come from the program itself or from some other pot of resources?

Mr. Tom Wright: To date they've been coming from the overheads that are associated with the program. I've actually been flowing moneys to the audit and evaluation branch to cover the cost of these audits. The audit and evaluation branch isn't financed to cover all these sorts of activities, so it comes out of the program.

The program itself, just to be clear, gets approximately 3% of the overall amount of funds allocated to it for its overhead. Its O and M budget is approximately 3%, and it works out to something in the order of \$10 million, so it's out of that. That money has to pay for the staff and any outside studies we do. So it is money that will be coming out of our budget. Yes, it is a significant amount of money, particularly if we're unable to recover it from someplace.

• (0935)

Mr. Brian Masse: I hope there's serious consideration given to getting that. I don't see how Canadian taxpayers should pay for corruption and wasteful practices.

I believe in a national auto policy, but until that time, for the auto industry, TPC is one of the major tools to pull from. I find it absolutely appalling that these lobbyists and this whole system will cost Canadians jobs. If the argument is made that this program creates employment, creates revenue for the country, and makes it competitive, the mere fact that we're going to lose out on some programs or some opportunities because of this is significant in itself.

I have two questions to follow up with. What tools do you have as a department to pursue penalties from companies and individuals? Also, recovery of costs—are there any mechanisms you can pull from for that?

Mr. Tom Wright: I'm advised that we really don't have any mechanism or tool to pull on for penalties per se. In dealing with the companies, we have the contract and we have the ability to settle the breach. My understanding is we can in fact include some of these audit costs in our settlement agreements. I must confess, I'm not particularly up to speed on the settlements.

On this, I should mention to you that it is not the management of the program that would engage in the resolution of the breach. The integrity associated with how you deal with a situation like this sees the file and the authorities with the file leave my organization as a program administrator. As soon as we believe there's been a breach, I'm relieved of my duties vis-à-vis that file and it is passed over to

the comptroller, who then takes over, puts out the notice of breach of contract, and negotiates a resolution. You've got that integrity of a third party, if you wish, negotiating the settlements so that the program management isn't conflicted in any way. That's done in another part of our organization. My understanding is they will probably be successful in recouping some of these costs.

The Chair: Brian, I'll get you to wrap up with this question.

Mr. Brian Masse: Thank you.

I would suggest that for the new programs and coming forward, there have to be a lot more penalties applied in the system. Quite frankly, this cost of time and money is appalling, and if the program is to be successful or considered successful, this will literally keep a lot of accountants and lawyers busy, and people who are in other employment positions—working Canadians—will be out of work because of this.

The Chair: Thank you, Brian.

Michael, and then Andy.

Mr. Michael Chong (Wellington—Halton Hills, CPC): Thank you, Mr. Chair.

There are two things that I simply can't understand: one is the delays in these audits, and the second is the refusal to release the names of the companies involved.

For these compliance audits, Raymond Chabot Grant Thornton was engaged a year ago, and they actually started with their procedures and whatnot over a year ago. They actually started the fieldwork, the compliance audits, on November 15. They say in their report that 91% of them were started by November 15, 2004. Here we are, almost a year later, and we don't have the audits done; we have this interim report. I've never seen an audit that takes this long. Not only that, these aren't full audits. These are limited audits. I was involved with Y2K audits that were far more involved than this, leading up to the year 2000 in the financial services sector, and I can't help but think that there are some games being played here in these delays. I don't understand why these audits are not completed and why they haven't been released.

So my question is, has anybody from the cabinet, has the minister or any of their offices, instructed you to delay or been involved with the delays involved here with these audits?

Mr. Tom Wright: Absolutely not. Let me be perfectly clear there.

• (0940)

Mr. Michael Chong: Then what is taking—

Mr. Tom Wright: There has been no direction whatsoever to delay or otherwise instruct the auditors along those lines whatsoever.

My colleague Mr. Everson can speak to some of the challenges perhaps that they have encountered, but delay is not at all in our interest, and we have certainly not been directed to cause that.

Mr. Michael Chong: I understand that a certain number of companies are refusing to cooperate or are dragging their heels. Fine. I'm not targeting those companies in question, but 11 of the audits for which the contracts were identified by Raymond Chabot Grant Thornton to be in breach were completed.

So I don't understand why that information, the names of the companies involved, cannot be made public. In this report here that was done previously on the four companies, a review of the four companies, the names were released. So why is it that in one instance your department releases the names of four companies and now we're told that you won't release the names of the 11 companies because of privacy concerns? For me, those two things don't jibe.

Mr. Tom Wright: The Kroll report was put through the access to information review, and everything that was released there was consistent with the statute. Part of what you're seeing there is that the companies that are covered were publicly traded companies and under the securities regulations had to themselves make notification of their potential breach of contract.

Mr. Michael Chong: That's correct, and some of the companies of the 11 are also publicly traded companies. Some of them are traded on NASDAQ. Why won't you release those names?

The Chair: Let Mr. Wright finish, Michael, please.

Mr. Tom Wright: The companies that are publicly traded, if they are notified of a breach, will have to take their determinations with their responsibilities under securities legislation and make their decision on what they are going to make public. Once their name is in the public domain, that's another issue, and then the Access to Information and Privacy Acts will treat that in a different fashion.

Mr. Michael Chong: What I'm not understanding here is you're saying that the four companies whose names were made public by Industry Canada in this report were made public because they were publicly traded companies. My understanding is that—

The Chair: Let's get a yes or no on that question.

Mr. Michael Chong: My understanding is that at least one of the 11 companies identified by Raymond Chabot Grant Thornton that was sent a notice of breach, default, by Industry Canada, is also a publicly traded company. So why are those names not being released?

Mr. Tom Wright: We're getting multiple questions here, I think.

In the Kroll report the companies made their own names public in the first instance, just so we have that clear. In subsequent instances where there are publicly traded companies, they would be the ones who would make their names public. I'm missing the question.

Mr. Michael Chong: I'll try to rephrase it. For this report here, which was done on four companies previously, those names were made public by Industry Canada.

Mr. Tom Wright: After the companies themselves had made their own names public.

Mr. Michael Chong: Sure, and some of the companies involved in the 11 completed audits that were found to be in breach have also made their names public. So why won't you release those names through the department?

Mr. Tom Wright: I believe there has only been one that's public.

Mr. Michael Chong: There has been more than one. Well, we don't know. We know two names of companies that are in breach. My question is, since one of them is a publicly traded company and does not involve Mr. Dingwall, why is the department not releasing that name?

Mr. Peter Everson: If I can, Mr. Chairman, in the case of the Kroll audit, three of the four companies were indeed publicly traded, and when they were served notice of default, they made appropriate announcements as required by securities laws. There was actually a privately held company that had no such obligation. In the release of the Kroll audit, it is important to realize that each of those companies that the individuals name all had to be contacted and a determination had to be made of whether the public interest was served by releasing the information and did it outweigh their desire for continued privacy. So I think that takes care of the Kroll audit.

In the case of the 11, as you point out, as the companies are contacted, some of them may have to disclose because they find the fact that they're in default a material issue with their particular securities regulators. On that point, the fact still remains that their names are protected under the Privacy Act. The fact that they disclose does not relieve them of the obligation.

Mr. Michael Chong: Yes, I understand.

Mr. Chair, I just want to move on to another question.

The Chair: Is that your last question? We plan to come back to you, Michael.

Mr. Michael Chong: Yes. Sure.

You said that 5 of the 11 were determined by legal services to be in breach and were sent notices of default. Of the remaining seven, has legal services determined their status, whether or not they are in breach or whether or not the seven need to be referred for further study, evaluation, by Raymond Chabot? And my other addendum to the question is, have any of the files been referred to the RCMP for review?

