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Mr. Leon Benoit

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•(1105)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good morning, everyone. We're here for the third meeting of the Standing Committee on Government Operations and Estimates.

The purpose of this meeting is to review the appointment of Gordon Feeney as chair of the board of directors of the Canada Post Corporation. He will be with us for the first hour, until roughly noon, and we will have the Minister of National Revenue, John McCallum, from noon until 1:30.

I'd like to welcome you this morning, Mr. Feeney. I'm pleased that you could be here, and we'll just get right into questioning. Do you have a short statement to make?

Mr. Gordon Feeney (As Individual): Thank you, Mr. Chair and committee members, for the invitation, and despite what you may think, I am happy to be here. I have been in this room before when I was less happy perhaps.

I'll tell you why I am pleased to be here. The media and some members of Parliament have gone, in my view, to extreme lengths to portray this appointment as a favour to me, which took me back a bit, because I saw it somewhat differently. I must say that I found it a little disappointing and some of the comments even a little insulting at times. I was asked if I would consider taking on what I consider fairly significant responsibilities at this particular time at Canada Post. I agreed to do so. As you know, I didn't apply for the job and was quite surprised when I got a phone call.

I agreed to do this because I have strong beliefs in various things. One thing that has bothered me for a long time is that too many Canadians complain about what goes on in government, government agencies, and crown corporations, but they just complain, they don't try to do anything to improve the situation. I happen to believe in trying to help, and I hope my record on many of the things I do shows that. I believe in giving back to our country. I started my career out of high school in a little farming community down in New Brunswick, and many years later I entered this building when I was transferred to Ottawa to listen to a budget speech one night, and the awesomeness of this building has always stuck with me. But I do believe that people, citizens in general, if they can, should try to give back. I was very fortunate in my career, in that I reached a senior level. During that time, over 40 years, I moved around a fair amount in the country, moved around a lot within the company, and had numerous experiences. I think it gives you a broader perspective on and insight into things we all face on a day-to-day basis.

So if the nominating committee and the minister and this committee feel that I can make a contribution, I'm prepared to do my best and make a difference. That's really the sum total of why I agreed to chair the Canada Post board.

The Chair: Thank you, Mr. Feeney, for your presentation. We'll get directly to questions.

The first questioner in the first round is Mr. Pallister.

Mr. Brian Pallister (Portage—Lisgar, CPC): Thank you, Mr. Chairman. Good morning, Mr. Feeney.

Let me be clear, sir, that my questions certainly will not pertain to your qualifications, which are exemplary. We very much appreciate the comments you made about caring for the country, as do we all here, I assure you. Our questions pertain to the process by which you were offered the job, which you yourself just admitted you didn't apply for. The fact of the matter is, sir, that in the wake of the sponsorship scandal this past spring, the government, in an effort to address the problems with some aspects of that scandal, trumpeted new appointment processes for key executives of crown corporations and key positions, such as the one you've been selected for. In their series of promises and commitments the government said they would follow a process, which was not followed in the case of your selection. That is the issue, I think, at the heart of our concerns today.

Were you aware of these new Treasury Board guidelines that the minister violated in offering you the position at the time you received the offer of employment?

•(1110)

Mr. Gordon Feeney: I'm aware of the guidelines because of my involvement in another crown corporation. I've studied them very carefully because I had the responsibility as chair of a nominating committee to find a CEO. So I needed to be very familiar with those, as to what the board committee must do in making their recommendations to—

Mr. Brian Pallister: Sorry, when was that, sir?

Mr. Gordon Feeney: Right now. I just finished it.

Mr. Brian Pallister: Oh, I see.

Mr. Gordon Feeney: So when the president and CEO of the Business Development Bank was relieved of his duties, then we obviously had to go out to find a new one. I happened to be appointed the chair of the nominating committee because I chaired the HR committee at that time.

So I did familiarize myself and am reasonably familiar with what certainly has to happen at the board level.

Now what happened in the case of my appointment, I can't tell you. In my first conversation with the minister, reference was made to the fact that the nominating committee of Canada Post had put forward my name to him—so that much I knew. As to the process from there on, I hadn't seen it in operation. And you must bear in mind, this goes back a month or so; so at that time, I suppose there weren't even committees. But I'm quite familiar with the process.

Mr. Brian Pallister: You're familiar with the process but are not certain as to whether the process was followed in the case of selecting you as the person to fulfill the responsibilities of chair of Canada Post? Is that fair?

Mr. Gordon Feeney: That's fair, because my first introduction to this subject was a call that the nominating committee had recommended me to the minister.

Mr. Brian Pallister: Not to belabour the point, sir, but the commitments the government made were to establish a permanent nominating committee to be struck, which we understand was not the case, and which might include outside eminent persons to support the work of the board, which was not the case. A professional recruitment firm would be engaged to assist the nominating committee, which was not the case, and so on and so forth. You're now before a committee, but your appointment is a done deal, as we all know. So really the process was not followed in your case.

Now, if you could go back in time, which of course we can't, would you still accept the position offered to you if you knew at the time that all these rules were being violated in offering you the position?

Mr. Gordon Feeney: I think it's important to understand, and I think the minister at one stage, back on, oh, let's say October 4, I think it was.... It was a Monday, I recall. The appointment was announced on a Thursday, and I think it was the following Monday when a commitment was made that I would come before your committee.

I need to tell you that I suggested that it wasn't a problem in terms of going before a committee, as far as I was personally concerned. Had it been said to me at the time that one part of this was to go before the committee...I happen to feel that my record is fairly clean in terms of the things that I have done and that I do in the community, and I'd be quite happy to be here.

Mr. Brian Pallister: Forgive me, sir, and again, sir, I'm glad you're here too. As I said earlier, the issue of your qualifications is not at all an issue from our standpoint.

The concern I have is that you're on another board, I believe the chair of the nominating committee, and you are on the BDC board, and you've said you're quite aware of the process of selecting a chair. The government has made a rather large deal out of following a new process, which they didn't follow in your case. This is why I'm asking, are you not concerned, sir, that your rather onerous responsibilities—as I think is shown by the Deloitte Touche audit report of Canada Post—to clean up the governance of Canada Post would mean that you're going to try, I think it's fair to say, to have a rules-based process restored, and yet the rules around your selection have been broken?

Mr. Gordon Feeney: I can assure you that governance is an important issue in my mind, and that's why, when we went through the process at the BDC, I think it would be said we went beyond the requirements to make sure that when we brought a candidate forward there was nothing we had not followed correctly.

• (1115)

Mr. Brian Pallister: Again, sir, I'm not disputing that; I'm not disputing the governance of the BDC today. You may well have gone beyond the requirements of the BDC, but it's clear the government went beneath the requirements in selecting you to this position.

Mr. Gordon Feeney: I'm sorry, I misunderstood—

Mr. Brian Pallister: That's why I'm asking you: are you not concerned about that, because the tone at the top is critical, as you well know, to cleaning up the operations of Canada Post or the governance of any other agency? Isn't the tone at the top that you want to create tainted somewhat by the fact that the government selected you on the basis of a process that is not the process they committed to prior to the last federal election?

Mr. Gordon Feeney: It's very difficult for me to comment on what they did because I'm not 100% sure. My understanding was, from what the minister said to me, they had a nominating committee, the nominating committee brought forward names to the minister, and he made a selection. So, to me, at that stage, when I was accepting the position, I believe it's safe to say that the process up to that point had been followed.

Mr. Brian Pallister: But, sir, on the one hand you're saying you're quite familiar with the process from your role on BDC and that you're actually currently involved in a nomination process. On the other hand, you're saying you don't believe these Treasury Board guidelines are ones you were aware of. How can you be both aware of them and not aware of them?

Mr. Gordon Feeney: No, I didn't say that. No, I'm sorry, let the record be corrected. If anybody has gathered that I don't feel they should apply here, it's not true. I feel the rules should apply to everybody, no matter whether it's a CEO...I think it's more important for a president and CEO. I think that's key. It's a so-called “paying job”; they're running the company. I think for getting a chair and directors—

Mr. Brian Pallister: Then, sir, in closing, because I'm only allowed a limited amount of time, as I'm sure you're aware, then why, if you believe so much in the rules, do you not think they should apply to you in the case of this particular selection?

Mr. Gordon Feeney: They should. I just said they should apply to me.

Mr. Brian Pallister: They did not, sir.

Mr. Gordon Feeney: Pardon?

Mr. Brian Pallister: They did not. And in your selection, these rules were not followed.

Mr. Gordon Feeney: To the point when I received the phone call, the rules were followed. You're trying to suggest that I accepted this position with the rules having been broken, but I would not have accepted it. The rules had not been broken when I was called. I think the next step is...it goes through a process here—

Mr. Brian Pallister: You said you didn't know what predated your phone call, sir. How would you know if the rules were broken or not?

Mr. Gordon Feeney: Because when he called me, he told me that the nominating committee had put forward my name. I've said this three times.

Mr. Brian Pallister: A professional recruitment firm should be engaged, sir. Did you ask if one had been engaged?

Mr. Gordon Feeney: I don't know.

Mr. Brian Pallister: Then how can you say the rules were not broken?

Mr. Gordon Feeney: I said, "as far as I know".

The Chair: Thank you, Mr. Pallister. Your time is up.

Mr. Gordon Feeney: What more can I say?

The Chair: Thank you.

[*Translation*]

Mr. Bouchard.

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chairman.

Far be it for me to call into question your qualifications, but I have a first question for you, Mr. Feeney.

Several hours after you were appointed, I met with Mr. John McCallum, the Minister of Revenue, who informed me that you had been given the task or mandate to determine the requirements and draw up the profile of the new President and CEO of Canada Post. Can you tell us what these requirements are? Can you comment further on the profile of the President and CEO of Canada Post?

