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Mr. Leon Benoit

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• (1540)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): I call the meeting to order.

We will proceed with the business of the meeting by welcoming some new members to the committee. I'll start with Christian Simard for the Bloc. Welcome to our committee. We're delighted to see you here and look forward to your participation. For the Conservative Party, we have Mr. Gary Lunn and also Mr. Pierre Poilievre. He has been a long-standing member, but he hasn't been a permanent member of the committee. He is now a full member of the committee, and we're delighted that's the case.

I wanted to do that first. Before we get into today's business, we have the subcommittee report on agenda and procedure, which should be approved before we go ahead, because that report, of course, has to be agreed to by the committee before we carry out the business of the committee.

What I'd like to ask is for us to just go ahead and deal with this either later today, if we have time, or at the next meeting, which is on Wednesday. I believe we'll have time on that occasion.

Mr. Gary Lunn (Saanich—Gulf Islands, CPC): Just as a quick point of order, is that the same procedure you used prior to the new batch—in the last session?

The Chair: No. The steering committee has discussed which issues all the parties would like to see on the agenda, and we have to have the committee look at that and approve or reject parts of the report.

Is it agreed that we go ahead with this meeting and deal with this either later in this meeting or at the next meeting?

Some hon. members: Agreed.

The Chair: I see agreement. Thank you very much.

This committee has taken a position that we're going to deal with the nominees for appointment to certain crown corporations and certain other bodies with some care. We believe it's a process that is certainly worth going through, and it's a responsibility of our committee that we take seriously.

In that vein, today we're dealing with the certificate of nomination of Mr. Max C. Lewis to the position of chair of the board of directors of the Royal Canadian Mint. Thank you for being here, Mr. Lewis.

With Mr. Lewis today is a member—the chair—of the nominating committee. I appreciate your both coming today. I know you both

have opening statements. Just go ahead—Mr. Lewis first, or whatever order you have planned, gentlemen, would be fine.

[Translation]

Mr. Louis Proulx (Chair, Nominating Committee, Royal Canadian Mint): Thank you, Mr. Chairman. I am pleased to be here today to discuss the nomination of Mr. Max Lewis and, more importantly, the procedures followed to support this nomination. I am here today to do so not only as a member of the board of directors of the Royal Canadian Mint, where I have proudly served for the past four years, but above all, as chair of the nominations committee—an additional responsibility that I have recently accepted.

Like every other crown corporation, the Royal Canadian Mint plays an essential role in addressing the priorities and strategic objectives of the government. One of these priorities is to strengthen crown corporation governance in order to improve public sector management. In fact, it's a priority the Royal Canadian Mint has felt strongly about since initiating a quality improvement system three years ago as a means of re-evaluating its own corporate governance.

During that time, the Canadian government announced several measures regarding the management of crown corporations, including new guidelines for the appointment of officers and directors. In accordance with these guidelines, the board's president has informed the minister and the Privy Council of the Mint's new requirements for all new appointments of officers and, more particularly, the chairman of the board of directors.

In July 2005, the minister notified the chairman of the board and the president of the Mint of his intention to appoint Mr. Lewis to the position of chairman of the Royal Canadian Mint's board of directors. Members of the board were informed of this nomination a few days later and also received copies of Mr. Lewis' résumé in August 2005.

The government put forward Mr. Lewis' name for the position of chairman of the Mint's board of directors, having previously verified that Mr. Lewis indeed met all the requirements set forth by the Mint. The Mint examined Mr. Lewis' areas of expertise, abilities and experience. He meets all the requirements specified by the Mint and we would be delighted if his nomination were approved.

Without further ado, I will yield the floor to Mr. Lewis and would be pleased to answer any question you may have on this matter. Thank you.

[English]

The Chair: Go ahead, Mr. Lewis, with your opening comments.

Mr. Max C. Lewis (As an Individual): Good afternoon, Mr. Chairman and committee members. It's an honour to be proposed as the chairperson of the Royal Canadian Mint, and I'm pleased to be here today. I will briefly introduce myself. I'm a native New Brunswicker. I have lived and worked most of my life there.

Mr. Chairman, since my CV has, I believe, been provided, I will concentrate my remarks on those parts of my career that I believe are most relevant to this position. I have been the CEO of a for-profit crown corporation, Deputy Minister of the Department of Supply and Services, and I retired as the Deputy Minister of Finance and Secretary to the Board of Management for the Province of New Brunswick.

Following my retirement, I have served as a board member, a chair of audit committees, and as chair of the board of both private and public sector companies.

During my time as CEO of the N.B. Liquor Corporation, we completely restructured the company, changing it to a modern, efficient, and very profitable retailer. The result was improved customer satisfaction, higher revenues, reduced real expenses, and much higher profits.

In 1988 I was appointed Deputy Minister of the Department of Supply and Services. In addition to the regular responsibilities of the department, we were given a mandate by the Premier to effectively plan, schedule, budget, and complete the construction of a number of regional hospitals. We were successful in completing this goal. In 1991, a major restructuring of the Government of New Brunswick took place, resulting in six fewer departments. The Board of Management and the Department of Finance were merged, and I was appointed Deputy Minister of Finance and Secretary to the Board of Management.

The highest priorities in this difficult fiscal and economic period were to reduce projected costs, rationalize and improve public service delivery, and eliminate ordinary account and total budgetary deficits. The responsibilities of the department included overseeing the implementation of the major restructuring, corporate budgeting and fiscal management, treasury and debt management, government human resource management, and managing the fiscal relationship with crown corporations.

The accomplishments of which I am most proud in achieving these goals include achieving a total budgetary surplus, development and implementation of the Service New Brunswick "customer focus" delivery model, which has become a standard used by a number of other jurisdictions, creating a crown investment management corporation, and receiving a credit rating upgrade.

Following my retirement in 1996, I have served on a number of private and public sector boards. I have also been chair of the audit committee for two boards.

During the period from 1996 through March 2002, I was a board member of N.B. Power Corporation and chair of the board from January 1999 through March 2002. N.B. Power was a large utility, with a monopoly in the supply and delivery of electricity, with revenues of approximately \$1.3 billion, and with approximately 2,600 employees. The Government of New Brunswick was continuing to study the market and industry structure most

appropriate to New Brunswick, and this environment was a major challenge to management and the board. The company, with strong, effective management and a united and committed board, performed very well during this period: debt was reduced significantly; infrastructure was strengthened; customer satisfaction remained high; and rates remained the lowest in the region.

I'm pleased to say that governance practices were also strengthened. The board played a formal and active role in developing strategic plans and budgets. The board and committee terms of references were improved, including conducting performance evaluations of all committees and the board.

A formal goal-achievement-based compensation program for the president and senior managers was implemented, and a strong internal audit function reporting to the audit committee was established that included completion of a major risk management program.

Mr. Chairman and members of the committee, in summary, I have 26 years' experience in the public service, seven years as the CEO of a crown corporation, and eight years as a deputy minister. I also have over ten years' experience serving on private and public sector boards, with over three years as chair of a large corporation.