● (0945)

The Chair: Thank you, Michael.

Mr. Tom Wright: It is my understanding that the balance of the 11 are going back for additional audit work. Additional work is required. It is my understanding that no files have been referred to the RCMP.

The Chair: You'll have a chance to pursue it, Michael.

Andy, please.

Mr. Andy Savoy (Tobique—Mactaquac, Lib.): Thank you very much, Mr. Chair.

Looking at the system and how this all rolled out, we have a situation where your auditor obviously uncovered the evidence and immediately took action. How has the Auditor General viewed your actions today?

Mr. Tom Wright: The Auditor General was informed rather soon after we uncovered this and has been kept aware of it. We in fact reviewed with the Auditor General the steps we have taken, up to and including the fact that we now have the 47 audits under way. The Auditor General seems to feel that we have a diligent and measured response under way to deal with it. She seems to find comfort in the fact that it was our internal audits that revealed the issue, that we had a reasonable set of steps, and that we were diligent in moving swiftly to move the files to our audit and evaluation group. They in turn, having reviewed it quickly, brought in place forensic audits—the most stern and intensive form of audits you could apply to a situation like that. The Auditor General's office seemed to equally support the notion that on the basis of that you would carry on with a risk-based approach in trying to assess how much more of this problem might exist in the program.

So I think my understanding of her response is that it has been quite favourable to how we've been dealing with the issue. There has been no suggestion that we have done anything wrong. We've been tremendously open, both with the Auditor General and the Comptroller General. As soon as we became aware of these events, we notified everybody and have made no attempt to hide information. In that respect, I think people, both the Auditor General and even the Office of the Comptroller General, are finding that the steps we have taken are quite consistent with good practice.

Mr. Andy Savoy: When you're making application to TPC, with respect to the actual contract between the government and the company, there is no place in that contract for any type of relationship with lobbyists. Correct? In other words, the application is mainly strictly for technical development, technical proposals, and there is no mention of lobbyists—in fact, the relationship between the company and lobbyists. Is that correct?

Mr. Tom Wright: That's correct. In fact, the contract not only tells the companies that if they're going to use lobbyists they have to be registered and may not use contingency fees, but the contract also gets into detailing what constitutes eligible expenses. So you have an eligible project; you have eligible expenses. At the end of the day when a contract is fully negotiated, there should be no confusion whatsoever over what it is the government would be paying for. As a result, it would be clear that the government has no relationship with the lobbyist. The lobbyist and the decision to engage them or not is entirely with a company. It's independent of us.

Mr. Andy Savoy: When the companies were found in breach of the contract by using lobbyists under a contingency basis, what was the immediate action? In terms of taxpayers' interests, what did you do on their behalf?

Mr. Tom Wright: What we actually did, as soon as we uncovered this—and we did the appropriate audits to get the verification—is we put the company's contract into breach. In fact, even on the basis of interim information, we stop payment to the companies.

As I recall, with the forensic audits we had some early interim reports from them, and that caused us to stop payment on the eligible claims, pending the receipt of the final. So the taxpayers' money is immediately being protected. If there's a risk of a breach, we stop making the payments until we have the full study. Once we have the full study, we make the determination and the contract is put into breach. The resolution of the contact then and the taxpayer interest

there comes from our decision to see the rectification in the form of moneys being paid back to the Crown in the amount of that which was or would have been paid to the lobbyist. The logic underpinning that goes to, if you wish, the question of need. We had said at that outset, through the contract, that contingency fees were not acceptable. If this lobbyist was to get paid contingent upon getting government money, then clearly their need for the money was overstated, and therefore the taxpayer money comes back to the Crown. So there's an underlying logic that protects the taxpayer interest.

Taxpayer interest, I would argue, is also protected in the sense that a judgment was arrived at that taking back all of the money was not in the public interest either. Taking back all of the money in a number of these cases risks bankrupting the company—putting people out of work, people losing their jobs, and, frankly, depriving Canadians of the benefits of the technology, the project they were working on. So the logic underpinning this for the taxpayer, the interests of Canadians, goes to the structure of that deal: making sure that taxpayer dollars are not being erroneously used in any fashion, that they're being used strictly for the eligible expenses; the company need is not overstated; and the jobs and the technologies associated with the projects carry on for the benefit of all.

• (0950)

Mr. Andy Savoy: In the future, moving forward under TPC, we understand that lobbyists have to know the Lobbyists Registration Act. That's their responsibility, not the government's responsibility. But in moving forward, do you think it would be advisable to maybe highlight or point out that there have been these situations in the past and that if companies are using lobbyists, because our relationship is strictly with the company, if they're going down that road, they should be wary of the past and make sure their lobbyists follow the Lobbyists Registration Act or they will be held accountable? Is that being reinforced with the new program?

Mr. Tom Wright: With the new program, it most assuredly will be. We're trying to reinforce it with the remnants of the old program. The new program will have this reinforced throughout. It will be quite clear. Any staff who are engaged to deliver the new program will require all of that training. The procedures will highlight these requirements. The information we put out on the website and the hard copy will highlight this information.

We've also had discussions with the Office of the Registrar for Lobbyists regarding more general information that can be used, a more proactive communication with people. I would envisage in the launch of a new program, when you get into promoting the use of the program in all of the various regions and sectors of the economy, that you would in fact have as a centrepiece of that a fulsome understanding of what's appropriate and legitimate under the new program.

The Chair: Thank you, Andy. Thank you, Mr. Wright.

Paul is next, please, and then Denis and then Michael.

[*Translation*]

Mr. Paul Crête: Thank you, Mr. Chairman.

The last chart in the binder we received deals with delegation of signing authority. Cabinet is involved for amounts above \$20 million, Treasury Board for amounts up to \$20 million, etc. You say that you could obtain specific figures. Could we have a breakdown of approved projects, and specifically, when the minister is granting authority?

Mr. Tom Wright: Minister Emerson?

Mr. Paul Crête: The minister responsible.

Mr. Tom Wright: Of course.

Mr. Paul Crête: I would especially like to know whether the minister is allowed to authorize projects under \$5 million, for instance. We see amounts up to 1, 5, \$10 million. Could the minister decide to authorize a project himself, even in the case of a \$3 million project, for instance? Can he do this type of thing?

Mr. Tom Wright: I don't see why not.

● (0955)

Mr. Paul Crête: Has this type of thing ever occurred?

Mr. Tom Wright: In fact, an official who, in signing off on a given project, authorizes it, is using the minister's authority. It remains the minister's authority, but in these cases, it is delegated to someone within the administration.

Mr. Paul Crête: I would like to know whether it is possible for the minister to authorize projects which would usually be approved by a lower-ranking official?

Mr. Tom Wright: I don't believe so, unless a factor or condition requires the minister's authority. It could occur in the case of a project under \$5 million, but for which a company would carry out some activities outside of Canada. In such cases, under the program, the minister must grant authority, not because of the amount—\$5 million—but because of the political element.

Mr. Paul Crête: I would like to have a comprehensive list of projects approved by the minister, and I'd like to know whether some of them are under \$5 million.

Mr. Tom Wright: I don't think that will be a problem.

Mr. Paul Crête: You mentioned other conditions. In the case of emigration of employment, would the minister...

Mr. Tom Wright: Jobs are related to activities. It may be that we do not have the necessary facilities in Canada for biotechnology companies to do certain things. These companies are therefore forced to use equipment outside the country.

One way or another, it is about jobs. However, Canada's capacity to meet the needs of given projects is really what comes in to play.