[*English*]

Mr. Gordon Feeney: That's true. Of the three key things the minister said he wanted me to accomplish, the first obviously is the selection or the recruitment of a president and CEO.

I have been very careful for the last month not to set foot in the post office other than the one I've been using for some years. I have refused to attend meetings that were being held, which they wanted me to attend for obvious reasons, and I said, "No, I'm not attending until I come before this committee." So other than this morning, coming to the headquarters of Canada Post and hanging up my suit and clothes there and getting myself organized, I have not been involved. I have not talked to anybody about any of the challenges, other than what I would know from a newspaper that everybody in Canada who reads the newspaper would know.

So I can't tell you, but I do know just from my experience that this is a large organization with 60,000-some employees. It's a highly technical distribution-operations type of organization. Therefore, there are two things I know for sure, and they apply to most large organizations.

The first is, the human resource skills and leadership skills of the CEO are the most important thing we can look for in leading an organization of this size. Without even seeing the mandate—which I will see before the next day or so is over—I know from my past the types of things that are important.

Operationally this is very complex—time delivery, the level of service. You need people who have good operational minds.

I think those are the two most important things. Strategic considerations are important, yes, but it's a big part of the board's responsibility to guide the strategy of the corporation.

I would say human resource skills—leadership in general—and operational skills are very important, because this is very large, and there are lots of labour situations that need to be dealt with from time to time, and contracts and all that type of thing, and it is not an area for inexperienced management.

Now, they have good management, I'm sure, around the CEO, but the human resource part of this is the most important thing.

● (1120)

[*Translation*]

Mr. Robert Bouchard: Mr. Feeney, in light of everything that's been said publicly, are you comfortable with your appointment?

[*English*]

Mr. Gordon Feeney: It's a very good question. My wife asks me at least twice a day "Why are you doing this?", because she reads the papers as well.

Let me put it this way. I'm comfortable because I know why I agreed to do it and I know the things I did in the past in my career. I headed operations for the Royal Bank Financial Group for several years; I headed the human resources function worldwide for several years; and I ran the retail service delivery distribution system in Canada and through the Caribbean. So I'm comfortable that I have past experience that can be helpful to management, certainly in being aware of the issues and some of the pitfalls you can fall into.

I believe, though, your question is not so much on that aspect as it is on just the public aspect of it. I wouldn't be comfortable if I thought there was any truth to the assertion that this was an appointment based on being a "crony", to use the word people have used—which I find very distasteful—because it is so untrue.

Probably, to answer why I feel strongly that I should not feel uncomfortable about going forward, it's that I worked with the minister. This is what a lot of people have zeroed in on, and the media in particular. Sure, it's true: I worked with the minister for five years. He was the chief economist; I was running the retail division. You can imagine how much interface there'd be between the chief economist and the head of the retail division.

I always looked upon myself as a friend, and when they use the word "friend", I don't mind it, if they don't dress it up too much as a close relationship. But when you're among the top 50 in a company, if you're not a friend with your colleagues you'd better be bailing out, because you're not much of a team player.

So of course for me to say that I wasn't a friend of Mr. McCallum would be a lie; it would be improper. As far as close friendship and relationship are concerned, the only illustration I can give you is this. I believe the minister left our company four years ago. I saw him twice in four years, and oddly enough both times by chance in the last six or eight months.

I went to a luncheon one day for the diplomatic corps in Toronto, because I happen to represent the Bahamas, and Mr. McCallum was in the crowd of 400 people. I hadn't seen him in about three and a half years, so I went over and shook his hand and told him I thought he looked pretty well for a guy living through politics in Ottawa.

The next time I saw him was by chance in a little airport in Fredericton, New Brunswick, that is smaller than this room. I was in there midday having a coffee, waiting for my flight. Mr. McCallum happened to come in, and I took the opportunity to chat with him, because I've always had a concern about the pay scales of the heads of crown corporations. We had a 25-minute conversation while waiting for the plane about something I didn't know a few months later would probably be a bigger argument with him.

So this isn't a personal friendship kind of thing. I like to be friends of everybody, and particularly of senior people I work with.

I feel very comfortable in that I understand that when the process isn't followed the way it's laid down, it's annoying to people. I understand it, but it doesn't deter me in my confidence that I think I can help the board and help management at the post office. If at any point in time I feel I can't, I'll be the first one to put my hand up and leave.

● (1125)

The Chair: The time is up.

Madame Marleau.

Hon. Diane Marleau (Sudbury, Lib.): Thank you.

Mr. Feeney, through you, Mr. Chair, I want to say that from everything I've heard so far, from Mr. Pallister...and from what I believe, you're eminently qualified for this job. Really, you come before this committee not to explain the method by which you were appointed. As you said, you were given a phone call, and you were told that your name was put forward as the ideal candidate by a nominating committee. That's fine. I think what you're here for is to talk to us about what your future direction will be. As chairman of Canada Post, you will have the challenge of working on the selection of the new president and CEO. That is a very big job. But I also would like to know what your thoughts are about Canada Post and its business lines.

As you know, Canada Post is a crown corporation. It's a crown corporation because it has a job to do that the private sector really cannot or would not do. Some of the costs associated with it are not easily explained away in a for-profit corporation. Mail is delivered to every corner of this country, in as best a fashion as possible, at a reasonable cost, and that's the main business of Canada Post. But over the past few years there's been a tendency for Canada Post to go into other lines of business, in some instances competing head to head with other businesses while at the same time really cutting back on some of the services it's mandated to give to smaller communities.

We know that the regions of the country are under a tremendous amount of strain, and Canada Post is playing a very vital role in maintaining a presence in these communities. I want to know whether you will push to continue this point of presence in as many communities as possible; whether you will keep pushing and insisting that their core business is the delivery of mail to everyone; and whether you will review these other businesses, or ask that the

board consider, that Canada Post has been getting into such things as the selling of greeting cards, T-shirts, mugs. They're selling all kinds of things in some of their outlets, and in others they're not.

I just thought I'd give you an opportunity to give us a little bit about what your thoughts are on Canada Post, knowing that you haven't sat in on any meetings—or been influenced, in other words, by what's there now.

The Chair: Madam Marleau, the purpose of the meeting, of course, is to review Mr. Feeney's appointment.

● (1130)

Hon. Diane Marleau: That's right.

The Chair: It's not really to get into the mandate of Canada Post.

Hon. Diane Marleau: No, this is about what he thinks of Canada Post. I want to know where he's going with it. If he's going to be the chairman of the board, we should know.

The Chair: Mr. Feeney.

Mr. Gordon Feeney: Thank you. There are a couple of things. The first one is of course the community representation.

I should preface all of this by saying, as you have, I don't know the facts because I haven't been there, but I recognize the issue of post offices in smaller communities, because as most of you will know, bankers face that occasionally, and you have to look for ways to try to serve the community, not take away service.

There are partnerships, and some have been tried. Some of the banks have come together with post offices to share a place; therefore, both services remain in the community. I think that was an innovative way that some people worked on that. The tough part is that as communities shrink and the population gets smaller and smaller, it gets tough to give a level of service and yet not have the expense so high, because the pressure is always on for expenses, whether it's the post office or whatever.

I don't have a point of view other than that I recognize there's a challenge there that I'm sure people on the board and in management have worked on very diligently. In a few months I hope to be more helpful to you in answering that question.

In terms of the business lines or businesses and sales, the retail types of things they are involved in, near where I live the post offices that I happen to use and where I have a box are quite the reverse. They are drug stores that are agents, which is a tremendous combination, as I observe it, because I see older people coming in, they pick up their prescriptions, they come over to the post office, and they pick up whatever else they need. It's a one-stop shop. They seem very effective. The hours are long, which for working couples is just a fantastic partnership, because they're open until 9 o'clock or 10 o'clock at night and there's always a competent person there. So I think they've been quite innovative in distribution.

In terms of the greeting cards and the other things, I can't make a comment, because I didn't know. I now know where I can go when I'm caught short on my wife's birthday and it's 9 o'clock at night—I'll go to the post office. But no, I don't have a view, because I really didn't even know they were in it. Sorry about that.

The Chair: You have two minutes.

Hon. Diane Marleau: I added that because I want to remind you that the post office is not a for-profit business in the sense that the banks are. The first thing is to deliver that mail.

Mr. Gordon Feeney: You're absolutely right.

Hon. Diane Marleau: That's why I asked you those questions, because I wouldn't want you to go in there and close off post offices in all the rural parts of the country. Believe me, it would be a very, very difficult thing for all of us and for the country.

Mr. Gordon Feeney: I have a feeling that I might be back here if I did that.

Hon. Diane Marleau: Probably.

Mr. Gordon Feeney: But I understand both of your observations. I don't have very good answers for them, but I understand and I am conscious of what you say.

Hon. Diane Marleau: And I've used my time to make sure you did. So thank you very much for your answers.

Mr. Gordon Feeney: Thank you.

The Chair: Thank you, Madame Marleau.

Mr. Martin, you have approximately eight minutes.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you, Mr. Chair.

Mr. Feeney, I think what really makes my blood boil, frankly, and a lot of Canadians' blood boil about the whole spate of scandals that we've had recently is not even so much the millions of dollars that we've been cheated out of, it looks like, but this blatant wholesale disregard of all the rules, that some of these Ottawa mandarins think they're the Ottawa elite, think that rules are clearly for somebody else and that they don't have to use them for a number of things, up to and including hiring practices. Virtually all the scandals we've been investigating, from Radwanski to the sponsorship issue, have involved hiring practices and the promotions of friends, and so on.

So here, right on the heels of all this stuff, right after Treasury Board puts in place some new guidelines, we have the minister showing a blatant disregard for all the rules, and for all the world, for all intents and purposes, using some old buddy system, some good old boy secret handshake connection to put one of his old buddies in place here in complete disregard of all the rules.