Finally, Mr. Chairman, based on my considerable private and public sector experience, I believe the most important strength I bring to the position of chairperson of the Royal Canadian Mint is my ability to implement strong governance practices based on transparency, accountability, and a culture of integrity in a manner that will benefit rather than burden the organization, providing the benefits of good governance to customers, employees, management, the board, the shareholder, and other stakeholders.

● (1545)

I feel very fortunate to have had the opportunities to gain the experience and enjoy the success that I have in my career. The responsibilities of a chairperson require a significant commitment of time and energy. Should I be confirmed as chairperson of the Royal Canadian Mint, I am prepared to make that commitment and would look forward to returning to the committee to report on our achievements.

Thank you, Mr. Chairman and honourable members.

The Chair: Thank you very much, Mr. Proulx and Mr. Lewis.

I do appreciate you being here today and coming on such short notice. It's very much appreciated and noted.

I would like to remind the members of the committee that in questioning this nominee for this position, you should be directing questions to the capabilities and competencies of the nominee. So I'd just advise you of that before we start.

We'll go right to the questioning. First is Mr. Lunn for seven minutes.

Mr. Gary Lunn: Thank you very much, Mr. Chair.

Before we get to Mr. Lewis, I actually want to talk about the process with Mr. Proulx. This is something relatively new. I think it's very important that we spend a little bit of time on that.

First of all, I take it from your testimony that there was not a professional recruitment firm retained, that in fact Mr. Lewis's name was put forward to you by the government. Is that correct?

• (1550)

Mr. Louis Proulx: No.

Mr. Gary Lunn: No? Was there a professional recruitment firm retained by the nominations committee?

[Translation]

Mr. Louis Proulx: No, Mr. Chairman. As you know, the Privy Council or the Treasury Board set forth the rules governing the selection of the chairman of the board. We were asked to provide the minister and the Privy Council with a list of the ideal qualifications for the chairman of the board and board members; the Royal Canadian Mint nominations committee put together a list and forwarded it to the minister.

It is then up to the minister and the Privy Council to select the candidate who meets the requirements.

[English]

Mr. Gary Lunn: I'm going to stop you there. That's my point, though, that it was the minister, or cabinet, or government that actually provided you with Mr. Lewis's name. Is that correct?

[Translation]

Mr. Louis Proulx: That is correct.

[English]

Mr. Gary Lunn: Okay, thank you.

Can you tell me if there were any other names put forward, or was Mr. Lewis the only candidate? Did you receive any other nominees, or was it just Mr. Lewis?

[Translation]

Mr. Louis Proulx: Mr. Chairman, I have been in this position for a month. To the best of my knowledge, Mr. Lewis' candidacy was the only one we received.

[English]

Mr. Gary Lunn: Okay.

Are you familiar with the appointment process applied for the new recruitment of all chief executive officers, directors, and board chairmen of crown corporations? Are you aware of those new Treasury Board procedures?

[Translation]

Mr. Louis Proulx: Yes, Mr. Chairman. As I said earlier, we received guidelines from the Treasury Board. As for the members and chairman of the board, the role of the Royal Canadian Mint nominations committee is to provide profiles and submit them to the minister's office and the Privy Council. The shareholder selects the candidate based on the submitted profile. I do not know whether or not you...

[English]

Mr. Gary Lunn: I understand: you give the government a job description; they give you a nominee. I'm struggling with this to see how we're going to change much. I understand that the positions are all appointed by the government and that the government gives you the nominee. I would submit it would be difficult for you, when your appointment has come from the government, not to okay it. They've basically given you one candidate. I don't want to go as far as to call it a rubber stamp, but in essence that's almost what it appears to be, from my viewpoint.

Having said that, I'm struggling with how we can call it anything different—with no disrespect to Mr. Lewis. I'm looking at the process and at how you get the most qualified candidate. I'm struggling with that; however, you've acknowledged that in fact it was the government who put Mr. Lewis's name forward, and you have no input into that.

Let's go on. I want to ask you a couple of questions regarding the role, Mr. Lewis, that you see as the potential chair of the Mint. Obviously, you're very aware that there's going to be a new president required for the Mint. Do you see yourself having any input in the selection of that position, if you're successful as the chair?

• (1555)

Mr. Max C. Lewis: Yes, Mr. Chairman, I do. It's part of the latest information I'm aware of that has been issued by Treasury Board with respect to selecting chairpersons and board members and also CEOs of crown corporations. The process outlined in this latest document, which I think came out in February of this year, is very different for chairs and directors, as opposed to CEOs.

The process outlined for CEOs, and I'm sure the board is starting that process at the moment, is that it's led by the board. The board puts together the criteria, finds a search firm, and looks after advertising and the entire process of selecting the most qualified CEO you can find, as any other company would do.

Mr. Gary Lunn: So you don't anticipate the government actually suggesting names for the president? That is something for which, as the chair and the board, you would undertake the responsibility?

Mr. Max C. Lewis: That's correct, Mr. Chairman. There's quite a significant difference outlined in this new document with respect to chairpersons and directors. Basically, the way it's outlined, the government will obviously be making those decisions, and the appointments by the governor in council will be done.

With respect to the CEOs, though, it makes it very clear: that process is to be led by the board. Then the board puts forward the recommended person, after going through a complete and competitive and effective process, and the government simply either appoints that person or rejects that person, as I understand the process.

Mr. Gary Lunn: I see. That's as opposed to the appointment of directors and the chairman; that's more of a political appointment that comes from the government.

Mr. Max C. Lewis: I'm not sure I'd define it as political, in the sense that I'm really not a political person, but it's done by the government for sure.

Mr. Gary Lunn: Okay.

Let me ask you another question. If you were successful as the chairman, and you have an officer at the Mint—and you can obviously see where I'm going—who would voluntarily leave his post before his contract is up, do you believe this person should be entitled to any severance?

Mr. Max C. Lewis: The question, Mr. Chairman, I think, was “if it were an officer”. If it were an officer other than the president and CEO, those employment arrangements would have been made by the Mint, and the compensation determination would have been made by the Mint. So whatever the arrangements were when hiring that person obviously would be honoured by the Mint.

With respect to the president and CEO, it's quite different, in the sense that the compensation and the employment contract, if you like, with the president and CEO is through the Privy Council Office, not the Mint, so as a board or as the board chair you would really not be involved in determining how to apply those terms and conditions in the event of a resignation.

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

Madame Thibault, you have seven minutes.

[*Translation*]

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

Thank you for coming here today, Mr. Proulx and Mr. Lewis.

Mr. Proulx, you gave the minister a profile of the required expertise and qualifications. I have absolutely no doubt that the gentleman meets these requirements. However, when I introduced myself to you and Mr. Lewis, I spontaneously asked him whether he was bilingual and he told me that he was not.