Mr. Paul Crête: With respect to the first comment, we mentioned a chart setting out the sectors which are making repayments. According to this chart, it would seem that in 2005-2006, amounts will be less than they were in 2003 or 2004, despite the fact that there is an increase for all other years. It maybe strictly due to the time of the year...

Mr. Tom Wright: In fact, these are year-to-date amounts.

Mr. Paul Crête: We were told that it is until August 22. I would like you to confirm for us that according to your estimates, the contribution will continue to increase this year. It would be quite surprising for there to already be a decrease when...

Mr. Tom Wright: I understand your question. That is the amount received on the given date. However, we receive most of our payments during the last quarter. At the moment, we expect there will be an increase and that this will be ongoing.

Mr. Paul Crête: These are the actual figures from past years until today. Have you done an assessment for the current year as a whole and for the next two years? I am not referring here to actual figures, but to an estimate. Could we have access to this, in order to ensure consistency? I would like it if you could forward these figures to us, if possible.

Mr. Tom Wright: Of course, we will give the estimates. I can tell you that we constantly revise all our contracts. They are revised each year. For our part, we practically do a quarterly assessment. We do that in order to see how repayments are evolving. I have a series of figures for the next three years. It would be no problem to forward those to you.

Mr. Paul Crête: Could you give us your assessment of the reason why there was this situation with the lobbyists? How did it slip through the net?

Mr. Tom Wright: That is a very good question. I am somewhat upset that the lobbyists did not know the regulations affected them. It is very hard to understand.

With respect to SMEs, the fact that they retain lobbyists does not come as a surprise to me at all. As I tried to explain earlier, SMEs do not all have the capacity they need to understand all government programs, or the best way to develop their applications. Some of them may even have a difficult time preparing a business plan which makes sense. SMEs do however have very interesting technology to offer. They have capacities which have to be supported, but they are lacking this other capacity. So, they recruit someone who, they believe, has the required knowledge. It is difficult to understand how they can take advantage of these SMEs.

● (1000)

Mr. Paul Crête: You are saying that lobbyists should know the rules and that companies may not necessarily know them.

Mr. Tom Wright: That is possible, yes. But at the end of the day, there was a contract.

Mr. Paul Crête: Ignorance of the law is no excuse.

Mr. Tom Wright: Precisely, there was a contract.

[English]

The Chair: It's a good question.

Merci, Paul.

We have Denis, then Michael, and then Jerry.

[Translation]

Hon. Denis Coderre (Bourassa, Lib.): I would like to continue in the same vein, because that is where the problem lies. In my opinion, TPC was an exceptional tool, because in a competitive environment, we need flexible, malleable tools which allow us to compete with the big players. For SMEs, which provide 85 per cent of jobs in Canada, we need this instrument. It would be a bit simplistic, I would say, to paint everyone with the same brush. There may still be a regional debate on this, but that is a whole other story.

I am trying to understand. In essence, you are telling us that is the best thing since sliced bread, but that SMEs do not necessarily know how TPC works. You are telling me that you are hoping the program will be like TPC, except that, first, the implementation of a business plan would be far clearer and second, the real problem is that there is always a rotten apple among the lobbyists—I do not think they should all put in the same category—and that, in this case, one of these bad apples took advantage of some grey areas in order to make some money. That is what you are telling us.

Mr. Tom Wright: Indeed, an effort will be made to ensure that SMEs can easily use the program. We would like to streamline it. Unfortunately, up until now, we must admit that it is taking up to twelve months in order to access an application, sometimes more. The new program being developed would have to be far more effective in assessing applications. It would have to be something companies can use easily, without our losing the ability to exercise due diligence.

Hon. Denis Coderre: Basically, what I am trying to understand, and what you are telling me, is that we could have solved this problem without having to change programs? As a director, could you have made some adjustments and clarifications? I am not referring to penalties, I am talking about access.

In fact, that is the crux of the problem. You have an accessibility issue. If a small business has to hire a lobbyist and if he happens to be a shady lobbyist trying to take advantage of the situation to make a buck, that is one thing. However, when it comes to having access to the program, are you not, as executive director, in a position to make the necessary adjustments, without having to change programs?

Mr. Tom Wright: Yes, we can make adjustments. In fact, we can turn to our colleagues at IRAP, the Industrial Research Assistance Program, for them to offer the program to SMEs. So, I have already taken some measures, and several activities have been carried out. So, we can do more.

Under the new program, we will be expanding this aspect. I also believe that the existing program offers the program manager the ability to make adjustments. If we had to keep the program we now have, we could do certain things to facilitate their work.

Hon. Denis Coderre: In fact, it is a matter of governance and accountability. At the some point, there is some money given to some companies, and they provide relevant back-up documents. End of story, that's it, that's all. As a government, it is not up to us to encroach on company management, no matter how public the company may be. Where is the thin red line?

● (1005)

[English]

Mr. Tom Wright: You don't want to lose sight of the fact that the government's been very responsible with the money it has in hand. Let's not lose sight of the fact that—

Hon. Denis Coderre: I totally agree with you.

Mr. Tom Wright: —at issue is a relationship between the company and its lobbyists. The moneys of the Crown have gone to the company for fully legitimate and appropriate expenses, so in terms of governance, on that score I don't think we have any issues. The only issue is that notwithstanding all we have done in terms of due diligence, the company has managed to go and find themselves afool of the conditions of their contract. It's very clear in the contracts that they shouldn't have done these things. Why people violate their contracts, I can't speculate.

Hon. Denis Coderre: Do we need to change the program to make them suffer? Frankly, the issue is they know what they signed. Their signatures are supposed to mean something. I agree with Brian that we have to go after those guys. They knew what they were signing.

Mr. Tom Wright: I wouldn't want to leave you with the impression that the minister or the government is deciding to come out with a new program solely because of these issues here. On the contrary, in the new program there are a whole host of changes that are fundamental in nature.

Hon. Denis Coderre: Like?

Mr. Tom Wright: The current program is limited to enabling technologies and environmental technologies, aerospace, and defence. The new program would be open to all technologies, all sectors. The new program is going to have increased levels of openness and transparency. It's safe to say that the minister does not like his inability to release certain segments of information and wants to push the envelope in terms of design of a new program to be able to see more of this information in the public domain. It would be established that way at the outset. He wants to have a more robust regional SME component. He would raise the thresholds of the kinds of business we could actually accomplish—

[Translation]

Hon. Denis Coderre: So, it is about taking the program that already exists, broadening it, because there are several sectors which need this flexible instrument, and at the same time, we need to increase transparency through enforcement measures, in order to make sure we are protecting the public interest.

Mr. Tom Wright: Exactly. Also, in order to convince everybody of the facts, we will use panels including outside people. We will, therefore, use panels to review the projects when they are submitted.

[English]

The Chair: Thank you, Denis.

I have Michael, Jerry, and James.

Mr. Michael Chong: Thank you, Mr. Chair.

I want to focus on two things. One is the names, and the second is the length of time it's taking for these audits to be completed.

First, on the names, there's something I'm not understanding here. Mr. Wright, you indicated that the names in the Raymond Chabot report were not being released because these companies were not publicly traded. It appears that some of them are publicly traded. You also indicated that the names in the Kroll report were released because all four of them were publicly traded, but then later Mr. Everson contradicted that and said that one of the four in fact was not publicly traded and was a privately held company. I just don't understand the reason the names in the Kroll report were released.

Mr. Tom Wright: The names in the Kroll report were released by us. The Kroll report was released by us after it went through the access to information and privacy screening, so either the companies agreed to the release of their names or their names were already in the public domain by virtue of their own release. The determining factor is the ATIP regulation statute. That's what has determined what's come out of the Kroll report. It's not a decision on my part as a program manager, nor is it a decision by the department.