An hon. member: [*Inaudible—Editor*]

Mr. Pat Martin: Who is chairing this meeting, Mr. Chair? Is Mr. Szabo chairing the meeting or are you?

• (1135)

The Chair: Excuse me. Order, please.

On a point of order, Mr. Szabo.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Chairman, the line of questioning is fine, but of the four conditions under which

these appointments are to be made, only one relates to the minister, and that is the appropriate—

Mr. Pat Martin: This isn't a debate, Mr. Szabo. I didn't come here to debate you.

Mr. Paul Szabo: No, but to refer to the minister as breaking all these rules, the minister is only responsible for the one. He gets the—

Mr. Pat Martin: I hope this isn't coming off my time—

The Chair: No, we've stopped the clock. Continue please, Mr. Martin.

Mr. Pat Martin: —while Mr. Szabo debates here.

The Chair: Continue, please.

Mr. Pat Martin: My point is that weak board of director oversight has been cited in a number of these scandals that we've talked about, including Canada Post, where sponsorship money was ostensibly being funnelled to Liberal-friendly advertising firms and money-for-nothing contracts were being funnelled through Canada Post. It makes me wonder where the president or the chairman of the board of directors were to not notice this happening.

At the same time, Mr. Feeney, you were sitting on the board of directors of the Business Development Bank of Canada. The November 2003 Auditor General report cites several instances where the Business Development Bank of Canada was used to facilitate the transfer of sponsorship and advertising funds to Liberal-friendly advertising firms.

As we are reviewing your qualifications here, as a member of the board of directors of the Business Development Bank, where were you when this whole sponsorship scandal was taking place? Wouldn't you see it as a board of directors oversight issue that we were scammed by these people as well while you were on the board of directors? How does it give us confidence that as the chairman of this board you are going to show aggressive oversight when (a) you look like you're a buddy of the minister and (b) you have a history and a track record of overlooking—not oversight—scandals at the Business Development Bank?

Mr. Gordon Feeney: Sir, I'm going to answer this in two parts. The first part is, again, that it's back to this buddy/cronyism/hiring of friends issue. I thought I explained that I don't consider myself a buddy. I wouldn't accept an appointment of this importance to Canada if it was because I was a buddy.

I hardly view this as a hiring. I view it more as volunteerism, because I have to tell you, I will devote many days of my life to this job, and if it was a hiring—which implies money—I could devote them somewhere else. I'm not in this for money; this isn't a money issue. I view this as giving back to our country, and I'm prepared to do it, and I'll do the best job I can.

We can move on to the BDC and I'll deal with that. This scandal about sponsorship and tying it into my taking on the chairmanship of Canada Post, I understand where you're coming from, but I think that's stretching it a little bit. Let's talk about BDC, because I took that personally.

The sponsorship issues at BDC, as the records would indicate, happened a number of years ago. I'd been on the board for two years and a couple of months. There were no sponsorship transactions that went through the company during that time because the people who had been involved had been shown the door. If you read the Auditor General report fairly carefully, while there were a couple of transactions, I can't say she was complimentary. But certainly when we met with her personally at the board, she told us that we had done a good job of dealing with it once we became aware of it.

The thing you need to understand about this so-called scandal in sponsorship, as a board member and where you sit as a board member, you don't manage the company. That isn't what a board is for and that isn't what a chairman is for, although we can talk about what you do. These entries that went through were not detectable at the board level because this was a flow of money that...

• (1140)

Mr. Pat Martin: It wasn't always the money issue. It was some of the hiring practices that were cited.

Mr. Gordon Feeney: I'm sorry. I thought we were talking about the sponsorship scandal.

Mr. Pat Martin: At the Business Development Bank.

Mr. Gordon Feeney: Right.

Mr. Pat Martin: This board of director oversight certainly became an issue to do with the hiring practices at Canada Post, some of the expense account issues with André Ouellet, etc.

Mr. Gordon Feeney: Oh, okay.

Mr. Pat Martin: Board oversight, as the issue we're raising here, I suppose the connection is.... Because I'm almost out of time, I'll narrow it down to a specific question. What role did you play in firing Michel Vennat?

Mr. Gordon Feeney: What role did I play?

Michel Vennat was an order in council appointment, and the board plays no role unless they go to the minister and suggest, for good and valid reasons, that they want the person removed. This person was removed from the job, suspended and later fired, without consultation, and it had nothing to do with the board. Any other person in that company.... As a matter of fact, I can tell you that the moment that happened, I happened to be on the phone with Michel Vennat. I was on the phone to tell him that as the chair of the human resources committee I wanted to make sure everybody who works for BDC is treated fairly and that nobody becomes the fall guy and the goat for something that happened several years ago with somebody who was no longer there. I was personally on the phone with him when he was advised that he was suspended that particular day in January or February, whichever it was.

I take governance very seriously, and those who you could contact who know me from boards and from my career at the RBC Financial Group.... I said I like to be friends with people, but I am tough when it comes to governance.

Mr. Pat Martin: It just seems, Mr. Feeney, we're off to a really bad start for somebody with that mindset and that background. I have no doubt that you believe that, but clearly, in your own hiring for this particular job, we've bypassed the rules put in place.

Mr. Gordon Feeney: Sorry, sir. How am I off to a bad start personally?

Mr. Pat Martin: You should have said to the minister, "As soon as all the necessary steps have been followed, I'll be glad to start my job".

Mr. Gordon Feeney: Well, that's exactly what I said, sir. You must understand me, please.

Mr. Pat Martin: On September 30, we were informed the appointment had been made.

Mr. Gordon Feeney: Sorry. I wish to answer that very distinctly, because my credibility, my integrity, and my pride in myself will not allow me to have those things said.

I said before that I asked the minister to organize for me to go before the committee as soon as I learned this was an issue. It was on the Monday morning. I could tell you precisely where I was when I made the phone call. I'm not here because somebody put a rope on me and dragged me in here. I'm here because I believe in the process and I—I'll use the word "volunteered"—said to the minister, "Just organize it. Here are some dates." Those dates didn't work. This morning I was supposed to be at a board meeting of a company in Montreal, and I am not appearing there because this was a date that worked for you people. I said I would not attend the Canada Post board meeting on Wednesday of this week if I had not been before this committee.

Hopefully this committee is satisfied that I mean well in what I'm trying to do in this role for this country.

The Chair: Okay, thank you, Mr. Feeney.

Your time is up, Mr. Martin.

Mr. Preston, seven minutes.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): Thank you, Chair.

Mr. Feeney, again, as Mr. Pallister and some others stated, your qualifications are not in question here today. We're really talking about the process. So I'll carry on from where Mr. Martin was.

You said the minister had said the process had gone forward. You said you wouldn't take your position at Canada Post until you had appeared before this committee. Are we in fact not jumping to number four in the process rather than following through numbers one, two, and three of the nominating committee in the professional recruitment firm, and then the nominating committee putting those names forward? We're jumping right to the parliamentary committee step.

• (1145)

Mr. Gordon Feeney: Sorry. I don't think I'm the right person to ask about all these steps. The nominating committee did what they did. I don't know what they did. I do know they made a recommendation, and where I come from, that's what they were supposed to do. So I think that's a better question for the minister than for me, sir. I think I would be treading on somebody else's grass if I started trying to answer those questions. I'm only trying to portray to you that I have no reason, or I had no reason, to not want to come before this committee.

Mr. Joe Preston: That's a fair enough answer.

You said you were very strong on governance, though.

Mr. Gordon Feeney: I am.

Mr. Joe Preston: In fact, though, we have kind of hop-skipped through this process.

Mr. Gordon Feeney: Sir....

Mr. Joe Preston: And if indeed you knew the process...you said you did at BDC; you were on a nominating committee. So you knew the process, and when the minister came to you—

Mr. Gordon Feeney: Sir, how would I know whether this committee talked to a recruitment firm or not? How would I know that?

Mr. Joe Preston: Well, it's not this committee's role. It's the nominating committee of the board.

Mr. Gordon Feeney: That's what I mean, the nominating committee. How would I know if the nominating committee—

Mr. Joe Preston: By asking.

Mr. Gordon Feeney: Who am I to ask?

Mr. Joe Preston: By asking the minister, when he came forward here.

Mr. Gordon Feeney: Hey, I'm not the keeper of the keys of the whole government. I'm just the person who was asked to accept the chair of the post office. I'm not one to say, "Well, Mr. Minister, did you have a recruitment firm?" I don't think you're being fair to me to suggest that I should go down all those roads.

Mr. Joe Preston: Well, certainly there have been governance problems at Canada Post as a result of a chair of the board who didn't ask those types of questions.

Mr. Gordon Feeney: Wait now. If I were the chair of Canada Post, you would learn that I do ask questions and I am tough on governance. And in future there wouldn't be some of the things we've read about in the paper, because minor governance changes can fix many of those things.

Mr. Joe Preston: You certainly would have to agree there's an appearance of the governance not being followed in this case.

Mr. Gordon Feeney: Pardon me?

Mr. Joe Preston: There's an appearance of our not following this procedure.

Mr. Gordon Feeney: I agree. I read the papers too, and now I've heard the debate about it over the last few weeks. I agree, okay.

I'm not disagreeing. I'm just trying to say I can't take personal responsibility for how the nominating committee at the Canada Post board handled this.

I do know what was told to me. I was told the nominating committee had made the recommendation—and I suppose he didn't even have to volunteer that—and that he had made a selection. I listened to it because it was a bolt out of the blue to me. The minister was at a meeting in Chile, and I said, "Look, you're coming back. When you come back on the weekend, call me and I'll tell you where my head's at."