I am not claiming that a unilingual person is unable to do a good job, but we are talking about the position of chairman of the board for a crown corporation, and we have had two official languages for a very long time; this has force of law since 1969.

As far as governance is concerned, we must ensure that the people in the entourage of the leaders can express themselves in the language of their choice. If I understand correctly, in this particular profile, this does not appear to have been taken into account because you said that the only candidacy was that of a unilingual individual.

There could have been a wide range of unilingual candidates, be they francophone or anglophone, but it is probably impossible to be a unilingual francophone operating at this level in Canada. There could have also been bilingual candidates.

• (1600)

Mr. Louis Proulx: Mr. Chairman, bilingualism was included in the selection criteria mentioned in the profile of qualifications and abilities of the candidate we were looking for to fill the position of president of the Royal Canadian Mint.

Ms. Louise Thibault: All right.

So it was the minister who, when he forwarded your name, deemed that this was not an essential aspect. We will discuss this matter with him in due course.

Mr. Lewis, I see from your presentation and your curriculum vitae that you have not only training but also experience in the area of governance. That is not surprising, given your work history. The profile for chairman of the board includes management of the board and performing duties effectively. One thing struck me: on page 4 of the document, in paragraph 2.4, under the list of characteristics, competencies and basic experience, we see “respect the shareholder.”

I have a direct question and, moreover, it's the same one I asked the former president of the Mint last week. Tell me, in a few words, who, in your opinion, is the shareholder of the corporation for whom you will be chairman of the board?

[*English*]

Mr. Max C. Lewis: Mr. Chairman, the simple and direct answer, of course, would be that the shareholder is the Government of Canada. I think there are \$40,000 worth of \$10 shares issued and they're held by the Government of Canada. The people obviously are indirectly the shareholders.

[*Translation*]

Ms. Louise Thibault: Thank you.

We were told not to discuss other issues than qualifications, but my question is directly linked to this issue. Moreover, you could explain how you intend to manage this board of directors.

Last week, the former president told us that this was a competitive corporation, that had not spent any taxpayers' money and that it had only used its own revenue. I asked him if that meant that things would cost what they cost.

Do you not think that the shareholder is the Government of Canada, the trustee for Canadian and Quebec citizens?

You will be expected to suggest policy. I do not know whether or not you read the policy on travel. How much priority will you give to reviewing or redefining policy that has an impact on the spending of the organization? Do you intend to make any recommendations? Do you think that it would be important that the organization be run as economically as possible on behalf of the shareholders of the organization?

[*English*]

Mr. Max C. Lewis: Yes, Mr. Chairman, I'm a pretty frugal person to start with. I think my past history would demonstrate that. However, I obviously can't comment on details about the current policies of the Mint. I'm not there and I haven't been there. As you know, there's an audit being done with respect to the expenses that have been in the news of late. I can't really comment on that.

What I can indicate is, and I'm sure the board would feel likewise, if there is anything that needs to be done to strengthen the rules, regulations, and policies, etc., within the Mint, and to make things more transparent in effect, then you can expect those things to happen.

[*Translation*]

Ms. Louise Thibault: Do I have a minute left, Mr. Chairman?

[*English*]

The Chair: You have a minute and a half, Madam Thibault.

[Translation]

Ms. Louise Thibault: I asked this question because you indicated that, during your time of office as president of the New Brunswick Liquor Corporation, there had been an increase in customer satisfaction, greater revenues and a reduction in real expenditures. I would therefore conclude that you feel that these issues are important. Do you feel that these issues are so important as to warrant an immediate review, will you demonstrate initiative, driven by the same values that you had in your former job? You can no doubt appreciate that it might be wise to go ahead with a review.

•(1605)

[English]

Mr. Max C. Lewis: Again, Mr. Chairman, I'm obviously not prepared to make any judgments on the current rules and policies. I'm not aware of them in detail sufficiently, but I can assure you, and mind you, all well-governed corporations do this, from to time you review all of your policies to make sure they're effective. If as a result of the audit that's being done there are things learned from it that can result in improved processes, improved regulations, etc., then you can be sure they will happen.

The Chair: Thank you, Mr. Lewis.

Thank you, Madam Thibault.

Mr. Boshcoff, seven minutes.

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

Mr. Proulx, in your view, have you followed the rules as outlined in the guidelines in this appointment process?

[Translation]

Mr. Louis Proulx: Mr. Chairman, is the member talking about the chairman of the board? I just wanted to clarify the question.

[English]

Mr. Ken Boshcoff: Yes, this is as outlined in the *Gazette* for part-time people, part-time appointments for the government, crown corporations.

[Translation]

Mr. Louis Proulx: Are you talking about members of the board of directors and the chairman of the board?

[English]

Mr. Ken Boshcoff: In terms of the arrival of Mr. Lewis to this position now, has everything been done according to the process and the rules as recently amended in the past year or so?

[Translation]

Mr. Louis Proulx: The answer is yes, the rules were followed to the letter.

[English]

Mr. Ken Boshcoff: Do you think that for part-time appointments there's a need to go to the expense of \$50,000 or \$100,000 for a national recruiter or national advertising for such positions, or is the *Gazette* as effective for these types of positions?

[Translation]

Mr. Louis Proulx: That's a very good question. Every time we have to appoint someone, we need to apply a number of procedures to ensure that the process is transparent. We need to hire an outside organization, and publish an announcement in the *Canada Gazette* and sometimes in national and local papers across Canada as well. Obviously, for directors that are not full-time, the costs associated with the process are significant.

That said, the procedure suggested by the Privy Council, which the Privy Council has requested we apply, is to define profiles and set out the qualities and traits required to properly meet the board's needs. For example, just one and a half year ago, we needed to hire someone to take over the audit committee. We needed someone extremely well qualified in finance. We set out the request to look for someone with a specific profile, preferably a chartered accountant who would be bilingual, and so on. We hired a candidate. So the system worked well. As far as I know, so far we have properly complied with profile definitions. I should point out that I have only chaired the committee for one month.

[English]

Mr. Ken Boshcoff: Thank you.

Mr. Lewis, in this interim time, have you thought about what your goals would be as chair of the board? Just take a few minutes, and not a whole essay, please.

Mr. Max C. Lewis: Yes, I will.

As I indicated in my opening comments, I feel the most important thing I can bring is to help with the implementation of really strong governance practices. I know that's a bit of a buzzword. There's been an awful written and an awful lot said and printed about governance practices, what kinds of structures should be in place and how they should function.

Generally speaking, in both the public and the private sector, I think it's improving. The difficulty is that it's quite simple to put the structures in place; it's not nearly as simple to make them work effectively. So my goal very early on would be to review all of the processes we have—and, by the way, from the cursory look I've taken at the structure within the Mint, I think it's very well structured. They have excellent corporate governance practices.