Mr. Michael Chong: That's fine. What I don't understand is why the privacy laws allowed for the release of the four names in the Kroll report, but did not allow for the release of the 11 names in the Raymond Chabot report.

•(1010)

Mr. Tom Wright: The Raymond Chabot report—you're talking about the report by Raymond Chabot that you have in your binder there?

Mr. Michael Chong: Yes, the interim report released on September 16.

Mr. Tom Wright: Again, we aren't the ones who are screening out any names.

Mr. Michael Chong: Well, somebody's not releasing the names.

Mr. Tom Wright: Any names that aren't being put out are not being put out because either the audit hasn't been completed—

Mr. Michael Chong: The 11 in question have been completed.

Mr. Tom Wright: I think I'll defer to my colleague here, but I think the notion is that they would like to complete the whole of the 47 before we start to release the results of the audit.

Mr. Michael Chong: That could take years.

The Chair: Michael, do you want to let Mr. Everson comment on it?

Mr. Peter Everson: The issue here is it's important to preserve the names of the 47 until the completion of the audit. Obviously, my concern is to ensure that the auditors in question preserve their objectivity and independence.

Turning directly to your question of the 11 companies, I believe, as Mr. Wright indicated, six have been returned to us for additional work, so it's not clear at this point that we've been able to satisfy the burden that there's even a breach involved. So it would be prejudicial to them to release it prematurely—

Mr. Michael Chong: I understand that; I'm more focused on the five that were actually determined by legal services to be in breach. Those names have not been made public. Now you're telling us the 47 names will eventually be made public when all of the 47 are completed—so I understand.

My second set of questions focuses on when we're going to get these 47 completed. You mentioned roughly \$100,000 was spent on that first review that was done by Kroll. At \$200 an hour at the low end for a large auditing firm, divided among four firms that were audited, you're looking at a week—a week and a half maybe, maybe two weeks tops—for staff to go on site from Kroll to conduct these audits. This review was done in six months, roughly, from start to finish—from start of engagement to final report delivered. I don't understand what the delays are here, especially considering the 47 initial audits were limited audits. We're not talking about a full audit of all the firm's finances; we're talking about a very specific, pinpointed audit. So I don't understand what is taking so long.

Mr. Peter Everson: Mr. Chairman, the member is correct that it is focused on two issues—compliance with two sections of the terms and conditions of the TPC agreement—but I wouldn't characterize them as limited audits, and I don't think, to be honest, that we fully appreciated how difficult it would be. If you turn to page 7 of the Raymond Chabot report, they allude to it, but I'll summarize for the committee.

The real challenge is you're trying to reconstruct an event in time that may have occurred up to seven years ago. You're interested in what was going on in their general ledgers, what the e-mail correspondence was between TPC and the consultant, what payments were made, what documents were transmitted. One has to appreciate, particularly when you're dealing with smaller companies, that their ability to provide those records in a timely manner and in a format accessible to, say, electronic means can be quite limited, so the audit teams have been dealing with paper, microfiche, and computer records. It's been, I think just from an on-the-ground operational perspective, considerably more difficult than we anticipated when we started the exercise.

Mr. Michael Chong: The words “limited audit” I'm taking straight out of the report. Raymond Chabot says it is a limited audit.

Mr. Peter Everson: From an audit perspective it's limited, but the level of effort to achieve it has not been.

The Chair: I'll get you to wrap up there, Michael.

Mr. Michael Chong: Sure. Here is my final question.

My understanding is that procedures in the Government of Canada require audits that are completed to be referred to Treasury Board—all audits, across all departments, when completed, are to be sent to Treasury Board. Is that the case? If so, have these five completed audits that were determined by Raymond Chabot—and subsequently determined by legal services—to be in breach, to be in default, been referred to Treasury Board?

Mr. Peter Everson: On the question of audits to Treasury Board, it's internal audits that are referred to Treasury Board, and these, strictly speaking, aren't internal audits. On the question of Kroll, that was shared with both the Auditor General and the Comptroller General immediately, as soon as we had it.

In the situation with Raymond Chabot, we haven't been sharing what really are called summary finding documents simply because we haven't completed the audit at this point.

•(1015)

Mr. Michael Chong: Will these, when they're completed, eventually be referred to Treasury Board?

Mr. Peter Everson: At the completion of the Raymond Chabot Grant Thornton audit, certainly.

Mr. Michael Chong: Thank you.

The Chair: Thank you, Michael. We'll have time....

I have Jerry, James, and then we'll go to Brian.

Hon. Jerry Pickard: Thank you, Mr. Chair.

With regard to the release of names, do you have any control over our privacy law?

Mr. Peter Everson: Specifically, Mr. Chairman, no, I do not. We must respect it.

Hon. Jerry Pickard: Therefore, it's my assumption that if you release names when you don't have the authority to do it, you're breaking the law.

Mr. Peter Everson: That would be correct.

Hon. Jerry Pickard: So if someone asks you why you aren't sending names out, it's just the sheer matter that the privacy law doesn't allow that to happen. Is that not the issue?

Mr. Peter Everson: That's correct. That's the issue.

Hon. Jerry Pickard: Perhaps I can go back to the issue of registering lobbyists. With the lobbyists registration, I understand that some folks involved were not registered appropriately. Is that correct?

Mr. Tom Wright: Yes, that's correct.

Hon. Jerry Pickard: Secondly, when the thought comes up that people take action and do things without consequence, for anyone who has acted in inappropriate ways, it doesn't just end with what you're doing with the corporations; it goes back to the registrar of lobbyists. There certainly is another public ford that they're going to have to deal with, and deal with in whatever ways the registrar sees appropriate. Is that correct?

Mr. Tom Wright: That's correct, yes.

Hon. Jerry Pickard: So within the structure.... You don't have all the answers, and that's clear. You don't have all the control. There are privacy laws, there's the registrar for lobbyists, there are vehicles you can follow, but the fact is that there are appropriate means in place to deal with some of the problems that have been raised.

I want to go back to the responsibility that your department has had. Through sporadic audits you found a breach. You then called into question high-risk issues. Is that correct?

Mr. Tom Wright: That's correct. We took a risk-based approach, yes.

Hon. Jerry Pickard: Based on high-risk issues, you had audits done of 47 different...and right now you're in the process of evaluating that, making corrective actions, retrieving any money that was taken inappropriately, going back to corporations who paid money to lobbyists on a contingency base, recuperating all of that, and looking at any further breaches to recuperate that.

Are those the measures you've taken?

Mr. Tom Wright: That's correct. We've taken a risk-based approach, and in cases of contract breach, we have been able to get back to the Crown any moneys that were or would have been paid to a lobbyist on a contingency—

Hon. Jerry Pickard: Where any lobbyist has breached, you have reported their names to the appropriate authorities?

Mr. Tom Wright: Where we have evidence of a lobbyist having breached, we then pass that information on to the registrar, yes.

Hon. Jerry Pickard: And you've asked for full cooperation with whatever auditing authorities you've worked with in order to go in a broader scale than you actually have staff to deal with.

Mr. Tom Wright: Correct.

Hon. Jerry Pickard: Now a new program and contingencies have been put in place to look at any other programs that may be in breach. So you've taken that further step as well, or are moving toward that further step.

Mr. Tom Wright: We've put in place a whole series of measures to ensure that any activities or dealings with the program today would not result in any of these instances. As I tried to outline in my opening remarks, there's a series of steps to ensure that in any and all dealings today, companies are fully aware of their responsibilities. So it should not happen again.

With regard to the new program that the minister had announced, I fully expect that we will see very robust processes in place to ensure that, again, we don't see any of this repeated.