So on a Saturday or Sunday we were able to make connections. I said, "Look, I've thought about it and I'm prepared to do that for you."

The Chair: Thank you, Mr. Feeney.

Mr. Preston.

Mr. Joe Preston: That being said, I'd like to get a commitment from you. Although we've bounced around on this process in your appointment, where will we be on the hiring of the new president of Canada Post? Can I get a commitment from you that we will follow this procedure?

Mr. Gordon Feeney: I was hoping somebody would ask me that.

Mr. Joe Preston: Thank you.

Mr. Gordon Feeney: I can guarantee you we either follow the guidelines that I'm going to ask to have put in print...and I've already told the minister. I told him the other day that the one thing I want on paper is what the official guidelines are, because some of the guidelines we talk about I think were put out last January or February kind of, I'll say, loosely—and I don't mean that unkindly. We need to have on paper what needs to happen, what the process is.

But I can guarantee you that whatever the process is, we will follow it or I won't be the chair going forward, because I do believe in following rules that are put out for this type of public thing. Have no doubt. As a matter of fact, in the case of BDC, we ran ads even longer and in more papers than was requested, because we wanted to be clean on this thing.

The Chair: Mr. Preston, two minutes.

Mr. Joe Preston: Thank you for that commitment. So we will move forward on it.

Mr. Gordon Feeney: I guarantee it.

Mr. Joe Preston: You mentioned also that you didn't take this job under the condition of salary. You were trying to do it for the public good. The job, obviously, comes with some salary. Are there also expenses that come with this job?

Mr. Gordon Feeney: I never asked what the salary was because I knew it wouldn't be much, because of being on BDC. I see numbers in the paper: \$17,000, \$20,000. I presume that's what the retainer for the chair would be. You get paid a sum—and I've never asked what—for your board meeting days and committee days. I'm sure they pay your air fare from Toronto to here, pay for the Chateau for a night, and buy you a meal if it's necessary.

But I think a lot of people are drawing a line between what happened with the president and CEO, because he was at one time the chair and moved over.

• (1150)

Mr. Joe Preston: Wouldn't that be a natural line to draw?

Mr. Gordon Feeney: You can draw the line for that incumbent, but I don't think the line can be drawn to me. I grew up in or lived in an organization for 45 years. You submitted receipts and you got paid for your expenses, and you had guidelines as to what was a reasonable expense. I can guarantee you that while I haven't asked or looked yet, when I look at what the guidelines for travel and entertainment are, they are a big part of governance.

Who approves them is the more important thing.

Mr. Joe Preston: Okay. So you will commit to following the old guidelines too?

Mr. Gordon Feeney: It's always the old one-up, and the chairman of the board should be approved by the audit committee. That's just what I'm used to in my working life. And all the expenses of the board members should be approved, either by the audit committee or the chair. Those things I find as simple governance, things to put in place if they're not in place. I'm not saying they're not.

The Chair: Thank you, Mr. Feeney.

Mr. Boshcoff.

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

First of all, I appreciate your refreshing candour. It's quite invigorating.

Mr. Gordon Feeney: I'm an Irishman from New Brunswick.

Mr. Ken Boshcoff: For those who may not have extensive experience in board selection or board placement, some may feel the best qualified people come from within an industry because they know the language, the esoteric nature of acronyms, and the business itself, whereas it seems in business philosophy and other places, people seek people for boards based on diversity of background so they can bring fresh thinking and new ideas and approaches that are used in other businesses and styles of governance to a board. First of all, do you agree with that perspective in terms of it not being necessary to have been inbred all the way through the system and know only one silo?

Mr. Gordon Feeney: In my view, it is dangerous to only have like-thinking people on a board. I think that's one of the things over the history of boards for many, many years that is changing in recent times because of many things that have happened. My experience with the board at the RBC Group was that we, obviously, had no bankers on the board other than one who was the senior officer in the company, but none of the rest of us. We only had one inside director.

Everybody else was outside and they weren't bankers. They were accountants and lawyers and business people in general and they brought a perspective to the board that one wouldn't have if you grew up within the industry or within the company. So I think it's very important to have complementary type thinking.

In terms of staffing management roles, even there you don't want to have a lot of people or a high percentage from outside, but you do want to have a core of people who have grown up in the company and have the culture and the history of the company and know where the road bumps are that we've run over once or twice before. And after you've hit them a couple of times, it's a good idea to know not to go down that road any more.

So I think there's a need in senior management to bring people in, and I suppose you're coming around to the CEO job.

Mr. Ken Boshcoff: In this part you have actually confined your remarks to the board in general, which was where I was leading.

Mr. Gordon Feeney: Okay, the board in general...I think we're fortunate at Canada Post because I understand we have several vacancies. I think that's good, because in recent years you've had to look at what you are working with in terms of responsibilities and accountabilities and the kind of company or business it is and who is on the board, what are their skills. There's no point in having 10 lawyers or 10 accountants; you need some of each and you need some other business people. That's what can bring a good mix to the board.

The one thing that's very important is to have people on the board who are financially literate and in fact have been trained in accounting and tax issues, because the chair of the audit committee in these days simply must be somebody who has those skills. It is not because they've worked in a bank that they would become the chair of an audit committee or whatever. So the board itself is going to be a challenge because there's a shortage of directors in Canada. There are hundreds of vacancies of directors in various companies. All the mutual fund companies have to form boards and they need several hundred people to form those boards. I think we have four or five vacancies at Canada Post, they told me, and I see that as an advantage rather than a disadvantage.

• (1155)

Mr. Ken Boshcoff: As we understand the general nature of board appointments, does it still apply that someone who is the chair should be from outside, outside the courier, mail, delivery system?

Mr. Gordon Feeney: I don't think that to carry on the responsibilities of the chair of the board you need to know how to deliver mail, so to speak. I know there was a comment in the paper that the closest thing I ever came to doing anything relative to this would be mailing a letter. I was tempted to write to the editor and say my first job in the bank was to do all the backroom mailroom stuff so I have a lot of experience. But no, I think it more important to understand logistics and operational issues and understand human resources. Even as the chair of the board, in my view, my contribution on the boards I'm on is probably more human resources than financial, because it's a thing I spent over 15 years of my career involved in. You can make some terrible mistakes, both hiring and firing, and you can do some terrible things to individuals and families by handling them improperly. It then becomes a big controversy and other people working for the company start to wonder what's going on. I don't want to belabour the human resource part of it, but I simply think it's the most important thing we do.

Mr. Ken Boshcoff: Mr. Chair, how much ice time do I have?

The Chair: You have a minute and twenty seconds.

Mr. Ken Boshcoff: The fact that you've explained in terms of the culture within an organization a bit about promotion and encouraging advancement of staff within the system.... I think you have clearly identified the board very succinctly. I appreciate that.

Would that same attitude or philosophy apply to the senior management? How do you get new people in and how do you refresh the organization?

Mr. Gordon Feeney: For many years, in many of our industries—and the one I grew up in was probably the world's worst at growing everybody from the bottom—it worked out well for those who were ahead of the baby boom perhaps. But in more recent years, all of industry and most companies within an industry have brought in people to.... If you look at many of the top companies in Canada today, the half dozen people at the top running them have not been there as lifers but have come from various places and bring new experiences. I think the same would apply to the post office.

One of the tremendous responsibilities of the board is succession planning at the senior executive level. It's extremely important. In a lot of organizations something happens; an individual leaves or becomes ill or whatever, and they don't have backup. That's when you can get in an awful lot of trouble. I believe very much in the board, and the human resource committee of the board, always being on top of how people are paid and how the succession planning is done. It's a key aspect.

The Chair: Thank you, Mr. Boshcoff.

Mr. Feeney, your time is almost up here. I'd just like to ask a question for clarification.

Earlier, you were asked by a member whether you were aware of the Treasury Board guidelines regarding appointments like your own. You indicated that you were.

Mr. Gordon Feeney: Right.

The Chair: When you were being asked whether those guidelines were followed, you seemed to indicate that you felt no responsibility to check to see if the process had been followed. I just want you to clarify that. Do you or did you feel any responsibility whatsoever for

ensuring that in your hiring or appointment the proper guidelines had been followed?

Mr. Gordon Feeney: I must admit it never occurred to me to ask about a recruitment firm. I was told the nominating committee had made the recommendation and I knew that was the first step in it. But as for a recruitment firm, I must admit, it just never occurred to me to ask. I don't know. I gather now from what I've read in the paper that it wasn't done. But I've seen some very bad hires done when people have purported to have used recruitment firms as well.

But no, I did not ask, as I said before—

•(1200)

The Chair: And you felt no responsibility to ask?

Mr. Gordon Feeney: I suppose if you said to me today, "If you had this phone call tomorrow morning, would you ask?", you bet your bloody dollar I would ask, just because of the conversation we've had. But it just didn't occur to me to ask.

The Chair: But you feel it is important that proper process is in fact followed?

Mr. Gordon Feeney: I truly believe in the process. I have committed to your colleague that at Canada Post, if I'm the chair and when I'm the chair, the process will be followed, or I won't be the chair—guaranteed.

The Chair: Thank you very much, Mr. Feeney. I really appreciate your coming this morning, and I wish you the very best in your job.

Mr. Gordon Feeney: Thank you very much.

The Chair: We'll just suspend for a few minutes as we allow the minister to set up.

•(1202)

_____ (Pause) _____

•(1212)

The Chair: Good morning again. We'll start the second part of the meeting. Today we have the Honourable John McCallum, the Minister of National Revenue, to talk about the appointment of Mr. Feeney as chair of the board of Canada Post Corporation.

Mr. Minister, if you have some opening comments, please make those comments; then we'll get right to the questions. I know there are a lot of questions we have to ask today.

Hon. John McCallum (Minister of National Revenue): Thank you very much, Mr. Chair and committee members.