But I want to look at all of the parts of how it works. I would like to see, for example, because I think it's critical, that the board gets very involved in a formal way in a process related to strategic planning very early, not when it's done and looking at the result. I also believe a very important part of governance is that we have a really strong, effective internal audit function and that it's risk-based, not counting widgets, and that it reports to the audit committee and we go through an entire risk management program to identify the risks to the company, to make sure they're being effectively managed.

I could go on a long time on this. I won't do that, but it's those kinds of things that I think we can put in place, which will result in the corporation being much more transparent and will demonstrate that to all parties, including this committee.

•(1610)

Mr. Ken Boshcoff: In your previous role in supply and services, did you do your own procedures in terms of fairness, openness, transparency? Do you have some experience in that as part of your legacy or accomplishments in that organization?

Mr. Max C. Lewis: Most of my experience in that part, quite frankly, was after I retired from the public service. I took a great interest in governance and had served on a number of boards even before I retired. I did some work, took some courses and that sort of thing on governance, and worked for a number of companies, including being the audit committee chair of a couple of private companies.

I actually worked on governance and structures for those companies and wrote papers for the senior management and the board. The first chance I had to really put that in place effectively was at N.B. Power Corporation, when I was chair of the board there between 1999 and 2002.

Mr. Ken Boshcoff: Well, I'll get to the power corporation, but first, in terms of labour relations, going through your list of experience over the past 26 or more years, what conclusions have you come to and what would you like to see? How would your approach be different now in this role in the Mint in terms of labour relations and a balance of labour peace?

Mr. Max C. Lewis: From what I've seen—and again, it's the result of a very cursory view of what's happening at the Mint—it appears to me that labour relations are one of the areas the Mint has been really strong in of late. They seem to have an excellent relationship with the union and with the unionized employees. I don't know a lot more of the detail than that, but I did have, of course, significant experience in labour relations when I was a CEO of the liquor corporation, and also as deputy minister of finance, because as secretary of the treasury board, we were responsible for negotiating all the collective agreements in the public service.

In a company like the mint, which is really operating like a private, profit company—except, of course, that the shareholder is the government and ultimately the people—and is working in a competitive environment as well, I think we should try to move, if it's not already the case, to an interest-based method of bargaining. I've seen that be very effective in other cases, as opposed to trying to avoid some of the confrontational approach that generally happens.

The Chair: Thank you, Mr. Lewis.

Your time is up, Mr. Boshcoff.

Mr. Lauzon, for seven minutes, followed by Mr. Godbout.

[*Translation*]

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Thank you, Mr. Chairman.

Mr. Proulx, in your speech you said that Mr. Lewis had all the qualities you were looking for. Thinking back to a question put by Mr. Boshcoff, I found myself wondering whether you had stated that Mr. Lewis was bilingual.

Mr. Louis Proulx: I did not say that. I said that, in the case of a member of the board, we were seeking someone with a certain profile. Ideally, we would always like candidates to be bilingual.

Mr. Guy Lauzon: One of the qualities you were seeking was...

Mr. Louis Proulx: We wanted an auditor, someone trained as a chartered accountant, whose duties would consist in helping the auditor committee. We needed more people with those skills.

Mr. Guy Lauzon: In your presentation, you stated:

[*English*]

“having previously verified that Mr. Lewis indeed met all the requirements set forth by the Mint”.

[*Translation*]

One of the required conditions was that the candidate be bilingual, was it not?

Mr. Louis Proulx: As far as we are concerned, we asked the minister for a list of requirements and suitable profiles for the position of chairman of the board.

•(1615)

Mr. Guy Lauzon: But Mr. Lewis obviously does not meet all the requirements you had established.

Mr. Louis Proulx: However, in defence of my committee, I should say that our opinion was not solicited. Mr. Lewis's application was submitted, and we studied his profile. Mr. Lauzon, as a businessman you know that in any company, when candidates are assessed for a given position, we try to select the candidate that best meets or fulfils the desired requirements.

Within the terms of reference recently established for us, our role is only to submit the ideal profiles for members of the board and for the chairman of the board, in order to meet the needs of the Royal Canadian Mint.

[*English*]

Mr. Guy Lauzon: Merci.

Mr. Lewis, in response to one of the answers, you said “I'm not a political person”. What exactly do you mean by that?

Mr. Max C. Lewis: The question was whether the process was now that chairs and boards of directors are politically appointed. I'm not sure if I understood exactly what that meant, but if it meant that somehow I was an active political person, that's not the case. That's the only point I wanted to make.

Mr. Guy Lauzon: What do you consider an active political person?

Mr. Max C. Lewis: Someone who works actively for some political party, I guess. I don't and never have.

Mr. Guy Lauzon: That's interesting. You've never been associated with any political party?

Mr. Max C. Lewis: I don't know how you define associated, but I worked for the government, and of course there were different parties.

Mr. Guy Lauzon: In other words, no campaigning or fundraising. You've never fund raised.

Mr. Max C. Lewis: No, none.

Mr. Guy Lauzon: Have you ever had memberships in any parties?

Mr. Max C. Lewis: No, sir. I've been a non-partisan public servant during my entire public service career, and I was appointed to various positions by Conservative and Liberal governments.

Mr. Guy Lauzon: Towards the end of your brief you said "...I bring to the position of Chairperson of the Royal Canadian Mint... my ability to implement strong governance practices based on transparency, accountability and a culture of integrity". Now God knows we need that. We need that desperately in the Canadian Mint, especially at this particular juncture. You also said "...in a manner which will benefit rather than burden the organization providing the benefits of good governance to customers, employees, management, the board, the shareholder and other stakeholders". How the heck are you going to bring strong governance practice based on transparency, accountability, and culture of integrity to the Mint based on the current situation they find themselves in?

Mr. Max C. Lewis: Mr. Chairman, I think part of the answer is with some of the things that I talked about in response to a previous question. What that means to me is that first off transparency exists through every part of the organization, whether it's management dealing with employees, management dealing with the board, the board dealing with the shareholder or with this committee or whoever else. There are a number of things that need to happen so that works.

I also believe very strongly that you have to have the board involved in a number of processes, which I talked about, in all your dealings, and the reason I used the word "integrity" is I think it goes much beyond ethics, quite frankly. If it's demonstrated throughout the entire organization and everything we do that we are proud of it, transparency can help to lead to that. We'll be happy to come back and talk about all the things we've done that we're proud of. It doesn't happen overnight.

Quite frankly, I would be remiss—because I don't want to paint the wrong impression of where the Mint is today—if I didn't tell you that I had an opportunity to meet each of the officers of the Mint, the vice-presidents and the chief operating officer. My impression of them is that they are an experienced, committed, and enthusiastic group of people. Quite frankly, it's a bit of a difficult time right now with an acting president and the chair position changing, but I think they're up to the task.

Mr. Guy Lauzon: We're on a short timeframe and I have a lot of questions.

One of them is, would you ever negotiate a contract with one of the senior officers of the Mint that would in fact—you skated around the answer—give them a severance if they chose to resign their position? Just a brief yes or no.