•(1020)

Hon. Jerry Pickard: I guess the final point you've made, which I would suggest is the appropriate one as well, is that if you went the full extent of pulling loans out from many small businesses if they were in breach, you might bankrupt them or put them in a position where we would lose employment, lose opportunity, and that, quite frankly, would be disastrous in many regions.

Mr. Tom Wright: That is correct.

Hon. Jerry Pickard: So everything is done in a measured way but appropriate, in your mind.

Mr. Tom Wright: That's correct.

Hon. Jerry Pickard: Thank you.

The Chair: Anything else, Jerry?

Hon. Jerry Pickard: No, that's all.

The Chair: Thank you.

I have James, Brian, and then if Paul wants on.

Mr. James Rajotte: Thank you, Mr. Chairman.

I just want to go through the chronology of how this could happen and make sure I have it correct.

A company is in need of R and D funds. The company comes to the government and asks for a TPC repayable contribution. It is told at that time, according to Mr. Wright, that it cannot have a lobbyist that is not registered, and furthermore, it cannot pay a success or contingency fee under the guidelines of TPC.

Okay. The company understands that. The contribution is authorized. Then the company spends money on R and D, and the company submits receipts, eligible expenses, for these TPC-authorized funds. The company then gets paid based on what it submits.

Suppose the company was allocated \$17.2 million, say, just to pick a figure here. The company, after it submits the receipts, pays a lobbyist, against what TPC had said at the beginning. This is discovered. It's not released information through the department, it's released information because, say, a paper—namely, *The Globe and Mail*—reports it, that someone, not a lobbyist—say, David Dingwall—gets \$350,000. Then the company has to repay the government \$460,000, but the company gets to keep \$16,740,000. The lobbyist, because the government doesn't know...David Dingwall keeps \$350,000.

This is no deterrence at all for future behaviour. This sounds to me like an absolute racket. I just do not understand how Mr. Wright can sit there and say that these activities by the government in any way deter any lobbyist from doing this in the future and deter any company from doing this in the future as well. They still get \$16 million, and the lobbyist gets his \$350,000. There's a little bit taken off the top and sent back to the taxpayer and that's that. In the future, well, they might get a really tough letter saying, "Don't do it again".

I mean, how do you justify this, Mr. Wright, to the taxpayers of Canada?

Mr. Tom Wright: As I explained before, the arrangement we have is a contractual arrangement. The program does not have any authorities for us to impose a penalty. So what we are able to do when we identify a breach in the contract is to notify the company of that breach and give them 30 days to resolve the breach.

In the cases we have looked at to date, we have negotiated a rectification of the breach. That rectification has been in an amount equivalent to that which would have been paid or was paid to the lobbyist.

What I am describing for you is how we have dealt with the cases of a breach of contract. In cases where the information suggests that the lobbyist the company may have hired was not registered, we have referred that to the registrar for lobbyists, and—

Mr. James Rajotte: How many have you referred?

Mr. Tom Wright: We have referred, I believe, six...?

Mr. James Rajotte: And what have they done with it?

Mr. Tom Wright: You'd have to ask the registrar what they have done with that. I do not know.

Mr. James Rajotte: So they may have done nothing with that.

Mr. Tom Wright: I'm sorry, I don't have any authority here or insights into the registrar. The registrar, as I understand it, operates with a considerable degree of independence, from me and from others, and reports to the House on the results of his work.

Mr. James Rajotte: Mr. Wright, I'm not asking a technical question. I'm asking how you prevent this type of abuse in the future.

If the government allocates \$17.2 million of taxpayer money, and it ends up that the lobbyist gets \$350,000 and the company pays back \$460,000 but still keeps over \$16 million, there is no deterrence

in the system there to prevent this kind of abuse in the future. Do you disagree with me, or do you see that point?

• (1025)

Mr. Tom Wright: What I've tried to describe to you are the actions that we have taken in terms of managing the contracts. Where the government might go in the design of its new programs or the approach it might take is something that remains to be seen. I think that sometime early in the new year we'll see a new program announced. The terms and conditions will be available then. Whether or not the government decides to, and is able to, put in place other measures remains to be seen.

In terms of administering the current program, there is a limited ability for us to impose penalties. We have exercised the judgments that I've described to you, and we've managed to bring back into the government coffers the moneys that were, or would have been, paid to the lobbyist.

The Chair: I don't think it's proper to ask Mr. Wright to speculate on what... He's administering the program the way it's set out. Your point, I'm sure, is a good point, but I'm not sure he's in a position to develop the policy on his own here at the meeting.

Mr. James Rajotte: Okay, let me move on then, Mr. Chairman.

I know members representing the government side argue that, well, this is a program for SMEs. If you actually look at the payments that have been allocated, you've got Rolls-Royce getting \$75 million; IBM, \$33 million; Mitel, \$60 million; Honeywell over \$100 million; and Pratt & Whitney nearly \$700 million. But of the information that I asked for, you don't have a lot on the amount dispersed and the amount repaid, which we've asked for. That goes to the basic problem with this program, the complete lack of transparency, because according to tab 12,

without the consent of the companies, TPC cannot disclose:

- (i) the amount of eligible costs that have been paid by TPC to the companies under their TPC contribution agreements;
- (ii) the amount of royalty payments made by these companies to TPC; and
- (iii) the number of jobs that have been created or maintained....

So whenever the other side makes any of these arguments and we want to check, you can't. Because of the conditions that were set up, this program, frankly, was set up to fail. If you want to set up a technology program, fine, do it, but you should actually have it transparent so that Canadian taxpayers can see the benefits of it. If Pratt & Whitney gets \$700 million, we should be able to say to the taxpayer, here's what you got for your \$700 million. Yet this program is set up so that it's so secretive that boasts made by the government side cannot actually be checked.

The Chair: Thank you, James.

Do you have a final comment on that, Mr. Wright?

Mr. Tom Wright: Yes, just a final comment. Certainly, the minister has been very clear that the new program is to include degrees of transparency that would far exceed anything that we have seen in the TPC program. So I think you'll see many of those concerns being addressed in the design of the new program. That's certainly the direction I appear to have heard.

The Chair: Thank you.

On my list, which probably will take most of the rest of the time to get through, I have Brian, Denis, Brad, and maybe Jerry—

Hon. Jerry Pickard: No, I'm ahead of Denis.

The Chair: Okay, that's fine. I'll switch you.

And we have Michael.

Brian.

Mr. Brian Masse: Thank you, Mr. Chair.

One of the frustrating things I've had with this program, and I think it still could be a problem for the new one, is the fact that from 1993 to 2003, for example, there'd be a company like Bombardier that would come forward and request financial assistance to be able to improve their technology, competitiveness, and what not, and at the same time they contributed almost \$1 million to the Liberal Party of Canada, let alone support for leadership candidates.

Similar to that is what we now have, a system where you need to have a lobbyist somehow involved in the process—or at least some companies feel that way—to be able to tap into this fund. What can be done internally to end that type of a mentality? I can tell you that in my own constituency, DaimlerChrysler has talked about having a new paint shop and has retained a lobbyist, a former cabinet minister, Susan Whelan, despite the fact that they have huge government operations and support.

Why would a company feel logistically that it needs to have someone like that to be able to tap into a fund like this? Taxpayers don't understand that. It's like an additional waste in the system, because that money is going to be used to purchase, I guess, influence to get into the department to get it done. How do we end that type of, I guess, middleman intervention, which is really unnecessary?

• (1030)

Mr. Tom Wright: Yes, I'm hard-pressed to make the case for the lobbying profession. Frankly, why DaimlerChrysler would hire a lobbyist is something you'd have to ask them.