I appear today to assist you in your examination of the qualifications and competence of Gordon Feeney to perform the duties of chair of Canada Post.

The warmth in this room today may be from the water I am in, according to one of your members, as quoted yesterday by CanWest. I'm confident, however, that from today's proceedings it will be evident that the appointment of Mr. Feeney is one of substance and quality.

The appointment as chair of Canada Post is an important one. Canada Post is a crown corporation of economic and cultural significance to Canadians, and I think it's therefore worth reviewing briefly the nature of this particular crown corporation.

Canada Post is wholly owned by the Crown in right of Canada. Canada Post is listed in schedule 3, part 2 of the Financial Administration Act and as such is a crown corporation that receives no appropriations from the Government of Canada.

I suspect you have been advised that Canada Post is a crown corporation operating in a commercial and competitive environment and as such is expected to earn profits. In carrying out its objectives as stipulated in the Canada Post Corporation Act, Canada Post is expected to conduct its operations on a self-sustaining basis while providing a standard of service that will meet the needs of the people of Canada. If you will, Canada Post functions in a highly competitive world dominated by multinational corporations with very deep pockets and few, if any, regulatory constraints. As a crown corporation, Canada Post is itself subject to specific regulations within a legislative mandate set by the Parliament of Canada.

Canada Post is a major crown corporation. In terms of consolidated revenue, it ranks 40th among Canadian businesses. It is the seventh-largest employer in Canada and one of the top ten employers in every province. Per its last annual report, Canada Post's consolidated revenues reached \$6.3 billion. Its cost of operations for the same year was \$6.2 billion. In achieving a profit for the year 2003, Canada Post did so with a staff of approximately 70,000 full- and part-time employees.

Canada Post achieved its 2003 profit while also posting—please excuse the pun—an on-time service performance score of 96.6% for letter mail in all of Canada. It does this while maintaining letter mail rates that are second-lowest in the industrialized world. As an economic force within our country, Canada Post spends \$2.8 billion annually on goods and services, thereby creating 30,000 additional jobs, primarily in the transportation and communications sectors.

Canada Post is of interest and importance to all Canadians, and the Government of Canada wants to ensure that its operation is of the highest calibre.

In the 2000 report of the Auditor General of Canada, governance of crown corporations was the subject of its own chapter. The Auditor General there, as you are doing here, focused upon appointments to crown corporations. The Auditor General stated:

Boards of directors of Crown corporations need to be strengthened. They...lack... key skills and capabilities that are needed to function effectively and to carry out their important responsibilities under the Financial Administration Act for the affairs of the corporation.

I am in complete agreement with that statement.

•(1215)

[Translation]

The Auditor General at the time, Mr. Denis Desautels, noted the following in his report:

Boards of directors also need to be more engaged in the selection of their chairs...

I fully agree with that statement. The AG had also noted in his report that Crown Corporations were distinct legal entities wholly owned by the government.

Here is what he said: A board of directors oversees the management of each corporation and holds management responsible for the corporation's performance.

The AG went on to say this: It is therefore in the government's interest to appoint strong boards of directors.

I also concur fully with that statement.

Mr. Desautels, whose report was highly praised by the newly appointed Auditor General, Mrs. Sheila Fraser, was of the opinion that The government needs to appoint strong boards, allow them to do their work [...]. Given the pivotal role of the board of directors in governing a Crown corporation, we looked for timely appointments of qualified directors who met the requirements of both the government and the corporation.

The AG's words, which I recall quite well, aptly describe Mr. Feeney's appointment. In that very same report, the AG made the following recommendation: The government should ensure that it consults with boards of directors of Crown corporations on chair selection and appointment.

As the Minister responsible for the Canada Post Corporation appointed on July 20 of this year, I took Mr. Desautels' words to heart when it came time to select Mr. Feeney.

Among other things, the Canada Post Corporation Act stipulates that the corporation will have a board of directors headed by a chairman. The Chairman of the Board is appointed by the Governor in Council, pursuant to section 7 of the Act. Provision is also made for the appointment of the Chairman in section 105(6) of the Financial Administration Act which stipulates that (6) Before an officer-director of a parent Crown corporation is appointed, the appropriate Minister shall consult the board of directors of the corporation with respect to that appointment.

I therefore complied with these two acts, that is I consulted with the board of directors and the nominating committee to find out who they had selected.

As you may no doubt have noticed, the fact that the Canada Post Corporation has a nominating committee is in keeping with a Treasury Board requirement. The proper procedure for Crown corporations to follow when making appointments of this nature was spelled out in a press release issued on March 15, 2004. The President of the Treasury Board subsequently released a more detailed letter on the subject.

[English]

With particular reference to what Canada Post had been instructed, I can refer you to the letter from the President of the Treasury Board to Canada Post dated April 23, 2004, from which I now quote: "In undertaking its work, the nominating committee will need to rely on rigorous processes involving the use of a professional recruitment firm where appropriate." The president continues in his directions to the corporation, and I quote again: "In the case of the CEO and chairperson, the positions would normally be advertised in *The Canada Gazette* and national newspapers."

• (1220)

The difficult position Canada Post found itself in was that the president and CEO of the corporation had resigned and the chair of the board had made it known that she was going to step down. The combination of these two realities made the words of Auditor General Desautels prophetic. Mr. Desautels' view that his office looked for, and I quote, "timely appointments of qualified directors" was met by this particular appointment.

The realities of the day and the precise and meaningful language of the President of the Treasury Board's directions to the crown corporations were followed.

I'm pleased to be able to confirm that it was only after the legislated mandate I have to consult with the board of directors that Mr. Feeney's appointment was made. I can assure you that I was very prepared to accept the board's recommendations for nominees, which I did, and as responsible minister I chose Mr. Feeney from their recommendations.

The last step set out in the President of the Treasury Board's release, and perhaps most importantly his letter to crown corporations, is of course pertinent to my appearance here today. In the letter to crown corporations, the president states with reference to the nominating committee recommendations:^{Based on this list, the minister will make a recommendation for appointment. The appropriate parliamentary committee may then review the candidate recommended by the minister.}

The Chair: Mr. Minister, if I could, I'm sure you were instructed by the clerk that you would be allowed ten minutes for opening comments. We're going to go to questions. If you want to wrap up in thirty seconds, please do.

Hon. John McCallum: Thank you, Mr. Chair. I wasn't aware that I was informed of that, and I have just about one minute left, if I may proceed.

The Chair: That's great, Mr. Minister. Go ahead.

Hon. John McCallum: Thank you, Mr. Chair.

It's here that we now find ourselves. As I stated in the House, in keeping with these directions we are now before you. I cannot resist pointing out to my colleagues that our Standing Orders codify this process that has always been available to you.

I refer to Standing Orders 110, 111, and 32. This appointment was gazetted on October 16, 2004. I submit that the requirements in those Standing Orders for presenting to the committee have been complied

with, which underscores this government's respect for Parliament and for parliamentarians.

In accepting the nomination committee's recommendations and selecting therefrom, I am impressed with not only the nominations they provided but I take comfort from the fact that the committee clearly complied with the Auditor General's view of the type of person who should be chair of a crown corporation, given the responsibilities to be performed.

Having heard from Mr. Feeney yourselves this morning, I am sure that you agree that his qualifications for appointment as chair of a corporation as significant to our economy and country as Canada Post are more than suitable. Mr. Feeney's competence, I believe, cannot be questioned. Our modern corporations in a complex and competitive world require such skills and abilities.

The dichotomy facing crown corporations where they act as private sector operations yet are directly under legislative control requires the high levels of experience and competence that he commands. Mr. Feeney's knowledge of corporate affairs and his considerable experience in matters of human resources point to exactly the type of chair who will serve the Canada Post Corporation with distinction.

No one can accuse Mr. Feeney of lacking the key skills and abilities needed to ensure the effective functioning of the corporation's board. Mr. Feeney's experience will ensure that responsibilities—fiduciary and otherwise—are met.

The appointment of Mr. Feeney will lead to the strong board that both the Auditor General and the President of the Treasury Board are seeking.

I've outlined for you matters that I believe you should take into account regarding this appointment, and I look forward right now to responding to any questions you may have.

Thank you, Mr. Chair.

• (1225)

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

This is a new witness. We'll start with a new round of questioning.

Mr. Pallister, seven minutes, please.

Mr. Brian Pallister: Thank you.

Good afternoon, Mr. Minister.

In the wake of the sponsorship scandal, if we've learned nothing else, hopefully we've learned that rules matter. It isn't evident in the appointment of Mr. Feeney that this lesson was learned.

In the period following the sponsorship audit done by the Auditor General's office, it was made eminently clear that there were issues of dysfunctional governance to be addressed. The government—and the Prime Minister at that time in particular—spun the communications arm into action and made large pronouncements about how this would be addressed. For example, the Prime Minister said, "No longer will the key to Ottawa be who do you know. We are going to condemn to history the practice and the politics of cronyism."

Subsequent to his comments, Treasury Board put out clear guidelines, which state, "A professional recruitment firm will be engaged." There are no weasel words associated with this pronouncement, sir, just a few short months ago. It also says: "In addition, public advertisements will be posted in newspapers and in the *Canada Gazette* for all openings." These were pronouncements that were made by the government that we agreed with and supported at the time.

What we do not support is a lack of integrity inherent in not keeping your word. When you make these pronouncements and you make a great effort to communicate them to the Canadian people and then you do not follow them, sir, I think you can understand that it's difficult to place much faith in the integrity of those who are supposed to be enacting these rules in the best interests of Canadians. If you do not enact these rules and follow them properly at Canada Post, with the problems well publicized as a result of the Deloitte Touche audit, which was belatedly released in July, then it boggles the mind which department of government you might not mess with when it comes to fooling around with the rules.