Mr. Max C. Lewis: Mr. Chairman, much as I would like to in respect of being transparent, I'm not sure. You never know what kinds of circumstances—

• (1620)

Mr. Guy Lauzon: If you could answer with a yes or no....

Mr. Max C. Lewis: I'm not sure. It's tough.

Mr. Guy Lauzon: I'm asking you a pretty direct question. Would you negotiate a contract that would give a person severance if they resigned? I'm just looking for a yes or no. Sooner or later, sir, that's going to cross your desk.

Mr. Max C. Lewis: Mr. Chairman, it may do, and it's tough. The only reason I'm reluctant to give a detailed yes or no is that you never know what kinds of circumstances you might run into in trying to get the person you need in a particular job at a particular time.

Mr. Guy Lauzon: I'm asking if you would negotiate that contract, sir.

Can you see yourself ever negotiating a contract that would give someone a severance if they resign?

Mr. Max C. Lewis: For a voluntary resignation?

Mr. Guy Lauzon: Yes.

Mr. Max C. Lewis: Again, until you look at the circumstances you're faced with at the time you're looking for someone, it's hard to say.

Mr. Guy Lauzon: I'll let my colleague have the rest of my time.

The Chair: Actually, your time is finished.

We now have Monsieur Godbout for seven minutes, and then we go back to the Conservative side, so, Mr. Poilievre, you'll have a chance then.

Go ahead.

[Translation]

Mr. Marc Godbout (Ottawa—Orléans, Lib.): Thank you, Mr. Chairman.

I will join my colleagues in welcoming our guests. My question is for Mr. Proulx.

We talked briefly about the process that was applied and that you have just gone through. If you were asked to make recommendations on it, are there any improvements you would suggest? Are there any aspects you found interesting?

You come from the private sector. Is the process we are discussing here completely different from the processes you find in the private sector? I would like you to give me some details on this.

Mr. Louis Proulx: First of all, I am president of a family business that employs about 50 people. Given the size of the business, the concept of a board of directors is practically non-existent. However, I have had the opportunity to work for a professional association. Our shareholders were provincial associations. Candidates for the board of directors, who are required to represent each association's shareholders on the board, are always selected by the shareholders.

If I may extrapolate on that concept, I would say that, in the case of the Royal Canadian Mint, the government was the shareholder. In my view, this procedure is very similar to what we see in the private sector, in that the shareholder selects the members of the board, and those members then represent the shareholder on the board. The shareholder directs the board, be it through investment strategies, communication strategies, or through other means. For the members of the board, that is a strategy.

However, there is a suggestion I can make with respect to improvements. There should be some way of insuring that the president, the nominating committee of the crown corporation and the government exchange information. For example, we could request profiles, and they could submit nominations for us to consider. We would then submit our comments. Then, we could provide an overview of the qualifications the Royal Mint would need to fulfil the mission established by the board. That would be my suggestion.

I am not that familiar with the way in which the government works, apart from what I read in the newspaper. However, one thing is certain: the government is the party in power, the opposition, and so on. Together, you formulate recommendations. I think it would be in the best interests of the crown corporation to have interaction among the parties when the time comes to select the best candidates to represent and defend the interests of the main shareholder. Here, I'm talking about the government, but also about the Canadians who rely upon us to manage their crown corporation properly. If I had one suggestion to make, this is what I would submit to the Privy Council.

We should also bear in mind the fact that we received these guidelines very recently. The guidelines changed less than six months ago. Before that, we had to advertise in the newspapers, hire an independent company to help find candidates, and submit the nominations to the Privy Council. As your honourable colleague pointed out, people understood that this would involve extremely high costs for someone who would be essentially discharging his duties for 30 days a year. As you are no doubt aware, the services of human resource consultants do not come cheap. This may be why the shareholder decided that, in selecting members of the board, it would ask us to submit profiles and would then put forward nominees.

• (1625)

Mr. Marc Godbout: Thank you. I think this is an excellent suggestion for nominations in general.

[*English*]

Mr. Lewis, when I look at your credentials, I think you certainly have the expertise to assume the function we are looking at here today. Based on your experience—I'd like to touch on the governance issue—how do you see that very important relationship between the chair and the CEO? Could you just elaborate a bit on how you see that relationship evolving with the board, with the CEO actually being your employee at the board table?

Mr. Max C. Lewis: Mr. Chairman, I have fairly strong views about how that relationship ought to be structured and how it should be managed.

I mentioned in my opening comments that one of the things I think there's a danger of right now is that corporate governance practices might get far too bureaucratic and could actually interfere with the effective operation of the business. That doesn't mean they shouldn't be strong and that they can't be strong without doing that.

To give you an example, if you had things that had to go before the board that were required in order to make decisions to properly run the business, and you needed those decisions in hours or days but the board only meets quarterly, obviously that wouldn't be very

effective. You have to make sure it's clear, however, where the responsibilities start and end for each of the bodies.

I mentioned earlier that I think the board needs to play a very active role very early in the strategic planning process, as an example, even perhaps using outside advice as part of that. That can benefit both the board, the management, and the company. But I'd want to be clear: if you had a choice between a CEO who might be very willing to follow all the rules and do everything in accordance with all the governance practices you had, but was not particularly aggressive in pursuing things for the company, as opposed to somebody who was really aggressive—understood the rules, but might want to make some changes if they were necessary to make things more effective—I'd take the latter.

There needs to be a bit of natural friction between the board and the CEO, in a respectful and proper way. You need that. If you don't have it, that's not very effective for the business either.

Mr. Marc Godbout: This opens up to my next question.

We're asking, in a way, our crown corporation to act as a sort of private corporation; yet there is that government eye.

As a chair, how do you see *cette dichotomie*? Sometimes we're asking it to make money, yet we're asking it many times not to function as a private corporation. How do you see that happening?

The Chair: Mr. Lewis, it will have to be a short answer. Mr. Godbout is out of time.

Go ahead. Give a short answer.

Mr. Max C. Lewis: My short answer is that it's difficult. I don't know enough about the things that restrict the corporation from being really effective. Actually, they've been fairly effective financially for the last year or so. As a crown corporation, you understand that there are times when you might like to do things that would be slightly easier and perhaps more efficient, but you can't, because it's public money that's involved. You live with those things and still try to be as efficient as you can.

The Chair: Thank you, Mr. Godbout.

Mr. Poilievre, you have five minutes, followed by Mr. Simard.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Thank you.

If you were to leave your position voluntarily, would you expect a severance?

Mr. Max C. Lewis: Mr. Poilievre, to be clear, are you referring to my position if I were chair of the board?

Mr. Pierre Poilievre: That's right.

Mr. Max C. Lewis: No.

Mr. Pierre Poilievre: Not at all?

Mr. Max C. Lewis: No.

Mr. Pierre Poilievre: Then if you were to see some of your employees—people who worked under you with whom you had negotiated salaries—leave their positions voluntarily, would you expect them to get severances?