From my experience in managing the program, the only important thing is getting full and complete and accurate information to do the analysis, such that one can determine the eligibility of the project and the merits of the project. In our experience, in the case of a lot of the SMEs—and I know you aren't talking about SMEs—some of those lobbyists have been quite helpful in getting the companies to array their information and put their best foot forward.

I can't explain the decisions of a DaimlerChrysler and who they decide to engage.

Mr. Brian Masse: Wouldn't it be better, though, given the scope of money we're now going to pay to audit this program, to have something internally that would assist companies to be able to

navigate whatever channels are necessary? Then they could tell the companies, “Bugger off, we're only going to deal with regular employees, not people you have as hired guns to come in, and potentially have the spectre of past political affiliation or other types of behaviour and practices”. Would it not be wise to have our system set up so those supports were there? There must be something out there that is creating this environment where people feel they need to have an insider to get the action.

Mr. Tom Wright: Certainly the minister has been clear, in terms of the new program and where we're going, that we've got to have the enhanced degrees of transparency that so many people are looking forward to. One would logically think that increased openness and transparency would make it easier for companies to apply and be considered successfully under the program.

At the same time, however, Parliament has accepted the notion that lobbying is a legitimate activity, provided the lobbyists are registered. The decision of companies to hire lobbyists, and why they think they want to hire a certain lobbyist, is beyond me to respond to. The committee would have to quiz some of the companies on that score.

Mr. Brian Masse: I'm going to move on to one other quick question, but I think there has to be some internal reflection on why companies feel compelled to have an insider, or the perception of an insider, to get juice out of this program. That seems to be what some companies think. I'd hate to see that at the expense of others.

On the five that are in breach, you mentioned that two have already been fixed, in terms of resolutions. What's happening with the other three that are there? Are they cooperative? Are they uncooperative?

Mr. Tom Wright: First, they've each received a letter notifying them of an event of default, and I believe they have 30 days to rectify that. But I'm not the one who negotiates with them. I tried to explain earlier that it's another part of the organization, so I'm not actually privy to the negotiations myself. I'm at arm's length from that, so the honest answer is I don't know what the status is.

Mr. Brian Masse: The bottom line is that if people still feel that companies can circumvent this, if they need money to get assistance to be competitive, and at the end of the day they can skim off a piece of money for somebody else, taxpayers are asking why they can afford that.

The election financing act, to a certain degree, takes care of the other problem of why the companies receive large grants and then can afford significant political contributions. It is somewhat fixed. But I think it's important that we have some internal reflection about why the perception is there.

The Chair: Jerry, you're next.

Hon. Jerry Pickard: Thank you, Mr. Chair.

The impression seems to be left that you're not responsible for the lobbyist. That's exactly right, is it not, Mr. Wright?

Mr. Tom Wright: Very much so. The lobbyists have to register with the registrar. The lobbyists are hired by the companies; they're not hired or contracted for by the government.

•(1035)

Hon. Jerry Pickard: It's unfortunate that some folks may have broken, I guess, the covenant they had of working under contract advising companies appropriately. Secondly, it may be unfortunate that some smaller companies, or even larger companies, don't know all of the rules. I could give you an example of an American company that was applying to come into Canada. They didn't know all the rules in Canada and the programs we have and all of that, so oftentimes companies like them have to go to organizations of lobbyists in order to get the proper information and to get an idea of what programs are available. I assume there will be that role there.

The problem I have is that the suggestion right now is that the department may not have been totally above board and accurate. I think the department has been stellar in what they've done. They've taken the case to the Auditor General. They have looked at all the steps that are required. They've gone to the RCMP, as a matter of fact, and had the RCMP look into the issue. They have gone to the company and retrieved any money they've paid in contingency funds to lobbyists. They have taken each step in appropriate measure and up front, and they've also made it totally public.

Mr. Tom Wright: That's correct.

Hon. Jerry Pickard: The reason the questions are being asked here is a result of how visible you've really made this issue.

The fact that bothers me somewhat is that it's been suggested, too, that lobbyists will get off. They've got to deal with the registrar, and I'm certain the registrar is going to look at this very seriously and deal with them in a very serious manner. But you don't have that authority, and you can't really answer for the registrar. That's the point.

The point is, you have no authority over lobbyists; the registrar has those authorities. The questions are going at you on an issue you have no control over, but another department in the federal government does.

Mr. Tom Wright: That's correct. I have no authority to regulate or otherwise impede the activities of the lobbyists. That is something strictly under the purview of the registrar, and the registrar enjoys a certain independence and has a responsibility to report to Parliament.

Hon. Jerry Pickard: So appropriate actions will be taken through the RCMP, through the registrar, through the accounting practices, and through negotiations with the corporations that are in breach of contracts. We've got several avenues, all moving at the same time.

With regard to openness, the new program is going to deal with many of the issues where breaches possibly occurred.

So I guess I'm having difficulty asking my colleagues, what more can be done?

Do you know of anything more that could be done in your case to resolve this issue?

Mr. Tom Wright: My view is that what we have put in place now is a reasonable set of steps to preclude the recurrence of these sorts of events. I've outlined a couple of times this morning what those steps are. I think in the redesign of a new program, one could include all of those steps, in addition to the enhanced degrees of openness and transparency that the minister has indicated he expects to see. Those

added elements of openness and transparency I think would also facilitate the ability of SMEs and others to make successful application to the program. I think that perhaps is some of what we would see in a new program.

So, in summary, I think we have in place a good set of measures now to deal with the balance of the current program. I think the minister has indicated that the new program will capitalize on that and will go some considerable steps further on the dimensions of openness and transparency and information that would be going into the public domain.

The Chair: Okay, Jerry?

Thank you.

I have Brad, Denis, then Michael. Then we'll just see how close we are to 11.

Mr. Bradley Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair.

As someone who is not an accountant, and so forth, I've been following this with considerable interest. If I get it right—and I know it's been gone over a few times, but I say this for absolute clarity—30% is what the companies got. They would submit receipts; they would submit their projects. It was all for R and D; it was all for legitimate engineering, technology, or whatever, expenses. There was absolutely nothing for a 15% contingency fee, or anything like that. That's how the department gave its funding, completely, totally.... The calculations when the grants were put out were for that.

Okay?

•(1040)

Mr. Tom Wright: Right.

Mr. Bradley Trost: Understand that completely up front here.

But it raises a question, then, on an answer I got to a previous question where I asked about what specific criteria they were using to arrive at punishments, etc., to solve the breach of the contract. It's in section 10 of the folders we were given in response to previous testimony. Towards the bottom of the page, here is one of the statements that explain the punishment:

...for agreeing to pay a contingency fee to the consultant, the company would have had the equivalent amount of funds to invest in its project. This would likely have resulted in the company requesting a lower level of funding from Technology Partnerships Canada.

So they would have received less money in the first place. But just from what I said earlier, all the receipts, everything that was known for the same amount requested was known to be for R and D and technology and engineering.

So I'm seeing a bit of a contradiction here. On one hand—I'll pick a number here, a million dollars—the first time it was looked at, this million dollars was all for technology, all for R and D, all for legitimate expenditures. That was the first time we looked at it when it was first applied for and was first paid. Then, when we go back the second time and we look at it, we're shocked. We say, oh, that was a mistake; it was really only for \$850,000 that was for engineering and technology and research. In a way, we knew all along that \$150,000—15%—was for lobbying and so forth.

I guess my question comes down to whether this was an inadvertent, accidental 15% overcalculation on all of these files, which would be a rare coincidence, or whether it was a case of, yeah, we know this is going on. There's some circumstantial evidence here. It seems really coincidental that every time we'd be over by 15%, and then when we go back to check, lo and behold, exactly 15% over was calculated.