My concerns here are based largely on your inaction, and certainly in a broader sense on the inaction of your government. First, you could have released the Deloitte Touche interim report. It was available: it was done prior to the federal election. You delayed it. You made a choice not to do that. You could have fired André Ouellet once the wrongdoing was exposed by the Deloitte Touche report—and much earlier, when it was exposed through the Auditor General's report. You did not. You could have asked for receipts from Monsieur Ouellet. All these comments relate to the governance of Canada Post, and that is what we are here to discuss today.

Finally, you now tell us there's an audit being done on André Ouellet's expenses, but it's not going to be made public—

The Chair: There's a point of order.

Mr. Szabo.

Mr. Paul Szabo: Respectfully, Mr. Chairman, we're here to review the appointment of Mr. Feeney. Although I understand the concern or the interest in Mr. Ouellet, it is not what members were prepared to come to deal with, because that's not the order of reference today.

The Chair: I believe it is relevant, so please continue, Mr. Pallister.

Mr. Brian Pallister: Thank you very much.

Of course we're talking about the rules associated with the governance of Canada Post here. If we're not concerned with the broader application or lack of application of those rules, we certainly should be.

The fact of the matter is, sir, you have just described to us the rationale for not following the rules. That's fine. You can choose to defend the breaking of the rules as you wish, but Mr. Feeney himself acknowledged this morning that those rules were broken.

The fact is that those Treasury Board guidelines were sent out to every department, and they were to effect—and I quote from this again—the appointments were to effect "a new, merit-based appointment process for chief executive officers, directors and

chairs of crown corporations, which includes a parliamentary review".

We're doing the parliamentary review after the fact. We all know that this is a symbolic effort that has little meaning at all. The fact is we're doing it on the basis of the rules being broken in virtually every other category that was promised by this government.

So let me ask you, sir, who gave you permission to break these rules?

• (1230)

Hon. John McCallum: Mr. Chair, I have no objection to answering questions not directly related to Mr. Feeney, because I think the government behaved appropriately.

Mr. Ouellet, as you know, submitted his resignation, which I accepted, and as is quite uncommon in such matters received no severance pay. That's very unusual, and that was the case.

With regard to the receipts, as I have pointed out to the honourable member before, as recently as September 21 the chair of the board wrote to Mr. Ouellet to request that these receipts be given to Canada Post.

In addition, I have been told by Canada Post that a special-purpose audit is being undertaken of all the expenses surrounding the president's office since the year 2000.

I believe those actions indicate that actions are indeed being taken on this matter, which the member says is important and I agree is important. The proof of it is that actions are taken and continue to be taken.

With regard to the issue of the appointment of Mr. Feeney, which I think is the primary concern of this meeting, I would focus on process, on timeliness, and on the quality of the candidate.

Let me go in reverse order. On the quality of the candidate, you've just spent an hour or so with Mr. Feeney. I believed, the board believed, and the nominating committee of the board of Canada Post believed that he was competent to carry out his duties.

Mr. Brian Pallister: With all due respect, Mr. Minister, the issue you are addressing is not one I have raised here. I have asked you the question, who gave you permission to break the rules, and you, for the last few minutes, have said nothing about it. I have asked you who gave you permission to break the rules.

Mr. Paul Szabo: Let him answer.

Mr. Brian Pallister: I'm trying, but he's not talking about anything I have asked.

Hon. John McCallum: Mr. Chair, with all due respect, there were a number of questions—

Mr. Brian Pallister: No, there was one question, sir.

Hon. John McCallum: —embodied in the member's comments, so I am giving him an answer as to why we proceeded the way we did.

Mr. Brian Pallister: In no part of my preamble have I asked for you to address credentials of the designated appointee.

Hon. John McCallum: The first point I would make is if any member of this committee—

The Chair: Order.

Hon. John McCallum: If any member of the committee believes Mr. Feeney to be incompetent, then they should let me know, because I have committed to listening to this committee very seriously. You have just heard him. In terms of substance, if you don't believe him to be competent, I would like to know, because I take seriously the—

Mr. Brian Pallister: Mr. Minister, again it bears repeating, sir, I have not at any point questioned his credibility. It's yours I'm concerned with today.

I don't appreciate this verbosity around the topic. I asked you a straightforward question: who gave you permission to break the rules of appointment in Mr. Feeney's case? You are skirting the issue, sir.

Hon. John McCallum: I take it, then, that you judge Mr. Feeney to be competent for the job.

Mr. Brian Pallister: I judge you to be incompetent to answer a straightforward question, sir, if you continue to digress as you have. I ask you again. This is a quote from your leader, the Prime Minister: We have made it very clear that the government will ensure that every single piece of information and every fact on this matter are made public as quickly as possible.

You claimed there's an audit being done on André Ouellet's expenses. Will it be a public audit, sir?

Hon. John McCallum: Now you see, Mr. Chair, we have another question. It is not a single question.

Mr. Brian Pallister: Will it be a public audit?

The Chair: Allow the minister to answer.

Mr. Brian Pallister: Well, I'm asking straightforward questions. I'd appreciate a response.

The Chair: Mr. Minister, would you answer the question?

Hon. John McCallum: I am happy to answer the questions, but I think you'd agree, Mr. Chair, the questions have been multiple.

With regard to that last question, audits are not public. There are privacy rules in this country—

Mr. Brian Pallister: The Deloitte Touche audit, sir, is a public audit.

Hon. John McCallum: There is an Income Tax Act, and when an individual—

• (1235)

Mr. Brian Pallister: The Deloitte Touche audit is a public audit. The Auditor General's office was doing a public audit of the sponsorship scandal. Audits can most certainly be made public.

Hon. John McCallum: Mr. Chair, I am referring to audits by the tax authorities. I am subject to the law and the privacy regulations, and it is not within the law for me to release individual tax audits. I am obliged to obey the law. That is the answer to that question.

With regard to the other question, regarding the process for engaging Mr. Feeney, I have already spoken to his competence, so I will speak now to both his competence and the process, which is the question you asked.

The Chair: You'll have to do that later. Our time is up here.

Our next questioner is Madame Thibault.

[Translation]

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Thank you, Mr. Chairman.

Minister, I would like a yes or no answer to my first question. I haven't had a chance to put the question to him directly, but can you tell me if Mr. Feeney is bilingual?

Hon. John McCallum: I would have to say that he is not. I believe he does speak some French. However, as to whether is he “bilingual”, strictly speaking, I would have to say no.

Ms. Louise Thibault: Would you say that he is as bilingual as you are?

Hon. John McCallum: No, he is not as bilingual as me.

Ms. Louise Thibault: While we're on the subject of transparency, I have a question about the appointment process in general. I won't get into the whole question of Mr. Feeney's qualifications.

Would you agree with me that this process and that the Treasury Board rules mentioned earlier were not followed?

Hon. John McCallum: I described the process that was followed, including the letter from the President of the Treasury Board describing how a firm should be retained, and so forth. In this particular instance, I believe we were facing an emergency of sorts, since the Canada Post Corporation was without a President and was about to lose the Chairman of its Board of Directors.

As I stated in my opening remarks, I believe we followed the correct procedure and that, under the circumstances, the situation was urgent, given the problems associated with Mr. Ouellet and the importance of the Canada Post Corporation to Canada's economy and to Canadians.

Ms. Louise Thibault: Minister, since emergencies or sudden departures can often occur — I won't comment on why people suddenly disappear from the scene — in the spirit of good governance, how will you ensure, as a member of Cabinet, compliance with the process set out by your government? Otherwise the process will be trivialized and the public will become more cynical than ever. We need to know if these are important criteria that must be observed or whether we're going to hear arguments about the urgency of the situation on a regular basis.

Hon. John McCallum: As you know, Treasury Board is currently reviewing Crown corporation governance. The review is still ongoing, but as soon as the work has wrapped up, we will have very concrete rules in place governing appointments of this nature.

In so far as selecting the Chair of the Canada Post Corporation, a position that comes with an annual salary of \$300,000, not \$17,000, I will keep a very close eye on the rules that will be set out, further to the as-yet completed review of Crown corporations.

•(1240)

Ms. Louise Thibault: I'm very concerned about your last statement, Minister. Correct me if I'm wrong, but you appear to be saying that governance is more or less important, depending on the money involved. Whether the person being recruited earns \$17,000 or \$300,000 per year, the same governance principles apply. I trust you'll agree with me on that point. The integrity of the process is not a matter of dollars and cents.

Hon. John McCallum: I agree with you. As I stated in my presentation and in response to questions, the process followed in this instance was appropriate. We will be receiving shortly the report on Treasury Board's review and we will abide by its findings when the time comes to appoint a future Chair.

Ms. Louise Thibault: Earlier, Mr. Feeney undertook, as...

Hon. John McCallum: He has yet to take up his duties.

[English]

He begins his duties. He takes up his duties....

[Translation]

He will attend his first board meeting either tomorrow or the day after that.

Ms. Louise Thibault: If you'll allow me to finish my question, Minister, Mr. Feeney stated that if his appointment was confirmed, he would undertake, as part of his duties, to ensure that the appropriate selection process was in place. As my colleagues can attest to, his statement was unequivocal.

Can you give us the same assurances? Can you us your commitment for the future?

Hon. John McCallum: If I understood you correctly, as I just said, in the case of the chairman, who has yet to take up his duties, I will abide by the findings of the Crown corporation governance review study which have yet to be tabled. I will comply with the findings when it comes to making appointments in the future.

Ms. Louise Thibault: Therefore, you're prepared to abide by the main rules whereby persons are recruited on the basis of overall merit.

Hon. John McCallum: I've already done so.

Ms. Louise Thibault: Very well then. Thank you.