●(1630)

Mr. Max C. Lewis: Not unless there was something in their contract that forced you to do so, and that would be an exceptional circumstance, I would think.

Mr. Pierre Poilievre: From your investigation of how the Mint works, have you seen a standard practice in the Mint contracts that provides for severances when people leave voluntarily?

Mr. Max C. Lewis: I haven't been there yet and am not there, so I'm not familiar with even their collective agreements, let alone any agreements that might exist with other employees. So I'm not sure what's there today; I couldn't really.... I don't know what's in those agreements.

Mr. Pierre Poilievre: But judging from your use of the word "exceptional" to describe that practice, you would not think it normal—by definition you would not think it normal—for someone to get a severance after having voluntarily left their job.

Mr. Max C. Lewis: Again, unless the contract that was signed with that person required it, I would not think it would happen.

Mr. Pierre Poilievre: Even if that person left because there was so much stress they just couldn't take the job any more?

Mr. Max C. Lewis: That's one of the reasons I was reluctant to give a yes or no to an earlier question. You need to know I've been involved myself, as secretary of the board of management in the province of New Brunswick, in cases where we've had arbitrators tell us that in fact somebody who resigned was constructively dismissed and therefore was entitled to certain things. So you have to look, obviously, at all the circumstances and at whatever the contracts might be. Of course, you understand that the contract with the CEO is not developed or done with the Mint; it's done with the Privy Council Office.

Mr. Pierre Poilievre: Okay. That's all for me.

The Chair: There are still two and a half minutes left on Mr. Poilievre's round.

Go ahead, Mr. Lunn.

Mr. Gary Lunn: Thank you, Mr. Chair.

I want to come back to the process. Again, this is no reflection on you, Mr. Lewis, at all. When I'm asking these questions, they could be concerning anybody.

How many people, Mr. Proulx, were on your nominating committee? I just need the number.

[Translation]

Mr. Louis Proulx: About four people.

[English]

Mr. Gary Lunn: Four. As I see it, the role of your committee is that you come up with a job description or profile, and basically that's it. You send that over to the government, saying, find us a candidate. There's no advertising; there's no active recruitment.

And it's a very important position. The new chair of the Mint is going to be responsible for hiring the president, so it's a very important position. But as far as I see from what you've told me so far, it's just the minister, the government, that's going to send you over a single nominee. Your committee, I would suspect, has been

appointed by this government. It doesn't really have any choice but to approve it. I mean, on your own admission, the current nominee doesn't even meet the current profile you submitted. I'm not suggesting that....

Would you agree with that?

[Translation]

Mr. Louis Proulx: I don't quite agree with what you said. There are two important aspects to this, and I will try to clarify them for the committee.

First of all, with respect to the process involving the nominating committee, we received guidelines from the Privy Council.

Second, when it comes to selecting members of the board and the chair, we are required to submit a profile to the Privy Council and to the minister, as I said earlier.

With respect to the president of the Royal Canadian Mint, we are required to...

[English]

Mr. Gary Lunn: It's not a profile of the candidate; it's a profile of the description of a candidate. You're not sending a profile of the candidate; you're sending a job description of what you would like.

[Translation]

Mr. Louis Proulx: You are right that it is a job description. However, for the president of the Royal Canadian Mint, it will not be the case. We tell the minister what qualities we are looking for in a president.

[English]

Mr. Gary Lunn: I understand, but we're not dealing with the president of the Mint; we're dealing with the chairman. What I'm suggesting to you is that the chairman of the Mint is a political appointment by the Government of Canada, so I'm not even sure why your committee exists. They send over a single nominee; there's been no advertising in papers. It's been gazetted, but there's been no recruitment—for a very important position. I don't see how you're left with any choice but to accept what the government gives you, since you're all appointed by the government.

I think, just being brutally honest, this process is a bit of a sham—with no disrespect to Mr. Lewis at all; I'm focused on this process. To quote Mr. Martin—Mr. Democracy, who's going to take all the powers out of the PMO.... This is just an appointment by the PMO. Let's call a spade a spade. Is that not true?

●(1635)

[Translation]

Mr. Louis Proulx: If I may, Mr. Chairman, one of the good habits that I brought to the board of directors when I came in 2001 was to reread all the minutes of the Royal Canadian Mint for the past 10 years. I noticed that during those 10 years there had been no nomination committee, and it was only in January 2004 that people started hearing about a nomination procedure with a committee.

To begin with, as you pointed out, Mr. Lunn, we received instructions from the minister and the Privy Council telling us that, for every member of the board and for the chair, we had to hire an outside firm to help us recruit candidates. So that was what we intended to do.

In the middle of the summer, we received different instructions informing us that, in the case of the board chair and the committee members, we merely had to submit job descriptions. So then we changed it to an ad hoc committee.

[English]

The Chair: Mr. Lunn, your time is up.

We'll go to Monsieur Simard for roughly five minutes.

[Translation]

Mr. Christian Simard (Beauport—Limoilou, BQ): I would appreciate it if you were as flexible for me as you have been for others, Mr. Chairman.

I have here a press release dated march 15, 2004, which reads as follows: President of the Treasury Board announces new appointment process for top executives of crown corporations.

Further down it states: A permanent nominating committee will be struck by the board of each corporation.

That was done. It also states: [...] this committee may include outside eminent persons [...]

and Among other things, the nominating committee will establish appropriate criteria [...]

You did that. I will continue: A professional recruitment firm will be engaged to assist these nominating committees in the search for meritorious candidates [...]

Did you hire a professional recruitment firm?

Mr. Louis Proulx: For board members?

Mr. Christian Simard: Yes. Actually, it is for the executives.

Mr. Louis Proulx: To my knowledge, the instructions were later changed. So you may not have the right document.

Mr. Christian Simard: This document is dated March 15, 2004: “[...] for chief executive officers (CEOs), directors and chairs of crown corporations.”

Mr. Louis Proulx: Mr. Chairman, could I take a minute to find the document and check the full process?

Mr. Christian Simard: That should not be done on my time.

Mr. Louis Proulx: Mr. Chairman,...

Mr. Christian Simard: My question can be answered afterwards.

Mr. Louis Proulx: Mr. Chairman, the document that Mr. Simard refers to concerns an interim process. I would point out that we later received the final version of the procedure for crown appointments, which is different from what you have cited.

The process that I have described is the final one. It is the latest directive that we have received. I agree with you—and that is what I was explaining earlier—that the process that you were talking about was the initial one.

Mr. Christian Simard: It would be useful for the committee to receive the final process.

How many francophone and bilingual people are there on your board of directors? If you do not have the answer, you can send it to us.

It is important, you know. There are two founding peoples and a significant francophone culture. The fact that a chairman is appointed...

Mr. Louis Proulx: I can answer your question.

Mr. Christian Simard: Go ahead.

Mr. Louis Proulx: There are two bilingual people, Mr. Brûlé and myself, and there is one unilingual francophone.

● (1640)

Mr. Christian Simard: A unilingual francophone?