You know, proposition one from the beginning and proposition two on the correction are different here. They don't add up. One time it's a million bucks and the next time it's \$850,000 by the same calculations. That math in algebra doesn't add up.

Did someone actually know? Was there a little bit of a wink and a nudge here? You can't really answer that because you're not everyone who was involved, but that's what it looks like to me.

Mr. Tom Wright: There has certainly been no evidence whatsoever of any winking, nudging, nodding, whatever. That's why it was a forensic audit at the outset, the most intense form of audit. So there has been absolutely no indication that any of that—

Mr. Bradley Trost: So it was just coincidental that they inadvertently overcalculated the R and D and engineering and all of that proper stuff by 15% every time.

Mr. Tom Wright: No, I don't believe that's the way one should look at it.

I understand where you're coming from—at least I think I do. These projects have costs that are eligible and costs that are ineligible. The total cost of the project might be twice the number you were picking, and there'd be all sorts of ineligible costs. What we would be focusing on, what we would be negotiating through the process, is what would constitute the eligible costs and then what would be the sharing ratio on the eligible costs. Then through the claim period there would be the appropriate documentation submitted on the eligible costs, and then, according to whatever the sharing ratio was, we would make payments to the firm.

So you would never see in fact—

Mr. Bradley Trost: I understand that this was the way it was supposed to be done and so forth up front, and that's the way it was officially done, but when they talk about how it was done in the punishment, they basically say that the percent was taken from those eligible costs, as if there was a little bit of a markup.

I know these costs are ineligible, but from reading the way they punished, it's as if they upped the eligible contribution amount; that's what, really, the lobby fee was from. There's a contradiction there. Where did they get the extra money to pay the lobbyists? They ended up driving up the legitimate costs to pay the illegitimate costs. That's what it seems to say here. That's why they could afford the fee.

• (1045)

Mr. Tom Wright: The logic underpinning the rationale here goes to the question of need. What we have uncovered are these contractual arrangements that the company has with the lobbyists, which are contingency-based at 15%. It has been the judgment of our crew, who actually negotiated these arrangements, that this goes to the question of need, and if the payment was contingent upon the government money, they obviously didn't need it.

Mr. Bradley Trost: [*Inaudible—Editor*]...front to back of the arrangements.

The Chair: I'll let you wind up, Mr. Wright.

Mr. Tom Wright: I wanted to say that it goes to this question of need. Clearly we could stake out the claim that they didn't need all of that money, so we would reduce the amount of the overall transaction arrangement with the government by that 15%.

The Chair: Thank you, Mr. Wright.

Denis, then Michael.

[*Translation*]

Hon. Denis Coderre: Mr. Chairman, I find that this debate is starting to become somewhat simplistic in many regards.

Basically, the Conservative Party has always been against TPC, and this is becoming more and more obvious. They even observed that they were a bit tired of seeing that certain regions had such programs. In addition, they gave the impression that one region was given preferential treatment over another, while we all know full well that this is quite an exceptional tool as far as competitiveness is concerned.

My friend Brian lapsed into demagoguery by saying that he could see an association with the funding of political parties or a leadership race. We could push this absurd notion so far as to say that, ultimately, the companies that got the money have unions, certain unions that support the NDP and that, as a result, because of TPC, union money is going to the NDP. At one point, this has to stop!

I will ask you the following question, Mr. Wright. Yes or no, is it...

[*English*]

Mr. Brian Masse: Worker's choice.

Hon. Denis Coderre: Like company's choice.

[*Translation*]

This is the type of question that we should be asking ourselves today. Do you think, yes or no, that the TPC program and the future TTP program are both useful and important as far as competitiveness is concerned?

I am not asking you to play politics here, because that is not your game; you're not here for that. Do you have any indicators, measurement tools that can provide us with such a guarantee?

I have observed that this program has been essential and important in the aeronautics sector and in other sectors as well. Do you have some indicators? Surely you must have an assessment grid that enables us to see what is happening in terms of job creation. When you play with big boys, it is important that you have the right tools.

Do you have assessment grids for both the former and new program which enable us to show just how...

[*English*]

Let's cut the crap about the regional thing and all that and go to the real thing. Let's talk about the importance of competitiveness for our country versus the rest of the world, and that's the reason why we call that partnership.

Do you have those kinds of indicators? Do you have that kind of grid so you can provide some numbers and cut the crap about all that perception problem that the opposition is trying to make in front of us now? Do we have those numbers? And if they are available, can we have it so we can prove to the rest of the country that you really protect the public interest no matter what?

Mr. Tom Wright: There has been an independent evaluation to try to get to the bottom of that. It was done in 2003, and it went to that question of the benefits of the program. It indicated clearly that fully 85% of the projects, which the financing of the program has been involved in, would not have proceeded were it not for the participation of the program.

Also, it indicated that 80% of them have led to new jobs being created, and right now that's about 49,000 new jobs that will have been created by the end of all of these various projects. Ninety per cent have resulted in new and improved technologies being developed. Fully two-thirds of the companies that were surveyed through that evaluation have confirmed that their competitive position has improved. So yes, there are a series of statistics through the independent evaluation, which was done in 2003, that confirmed the value, the return, the benefit of a government having a program of this nature.

Beyond those statistics, one can think in terms of the value of the investment attraction that comes from the participation in some of the projects. Frankly, there have even been some that one might refer to as adjustment, where there have been benefits as well.

So the program has unquestionably driven benefits for Canada and for Canadians.

• (1050)

[Translation]

Hon. Denis Coderre: We cannot deny the fact that you have had difficulties with certain specific contracts. This is what we are talking about here moreover.

Essentially, does that mean that you would like to be given some additional auditing tools—and this will come with the new program—along with perception management, therefore, by having, as the minister said, tools that will enable us to achieve greater transparency?

Basically, if you have a problem with a firm that knowingly signed—when you sign, you are supposed to be aware of the law; companies can hire the lobbyists they wish, but the reality is that no one is supposed to be unaware of the law, and that is the fundamental principle—could we go so far as to freeze all of these amounts because the company did not respect its signature?

That will leave us with the impression that, in the final analysis, this company does have rights all the same. We need to do the necessary audits, providing that it take less than a year. You have to strike a balance, and I want to ensure that you have the tools you need to work in this fashion. Nevertheless, if you have a resource problem, if you have problems with respect to the audit and the amount of time it takes, that is another thing.

[English]

You can chew gum and walk at the same time, I guess—I hope.

Mr. Tom Wright: I think it's safe to say, on a going forward basis, where you have in place a very robust set of processes and procedures to ensure that, unambiguously, companies understand their obligations under their contract...and therefore, breaches of contract in these particular clauses in the future, on a go-forward basis, could well be expected to elicit a different response, because there's just a huge amount of effort going in now.

Also I think, as we've mentioned, in the design of a new program, the minister has been very clear that he wants to push the envelope in terms of openness, transparency, and accessibility for the SMEs of this country. So I would expect that we would be seeing a fundamentally different approach, one that would nonetheless continue to drive the same sorts of benefits that we've enjoyed in the past.

[Translation]

Hon. Denis Coderre: While at the same time respecting the principles of natural justice.

Mr. Tom Wright: Absolutely.

Hon. Denis Coderre: We don't want inquisitioners either. We want people who will respect the public interest, but not prevent the company from operating.

[English]

The Chair: Thank you, Denis.

Michael, and then we'll have a minute or two to discuss Thursday and anything else.

Mr. Michael Chong: Thank you.

I was just listening to my colleague's rant across the way, Mr. Chair. I simply don't understand how paying someone like Mr. Dingwall \$350,000, illegally, contributes in any way, shape, or form to the productivity or competitiveness of this country.