Hon. John McCallum: I've already done so. I have not received any complaints about Mr. Feeney's qualifications. In my estimation, he is qualified to hold the position of Chairman of the Board of Directors.

[English]

The Chair: Are you finished, Madame Thibault?

[Translation]

Ms. Louise Thibault: Yes, thank you. My colleague has a question to ask.

[English]

The Chair: The next questioner is.... Go ahead, you have about a minute.

[Translation]

Mr. Robert Bouchard: Mr. McCallum, the Prime Minister announced in March of 2004 that henceforth, nominations to Crown corporations or to the Supreme Court of Canada would first be reviewed by a parliamentary panel.

Do you see anything contradictory between your decision and the Prime Minister's statement?

Hon. John McCallum: No. Mr. Feeney just left. He was here today for the parliamentary review. As I've stated repeatedly, if the committee has any problems or complaints, or feels Mr. Feeney isn't qualified, then I'm prepared to listen. I haven't received any complaints, but if you have any, I'm open to hearing them.

Mr. Robert Bouchard: I'm talking about appointments. Our parliamentary committee is meeting this morning. Appointments as such must be reviewed by a parliamentary panel. The process is somewhat different.

Hon. John McCallum: Slightly different, I agree, but as I was just saying, Mr. Feeney was here and he answered your questions. As I see it, the issue was whether or not he was qualified for the job. As I also said earlier, a sense of urgency prevailed. As former Auditor General Desautels said, someone needed to be appointed quickly given Canada Post's status as a major corporation and Mr. Ouellet's rather sudden departure. Moreover, the Chairman of the Board of Directors...

[English]

The Chair: Thank you, Mr. Minister.

The next questioner is Mr. Szabo.

Mr. Paul Szabo: Mr. Chairman, it's my understanding the minister has to leave at one o'clock. Can we have the minister till 1:30?

•(1245)

Hon. John McCallum: One o'clock was the arrangement.

Mr. Paul Szabo: In that case, Mr. Chairman, I'll get right down to the question, because I know Mr. Martin would also like to have an opportunity to ask his full series of questions and I think that is only appropriate.

First of all, Mr. Minister, from the review of Mr. Feeney earlier today, there is absolutely no question with regard to his credentials and the propriety of his nomination for this position, and I think we're very comfortable with that. It is a matter of process.

There are four items in the criteria. The first one relates to how the nominating committee will be struck, etc., and how they shall do certain things. That is the responsibility of the nominating committee.

The second one is with regard to them engaging a professional recruitment firm. The letter you read said "where appropriate". The documents quoted by Mr. Pallister said "will". There's a little confusion there, but notwithstanding, that is the responsibility of the nominating committee, I understand.

The third item says the nominating committee will make recommendations, and that is also the responsibility of the nominating committee. Your responsibility in all of this stuff is to make a selection or to ratify the recommendation. The last item, the appropriate parliamentary committee...it says you had indicated, "may be consulted". You also refer to Desautels' recommendation about timely appointments, but Mr. Pallister's was "will".

So there is this "may" and "will". These have to be clarified in terms of the process, because if, for example, we were going to engage a professional recruitment firm for the chair's position, which is \$17,000 a year, it would probably cost \$100,000, if not more, to have a professional firm. This also applies to board members. I understand there is a large number of vacancies on the board of directors. We'd have to spend the same money on them. It doesn't seem to make a great deal of sense to say you "shall" do it. I tend to think it would be better business sense for the government to say "where appropriate".

I wonder if you could comment on both sides.

Hon. John McCallum: Thank you, Mr. Szabo.

I'm glad to hear there's not a question regarding the competence of Mr. Feeney, which is, after all, the nub of the issue. But process is also extremely important, and you are correct in saying that the letter that was directed from the President of the Treasury Board to the Canada Post Corporation contained words such as "where appropriate" and "normally". I believe that the process we followed was appropriate. I think timeliness is important. Madam Thibault questioned whether governance may be just as important with a low salary as a high salary, so I'm not sure about your point about money, although as chair of the expenditure review committee I am conscious of financial matters.

The main point I would make is that here we had a person recommended with enthusiasm by the nominating committee of the board, a person who I judged to be competent, a person who has today appeared before this committee and nobody on this committee has judged him not to be competent. Certainly, if you follow my description of the act and the Auditor General and the letter from the President of the Treasury Board, I think we followed an appropriate process. At the same time, the result was good, in that we have a timely appointment of a chair of Canada Post who can lead that corporation forward in terms of both the selection of the president, which is a critical task, and strengthening the governance of the board, which is a critical task.

So the time has come to get on with that job and to lead Canada Post forward into the future, and I believe that Mr. Feeney, as chair of the board, is an excellent candidate to lead that operation.

Mr. Paul Szabo: I'll pass now.

The Chair: Who's up next? Mr. Martin, seven minutes.

By the way, I want to clarify this: Mr. Szabo referred to the minister leaving at one o'clock. In fact, we've got an agreement with the minister to stay longer if necessary, and certainly for at least the amount of time he was late.

Mr. Martin, seven minutes.

Mr. Pat Martin: Thank you, Mr. Chair.

Mr. Minister, of all the questions I could ask you, one keeps coming to my mind. It's simply this: what were you thinking when you appointed Feeney on September 30, and we committee members had to find out about it in the newspaper? It just boggles my mind that after all we've been through as a country with scandals and breach of trust, the crisis of confidence that Canadians now have in their institutions, and the breaking of rules willy nilly by the Radwanski affair and the various Guité's of the world, how could it be that when new rules are put in place you would choose to bypass them?

I honestly expected you to come here before this committee with some *mea culpas* and to say simply, "Look, in the haste of trying to fill this position, we got carried away and reversed the order of things", etc. Instead you've been making technical arguments how it's really not that bad that you broke all the rules.

Well, I'll tell you what's wrong with it as I see it. The optics are so terrible that it looks like you appointed your old buddy from your old job. The sensitivity of this is that his first task is going to be reviewing all the scandals of Ouellet, Canada Post's role in the sponsorship scandals, and going over Ouellet's millions of dollars in expenses. That's a pretty sensitive job, where we want a completely impartial and new person; yet it looks like you bypassed all the rules to appoint your old buddy by, as I said before, some kind of a secret handshake connection. That's exactly what's rotten about things in Ottawa, and that's exactly why they put new rules in place.

I ask again, what were you thinking? Why would you miss this opportunity to try to restore the public's confidence in how we do things in Ottawa?

● (1250)

Hon. John McCallum: In the interest of not repeating everything I said earlier, I'll focus on two aspects of your question. First is your statement that members of this committee read about it in the newspapers. That may be true for some members of the committee, but certainly it is the case that before this was announced or decided upon, my office contacted each of the three opposition party critics. Now, in the case of your own party, there was some confusion as to who the critic was. We telephoned two members in your party, and neither got back to us, so the NDP might not have heard before the announcement. But certainly in the case of the Bloc and Conservative parties, I spoke directly to the critics. So it's not the case that we didn't make an effort to contact every party in advance of the announcement.

Mr. Pat Martin: That actually is making it worse, Mr. Minister. Then it doesn't mean it was just an oversight that you failed to come to Parliament first, but that you took active steps to break the rules associated with the appointment of new officers.

Hon. John McCallum: Without commenting on the premise and the editorial content, let me deal also with your point that this has the appearance of my appointing my buddy. Well, I disagree with that entirely. First of all, the recommendation was made to me by the nominating committee. They proposed the name to me; I did not propose the name to them. Yes, I had known Mr. Feeney in a working relationship in the time I'd been at the Royal Bank. I think he pointed out that we'd seen each other twice, by chance, since I left.

The basic point has to do with the competence of the individual.

Mr. Pat Martin: No, it has to do with the optics to Canadian citizens.

Hon. John McCallum: I think if a person I happen to know in some professional or casual capacity is ruled out by definition—

Mr. Pat Martin: And for whom you broke the rules to appoint.

Hon. John McCallum: I'm addressing the buddy issue. If you'd let me finish my answer... First of all, he was named to me; second, this committee appears to have judged that he is competent; and third, my acquaintance with him was in a purely working capacity.

The final point I might make is that he is trying to give something back to the country, as he made clear in his testimony.

I think he is entirely competent to do the job.

The Chair: Mr. Minister, I believe you've answered the question.

Mr. Martin.

Mr. Pat Martin: Mr. Minister, what I was getting at is the optics are terrible, frankly, in what you've done here. When you add both of those things together, that it looks like he's an old friend and you've bypassed the rules to put him in this incredibly sensitive position, given what's just happened at Canada Post, it looks like you've carefully planted somebody known to you, an old friend, in a position during this sensitive period for Canada Post.

I have to think it's a terrible missed opportunity, because we could have tried to address some of the damage done, in terms of the public's confidence in their institutions and in their government, through this whole sponsorship mess and through the other breach of trust issues. Hiring is certainly one of them. I still haven't heard you say that you even regret that it's all come to this. I wish you'd come to this committee and told us something like that.

• (1255)

Hon. John McCallum: I think it's a very good outcome. I think Mr. Feeney will do a fine job as chair of the board. I think what we need in Canada Post is a strengthening of the governance. I think he has the experience and the qualifications to carry out that task, and I think we need to move quickly to find a new president and CEO. I think it's time to get on with the job, and I have confidence—and from the sound of it, I think this committee has confidence—that Mr. Feeney has the appropriate background to carry on those tasks, which are important for Canada Post.

Mr. Pat Martin: You've made a mockery of the process here. I guess that's what it boils down to. Notwithstanding that you might think Mr. Feeney is a good guy and a good guy for the job, you have missed an opportunity here by making a mockery of the process by breaking all the rules. Breaking all the rules was part the Auditor General's criticism in her famous audit. Here we are breaking all the rules again at this late date. It just boggles my mind.