Mr. Louis Proulx: Yes, French-speaking.

Mr. Christian Simard: How many members are there in all?

Mr. Louis Proulx: If memory serves, there are 10 members on the board.

Mr. Christian Simard: There are 10 members on the board, including two bilingual members and one unilingual one.

Mr. Louis Proulx: Thirty per cent of the members speak French or are bilingual, meaning that they speak both English and French.

Mr. Christian Simard: Is the chairman counted as one of the 10 members of the board?

Mr. Louis Proulx: Yes, the chairman is included.

Mr. Christian Simard: Fine. If it turns out to be different, you can let us know. I know that you are answering my questions from memory.

Mr. Louis Proulx: Yes. I will ask for notes to be taken. I will be happy to send you the information.

Mr. Christian Simard: Now I would like to ask Mr. Lewis a question.

You have been president of a crown corporation. I believe that it was the New Brunswick Liquor Board.

As president or deputy minister, have you ever seen a policy that reimbursed, for example, pay-for-use movies in hotels or the use of the minibar? Is this the kind of practice that you would have seen in the past at meetings you attended on behalf of your employer? If so, have you ever claimed expenses for movies or the minibar?

[English]

Mr. Max C. Lewis: Mr. Chairman, I'm trying to think back, from all my experience in different places, in order to answer the question clearly and effectively. I can answer the last part first.

[Translation]

Mr. Christian Simard: If you do not remember, what is your opinion? Does this seem normal to you?

[English]

Mr. Max C. Lewis: I don't recall ever having the occasion to claim the kinds of expenses you referred to. Many of the companies—I'm including the private sector company I'm involved with now as a board member and chair of their audit committee—have fairly brief guidelines for expenses. They basically say you're entitled to claim reasonable expenses that are reasonably incurred—those kinds of words. That's very common in the private sector, and people are held accountable to how they interpret that. That's generally what takes place.

[Translation]

Mr. Christian Simard: Mr. Lewis, does it seem reasonable to you for a policy to allow people to claim, for example, pay-for-use movies or the use of the minibar in a hotel room? Do you personally feel that this is a reasonable kind of policy?

[English]

Mr. Max C. Lewis: Mr. Chairman, I can't—and I know I'm not asked to, directly—comment in detail on the policy currently in place, because, as I said, I'm not there yet, but on the specific question I'm being asked, if that were to be the case, it sounds rather unusual to me.

The Chair: Thank you, Mr. Lewis. Mr. Proulx would like to answer that as well.

[Translation]

Mr. Louis Proulx: Mr. Chairman, I would not want to mislead you. So I would like to correct an inaccuracy. In fact, the board of directors is made up of 10 members and the chair. Before Mr. Lewis arrived, there were three bilingual people, one unilingual franco-phone and the others were unilingual anglophones.

Mr. Christian Simard: Thank you for that correction.

Mr. Louis Proulx: I said that there were three of us, but there are four, including the chairman. So the board has 10 directors and one chairman.

Mr. Christian Simard: I am not referring to any specific policy, even if it happens that the policy of the Royal Canadian Mint is to reimburse those kinds of expenses. You are telling us that you would find it surprising for a policy to do that.

My next question is for Mr. Proulx and deals with the descriptions. I am certainly not challenging the fact that it is possible to be self-taught and to be a very good candidate. Did the selection criteria require a university degree in order to be appointed chair of the board of directors of the Royal Canadian Mint? Did candidates need an undergraduate degree, a master's or a doctorate in management or anything else?

Mr. Louis Proulx: That is a good question, Mr. Chairman.

It would certainly be desirable. The person could also have equivalent experience.

Mr. Christian Simard: Is this included in the job description?

Mr. Louis Proulx: If you like, I will be pleased to send you the job description for the positions of chair and member of the board of directors.

Mr. Christian Simard: So you would like the candidate to have a degree or the equivalent.

Mr. Louis Proulx: I would like the candidate to have a degree and/or the equivalent.

[English]

The Chair: Next is Mr. Szabo for five minutes—or a little more, if you'd like.

• (1645)

Mr. Paul Szabo (Mississauga South, Lib.): Thank you. That's very kind of you.

Mr. Chairman, we do have a couple of new members on the committee, and it might be useful if we could have the guidelines with regard to the recruitment of these positions. We're going to have many coming before us.

As you know, Mr. Chair, there were guidelines put out in March 2004—they have subsequently been changed by the minister—which specifically deal with the issue of cases where you do not have to have a national recruiting firm or to nationally advertise in newspapers. In fact, they clearly lay out the requirement to put them out on the new website they're developing and to gazette them, because in these part-time appointments, and in this one particularly, the annual retainer is \$10,500 to \$12,400.

It's certainly a very important position, and I'm glad you raised that.

Mr. Lewis, in the profile, and I think this is important, it says here that the chair's key responsibility includes four points: one, providing leadership to enhance board effectiveness; two, managing the board; three, acting as liaison between the board and management; and, four, representing the corporation to external groups. I know you know that very well because you have been both on the operating side and the board side.

Quite frankly, in reviewing your curriculum vitae, I'm very impressed that you've put your name forward for this position. I believe you have certainly brought to the table the kinds of qualifications that I think we would like to see in our crown corporations.

I wanted to address the manner of proficiency in both official languages. I would draw to members' attention that on April 23, 2005, this vacancy was gazetted, and it lists that financial literacy, knowledge of governance principles and board processes, business acumen, and knowledge of the federal government are essential. It says that proficiency in both official languages is an asset but not a mandatory requirement—certainly proficiency at least in one and functionality in the other. I would think that probably is the case for you as a New Brunswicker, although it's not your first language.

Having said that, there appears to be some concern or interest in your position with regard to whether severance might...in certain circumstances, and I think you were quite correct to indicate that the CEO position is a matter that is a contract through PCO and not the chair of the board. It's not your responsibility. I think it was also suggested that somehow if you had employees.... Well, in fact, the chair of the board does not have employees, and that is not going to be part of your role. So I think we're satisfied certainly that you're well aware of the role of the board.

Now I must ask Mr. Proulx.

Mr. Proulx, you indicated that the process that was prescribed by Treasury Board as amended by the minister was followed to the letter, and with regard to the gazetting process, we've done that. One of the other sources of possible nominees is from other board members. I'm wondering whether or not there were any other nominees suggested to the nominating committee, which you chair, by other board members.

[Translation]

Mr. Louis Proulx: The answer is no.

[English]

Mr. Paul Szabo: No. Can you tell me whether or not there was any consideration given to nominating one of the existing directors for the position of chair of the board? Was there any consideration given to that?

[Translation]

Mr. Louis Proulx: There have been discussions about that. However, the requirements and obligations of the position of chairman of the board are such that it is difficult for someone active in the business world to consider them and especially to apply the proper rules of governance.