The Chair: The proper word is not “illegal”. It was against the rules, but I don't think the word “illegal” is appropriate.

Mr. Michael Chong: The proper word is “illegal,” and I will say that out of this room. Those payments were made illegally.

The Chair: Okay. Go ahead with your questions.

Mr. Michael Chong: It's also the same kind of concern I had yesterday when the minister indicated in the House that a breach of contract was not illegal. I find it incredible that a minister of the Crown would make a statement like that.

Back to the question concerning the release of the names of those companies involved. Initially we were told that the names would not be released because the privacy laws would prohibit it. When it was pointed out that the names were released in the previous Kroll report, we were told that the names would not be released because these companies were not publicly traded. When it was pointed out that one of the four names released in the Kroll report was a private company, and that at least one of the companies in the second report was publicly traded, we were then told that eventually the names will be released when all 47 audits are completed. I just want to go on record as to what the story is on the release of the names.

I don't envy the position that both of you gentlemen find yourselves in. Mr. Wright, you took over this program as executive director this September. I'm sure it's a big challenge for you to walk into somebody else's mess and try to clean it up. Mr. Everson, I'm sure you are diligent in your work as well. But as a parliamentarian and as somebody who sits on this committee, I've got a responsibility to the public, to my constituents, to ensure transparency and accountability, and to hold the government to account on that. You as civil servants have the responsibility to oversee the public purse and run programs in a non-partisan, neutral manner. I'm sure you work hard to fulfil your responsibilities in that manner.

I urge you to release the names of the companies involved as expeditiously as possible. It's in the public interest that these names be released, especially considering that five of them were identified by Raymond Chabot. The legal services department of Industry Canada confirmed those findings and have sent demand letters to these companies in question, yet the public is not aware of who these five companies are. I think it's in the public's interest that this information be made public. I urge you to release those names.

•(1055)

The Chair: Thank you.

Thank you, colleagues. I have nobody else on the list for this topic right now.

Mr. Wright and Mr. Everson, thank you very much for being here.

What we just handed out is the clerk's and my best guess as to the next few weeks. Jerry has indicated to me that we will hopefully have amendments from the government by the end of the week, or early in the week we get back after the break.

Hon. Jerry Pickard: Hopefully you'll have them this week.

The Chair: We're targeting October 20 for the Retail Council and Professor Hogg—the committee was interested in having them back—and then we'll possibly have the commissioner the next chance on October 27. I'm going to ask for a clause-by-clause, if you agree. Mr. Lapierre is unable to come to the meeting Thursday morning at 9, but he is scheduled to be here on October 20.

The question for you is, for the 9 o'clock or 10 o'clock slot, we could just let it go and meet at 10 o'clock for the last witnesses on the gas. We could spend some time in camera and do some more work on the foreign investment review study—we had a good session with Dan's help—or we could do some more TPC. We could do any number of things in that open hour.

Paul.

[*Translation*]

Mr. Paul Crête: Since we will be hearing from Mr. Everson at the end of the same day, we could call the Competition Commissioner in the morning, so that she could submit her report on the amendments. At the hearing, she said that she was prepared to table her report; it may be just a matter of scheduling. If it were possible for her to be there in the morning, she could give us her comments on broadening the Competition Act, and we could ascertain with the minister, at the end of the afternoon, whether or not he agreed with the recommendations. So we will have a full day spent on gas on October 6.

[*English*]

The Chair: Okay. That's a suggestion from Paul to use that hour. Paul, do you feel you need the government's amendments before you have the commissioner here?

[*Translation*]

Mr. Paul Crête: No. I would like the commissioner to tell us whether or not she agrees with broadening the mandate for Bill C-19 and, if so, in what way. We could check with the minister in the afternoon to find whether or not his amendments are in the same vein, without necessarily seeing them. I would hope to have these amendments as quickly as possible, but if we don't get them, we could spend one full day on gas on October 6, the day that we had set aside to meet with as many ministers as possible. At that point, we will know the Competition Commissioner's views on Bill C-19 and gas.

•(1100)

[*English*]

The Chair: Are there any comments on Paul's suggestion?

If that's the idea we proceed with, we'll have to invite her and see whether she's available.

I have Denis, then Werner.

[*Translation*]

Hon. Denis Coderre: I am more or less in agreement, if she is available, but she has to feel comfortable and be in a position to do this. It is true that she said that she wanted to talk to us about the amendments; it would therefore be relevant to have her attend. She was very eloquent the last time. But we must not be limited by this. So I agree, but only if she wants to talk to us about the amendments. Otherwise, we have already had a chance to speak with her. We don't want to repeat ourselves.

[*English*]

The Chair: Werner, and then Jerry.

Mr. Werner Schmidt (Kelowna—Lake Country, CPC): First of all, there's no doubt in my mind that we have to have the amendments before we invite the commissioner. I don't think there's any question. We should have the opportunity to at least look at the amendments first and perhaps study them a little bit. I do not agree that we should have the commissioner before we get the amendments.

Secondly, I don't think we're done with TPC. I would suggest we continue with TPC for at least the first hour on Thursday morning.

The Chair: Okay. Thank you for keeping your comments brief.

Jerry.

Hon. Jerry Pickard: By this afternoon I should know whether we can have the amendments in the hands of everybody early tomorrow, which will give you time to look at them and so on. The fact is that there has to be cabinet approval before this moves forward. That's a timeline I have no control over and the department has no control over. But if we have that, then we can go forward Thursday easily, with the amendments in hand and with everybody having all of that information.

If you'd allow the chair to have flexibility on the call as to whether the privacy commissioner is here on Thursday or not, and leave it with me to get back to him or to his staff with the amendments if they're available, I will do that as rapidly as possible. That would allow us to move, then, on Thursday.

The Chair: I'm going to try to wrap it up, because we're going to lose our interpreters.

If I were to do a straw vote, I think this would be the result: if we had the amendments—

Mr. Werner Schmidt: I don't agree.

The Chair: —we would invite the commissioner.

I would put it to you—and Brad and Michael—on the TPC that I think you would need to indicate to the group where you want to go next with it. I don't know that it's clear whom we would have here Thursday anyway.

Mr. Michael Chong: First, one of the pieces of information we need to find, Mr. Chair—we asked, but an answer wasn't provided, because the executive director didn't have it—is how much Raymond Chabot has been paid to date for their audit.

The Chair: Okay.

How about this? If we have amendments, we will invite the commissioner. If we don't have amendments, we won't invite the

commissioner and we'll try to get some more TPC into that hour. Is that a fair compromise?

An hon. member: Good.

Hon. Jerry Pickard: If there are questions you want answered, we can certainly, as that information is available, get back to you. I don't believe Mr. Wright suggested in any respect that he would not get that information to you. To me it's a given.

The Chair: Well, I'll do my best, colleagues.

Mr. Werner Schmidt: My reason is that almost at the end of his comments Mr. Wright made the statement that what is required is a fundamentally different approach. I think we really need to explore what that kind of statement means.

The Chair: Going forward to the next level of the program, that's not unreasonable. Whether we're ready for Thursday.... I'll talk to Jerry and I'll talk to you guys to see, but if I were to do a count, I think I know what the result would be: if we have the amendments, we will have the commissioner on Thursday—the numbers are there—and TPC would be the backup.

Paul.

[*Translation*]

Mr. Paul Crête: If it is to be Technology Partnerships, we could have the Ethics Commissioner up here so that he can explain what happened to the six lobbyists referred to him by TPC. It seems to me that this could be a second choice.

[*English*]

The Chair: I'm not sure we can swing that, but...

At any rate, are there any burning issues? If not, we're going to adjourn.

Thank you very much.

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