The Chair: Thank you, Mr. Martin. You're out of time.

A short response, Mr. Minister?

Hon. John McCallum: No, thank you.

The Chair: Okay.

Mr. Pallister, seven minutes.

Mr. Brian Pallister: I think the sad message I'm getting from your comments, Mr. Minister, is that you seem to believe that a happy ending makes it irrelevant what the story was up to that point in time, that “the end justifies the means”, to quote a former prime minister. That is the very essence of the number of problems that your government has faced in terms of these allegations of corruption and so on.

So it seems again that the lessons that should have been learned as a consequence of the run-up to this, and that it appeared the government had learned when it made the great promises about cleaning up the process, have not been learned at all. So saying that Mr. Feeney's a great fellow, not a friend, not a close friend, not a buddy or anything like that, but just a real good, qualified guy just doesn't cut it, sir. When the process that your government committed to following is not followed, something is wrong, something's amiss. It begs the question, how much further will you go to backslide on this issue?

You raised the point about the audit that you're talking about as necessarily being private, and I think there's a fundamental problem with that. This was the audit of the president's office in terms of this \$2 million of some lavish expenses, certainly, and travel incurred by André Ouellet—\$2 million, approximately \$1,500 every working day run up in expenses. You say the previous chair asked for the receipts and didn't receive them and that the request is now in writing. Mr. Ouellet, in his defence to you prior to his decision to resign, claimed the taxpayer was getting great value for all that money, but shouldn't the public be the judge of that, sir?

This is public money expended by the president ostensibly for the public good. This isn't a confidential issue of personal dollars being spent. If it was, it would be an issue of fraud and tax evasion, and you'd be complicit in it if you didn't require that this audit be public, I would think, because you would be rightfully accused of being part of covering it up. The fact of the matter is \$2 million—this much we know so far—was spent by Mr. Ouellet without receipts, and that money was paid to him for unproven expenditures.

When he came to you to resign, did you not raise the issue with him? Did you not ask him to come forward with the receipts, to be open and transparent with this information, as is the commitment of your Prime Minister and certainly one we should all be interested in? Did you ask him to put the receipts out on the table?

Hon. John McCallum: I believe that my actions have to be consistent with the law of the land. This is sometimes inconvenient. Sometimes one might wish one could do something that was contrary to the law of the land, but we live in a country based on laws. So whether I like it or not, whether you like it or not, I'm not permitted to do anything that is unlawful.

• (1300)

Mr. Brian Pallister: Such as ask for receipts to be tabled, sir? Are you implying that's against the law?

Hon. John McCallum: Such as making tax audits public, which is what you asked me to do. The actions that have been taken indicate the resolve to get to the bottom of this but in a manner that is consistent with the law of the land. I think the kinds of things that you are suggesting are not consistent with the law of the land.

Mr. Brian Pallister: But, forgive me, sir, you are choosing to single out a tax audit. There are numerous other audits available to you, such as the Deloitte Touche audit, the sponsorship audit done by the Auditor General's office, that could shed light on this to the public's satisfaction, that could restore some sense of faith that we have a tax system that applies to all of us and not just to some of us. You have ample opportunity to shed light on this issue, as was the commitment, again, of your Prime Minister. Why are you choosing to hide behind a tax audit?

The Chair: Excuse me, Mr. Pallister; we have a point of order.

Hon. Diane Marleau: This meeting is not supposed to be about what happened with Mr. Ouellet. This is to talk about the appointment process of the chairperson of the board of Canada Post. That was my understanding.

The Chair: But, Madam Marleau, I do believe it's relevant because of past events that do relate to this appointment. Please let Mr. Pallister go ahead.

Mr. Brian Pallister: Thank you.

I'll ask the minister to respond.

Again, you have other options, sir, as you well know, that you could use to give the public the advantage of having an understanding of what happened to their money. Why not choose those options?

Hon. John McCallum: Two actions have already been taken that are strong actions within the law, and they reflect the determination of the government. There may be further actions, again consistent with the law, depending upon the response of Mr. Ouellet and the advice of lawyers as to the legal situation before the government.

The point I would make, Mr. Chair, is the fact that the chair of the board has recently requested one more time the receipts and the fact that a tax audit is ongoing indicates that efforts are currently under way to get to the bottom of this issue. And I'm not ruling out further efforts in the future.

Mr. Brian Pallister: Just to get your certainty, sir, as to the issue of transparency, you're saying it's not possible to be transparent on this issue. I have a couple of concerns.

First of all, it's unprecedented that a Minister of Revenue would also be having an audit done on another department for which they are responsible. We've gone back over 50 years and can't find a case where a Minister of National Revenue has actually been in that situation. Do you understand how that might create the impression that you weren't really that interested in getting to the bottom of this issue? Given the fact that you are both the Minister of National Revenue and minister for Canada Post, you are in fact the audited and the auditor.

Hon. John McCallum: Mr. Chair, the member seems to be putting himself into a position of blatant contradiction. In his last question he asked me to break the law—

Mr. Brian Pallister: Not at all.

Hon. John McCallum: —and make the audit public, and in the next question he asks whether I as revenue minister got to go so far as to make public the existence of the audit.

Mr. Brian Pallister: I never asked you to break the law. I'm asking you, sir, if you acknowledge that you're in an undeniable state of conflict.

Hon. John McCallum: I'm not in a state of conflict, so I don't acknowledge that. I was told in my capacity as minister responsible for Canada Post that this audit was going on. So I was able to release this information to the public in my capacity as minister responsible for Canada Post.

In my capacity as Minister of National Revenue, I probably would not have been allowed to release that information, but as the person responsible for Canada Post, Canada Post can tell me whether or not they are being audited, and then I in that capacity can make it public. I do not think there is any conflict there.

Mr. Brian Pallister: As long as part of you knows what's going on and the other part doesn't, you're okay.

Hon. John McCallum: The two parts of me communicate with each other quite well.

The Chair: Thank you, Mr. Minister.

Mr. Minister, can you stay around for a few more minutes?

Hon. John McCallum: The agreement was for one o'clock. I can stay for five more minutes, if that would be agreeable.

● (1305)

The Chair: The issue that seems to come up again and again here is the issue of whether proper process was followed. I would ask you if you would be willing to present in writing to this committee step by step.... You're familiar with the announcement of these changes to Treasury Board rules that were presented by Mr. Alcock, the President of the Treasury Board, on March 15, 2004. They're laid out there, the new rules for appointments like this. Would you respond in writing on each step that's laid out in that process and whether you feel it was followed or not, and in cases where it wasn't, your explanation for why it wasn't? Would you do that for the committee, in writing, Mr. Minister?

Hon. John McCallum: If it is the wish of the committee, I could. I'm not sure it would add a great deal to the extensive introductory comments I made, which referred to that document and to the letter from the President of the Treasury Board to Canada Post. If you wish, I can take you through the process yet another time right now, but if it is the wish of the committee that I provide further written documentation, I would oblige, yes.

The Chair: I really believe it would help clarify this matter, if you could do that, Mr. Minister.

Hon. John McCallum: I will do that.

The Chair: Thank you. I appreciate that.

To the Liberals.... Is there no Liberal member here?

Hon. John McCallum: Mr. Chairman, would it be all right if it were just for five more minutes? Because I do have other commitments.

The Chair: Okay, for five minutes, Mr. Scarpaleggia.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): I'll keep it brief, Minister.

Mr. Martin mentioned that the issue is all about optics, but I think we have to look at the substance of the matter as well, and that's what this committee is for—to deal with substance and to uncover facts.

The credibility of Mr. Pallister's earlier comments rests greatly, it seems to me, on his reading of the letter from the Treasury Board to the Canada Post Corporation. In line with the comments you made, Mr. Chair, I was wondering if the minister could table that letter with the committee. It would help us determine as a committee where the credibility lies on this particular issue.

Second, to ask somewhat of a tangential question, because the focus of this committee is on good governance in the interests of the Canadian taxpayer, could the minister comment very briefly on the situation that existed within the board of Canada Post in terms of the vacancies? Could he give his view of what it meant to have what sounds to me like a basically rudderless ocean liner, and his view of the sort of impact that would have had on the performance of the Canada Post Corporation and ultimately on the interests of the Canadian taxpayer?

Hon. John McCallum: Thank you very much, Mr. Scarpaleggia.

I have two points. Yes, I will table with the committee the letter from Mr. Alcock to Canada Post regarding the process, in which, as I stated, words such as “normally” were used.

Second, I think your second point speaks to my sense of urgency. It's not urgency in the sense of desperate urgency, but here we have a very large corporation that lost its CEO under troubling conditions, and whose chair of the board had announced that she wanted no longer to continue. I think there's a sense of urgency that we get on with the job of running Canada Post. Well, it's running, but it doesn't

have strong leadership at the top; so we need the chair to carry out the process of selecting the CEO.

I believe the process we followed was appropriate, but my decisions were also informed by a sense of timeliness to get on with the job to have a strong chair and a strong CEO and a strong board of this most important crown corporation.

The Chair: Are you finished, Mr. Scarpaleggia?

Thank you very much, Mr. Minister, for coming today.

We will have another witness come before the committee, and that's Mr. Ritchie, who is head of the nominating or appointment committee. We look forward to that.

Mr. Minister, you've expressed a sense of urgency here, so if you could get to the committee quickly the letter explaining the Treasury Board guidelines and where they were and weren't followed, and the reasons for that, then we can end our review of the appointment more quickly.

Thank you very much, Mr. Minister, for coming.

● (1310)

Hon. John McCallum: Thank you, Mr. Chair.

The Chair: We look forward to that response.

Hon. John McCallum: I will move expeditiously.

The Chair: Thank you.

Hon. John McCallum: Thank you.

The Chair: The meeting is adjourned.

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