Some of my colleagues have suggested to me that I should apply. I answered that if I were to do that, I would lose my associates. I'm pleased to serve this country by giving the board of directors of the Royal Canadian Mint the benefit of my knowledge, but quite frankly, I saw the work this requires and professionally, I can't do it. That's the problem of many directors. The more requirements are added—and I believe in good governance and sound management—the more demands will be placed on the time of the directors.

Unfortunately—and I would like to caution the committee about this danger—this could mean that there will only be people who have nothing better to do than to sit on boards of directors, rather than Canadians who are active in the business world. These people are not sufficiently available given the requirements and expectations of the rules of good governance. Being on a board of directors is more than just collecting your blue chips. To do your job properly, you have to do some reading, talk on the phone with other members of the board and study documents. You have to have your ear to the ground about the management, because certain powers have to be delegated to them. There's a lot of work to do. According to the profile for the chairman of the board, that could mean up to 100 business days. The profile for a director refers to 30 to 60 business days. I can assure you that since I've been on the board, I've always had to devote at least 45 days to that work. It's a lot of work. That's why most of my colleagues decided to limit themselves to that job alone.

•(1650)

[English]

Mr. Paul Szabo: Was your nominating committee unanimous in terms of recommending Mr. Lewis for this position, having done a proper review, a due diligence as it were, of his credentials as they relate to the profile requirements?

[Translation]

Mr. Louis Proulx: I would remind you that I was appointed chairman of the nominating committee less than a month ago, which was after Mr. Lewis was appointed by the minister. Neither I personally nor the committee have had an opportunity to express our views on Mr. Lewis' candidacy. I would be lying if I told you that I had given this a great deal of thought. The candidate had been chosen and his appointment had been announced publicly before I became chair of the nominating committee. My predecessor did not hold a meeting to discuss Mr. Lewis' appointment, profile or CV.

[English]

Mr. Paul Szabo: Okay.

I understand the timing of this thing, but notwithstanding, has the board of directors, one way or another, had an opportunity to form a recommendation or opinion, or to support a recommendation of the appointment of Mr. Lewis to this board and as its chair?

[Translation]

Mr. Louis Proulx: Not up until now.

[English]

Mr. Paul Szabo: Mr. Lewis, you are in an awkward situation here because, sir, there is no doubt in my mind that you bring to the table excellent qualifications for the position. But in fairness, this board has also been put in an awkward situation. I'm a little disappointed, quite frankly, that the board did not put a little more emphasis on this process. I understand, I think, but this was gazetted in April 2005. The criteria were clearly laid out. The review has been done, at least to the minimum requirement.

I would like to ask you this. Now that you understand that in fact the board itself has not had an opportunity, as it stands, how do you respond to that?

Mr. Max C. Lewis: Mr. Chairman, as I understand the process—and I don't profess to be an expert, but I've read the document that came out in February this year with respect to governance in crown corporations, and it includes a section on this—the appointment process for chairs and directors of corporations has really been taken back, to a large degree, by the governor in council. I think, as my colleague has indicated, the role of the nominating committee of the board for the chair and the directors is to outline the profile of the person they're looking for, and the government really handles the process. There's nothing in the process I see that asks the board to recommend a particular person.

If they get people to put forward, they can do so—presumably the minister gets them from the gazette and from whatever other sources—and ultimately the decision is made by the minister and the governor in council. So as it's defined at the moment, the board doesn't have a large role to play. The case with the CEO is quite different; it has a major role to play, obviously.

I should tell you as well—I don't want to start a whole round of questioning on this—that, quite frankly, I didn't seek this job; I was asked to consider it, and I thought about it for a fair amount of time before I made a decision. I can also tell you that if I should be confirmed, as my reputation and as anybody you talk to who knows me will tell you, if I do get involved in something, I get very committed to it, and everybody will know I'm there.

•(1655)

The Chair: Thank you, Mr. Lewis.

Mr. Szabo, you're out of time.

Mr. Lauzon, you have five minutes.

Mr. Guy Lauzon: Thank you very much.

Mr. Lewis, you are probably wondering whether you made the right decision in being here today. You happen to be caught in the crossfire, unfortunately, and I apologize for that. I just wonder how worthwhile this board is. Mr. Proulx, I feel that you're between a rock and a hard spot too; you've been given this nomination and you have championed it through.

I finally got my hands on the new guidelines, and they very explicitly say:

Selection criteria for chairs and Board profiles will be made public by the government. Similarly, Crown corporations will make CEO selection criteria available to the public.

The government will identify candidates from a variety of sources. The government will develop a central Web site to solicit candidates for director and chair positions. In the interim, the government will advertise appointment opportunities in the Canada Gazette, as required. The government will look to Boards of Directors for any names they wish to submit for the government's consideration. In addition, the government will consider how best to use executive search services as a source of highly-qualified candidates.

To the best of what you've said to date, none of that was done.

Mr. Lewis, who asked you to consider this position?

Mr. Max C. Lewis: I should perhaps back up just a step or two from that. When I completed my term as chair of the board of N.B. Power... In fact, I stayed on at the request of the government beyond the end of my term for a while, and after I left, having been retired from full employment for a while now and having a bit of time, I was talking to a number of people who kept telling me that with all these governance problems that exist in the public sector, I should try to contribute something to that area.

In fact, one of the people who mentioned this was Minister Scott at the Fredericton market one Saturday morning. I said "I'm not prepared to spend a huge amount of time for very long, but I could perhaps do that". Within two or three weeks after that I got a call from somebody asking me to put together a résumé and send it in.

Mr. Guy Lauzon: So you were recruited by Minister Scott at a market on a Saturday morning? I don't think that's mentioned in here.

Mr. Max C. Lewis: Not for this position, Mr. Chairman; that was quite some time before this. I didn't hear anything from anybody for a little while. I didn't even know the position of chair was becoming vacant. Back in July, perhaps the 8th of July, I received a phone call from Minister McCallum, whom I had never met in my life, and he asked me if I would consider this position. He said he had seen my CV and was interested in whether I'd consider it. That's how it started.

Mr. Guy Lauzon: I appreciate that. I just wonder, as chair of the recruiting committee, it has to be frustrating when you're handed somebody and told, here's the candidate we want.

First of all, why are we reviewing this? Why did you have a committee to find a candidate? They're asking you, and now us, to

endorse something that's already been decided. It just seems that it's pretty hollow.

Do you feel the same way I do about this process?

[*Translation*]

Mr. Louis Proulx: Mr. Chairman, you always have to bear in mind how policy changes take place. This entire nomination process was implemented in 15 months. As I said earlier, there were provisional policies. At the outset, a certain direction was established. In reference to the version you mentioned earlier, Mr. Simard, according to this provisional version, we were responsible for the entire selection process, the choice of candidates and the committee.

•(1700)

Mr. Guy Lauzon: It's the same under the new policy.

Mr. Louis Proulx: No. The difference in the final version of the new policy is that the nominating committee is responsible for finding candidates only for the position of chief executive officer. The nominating committee is required to proceed with a pre-selection and to forward the name of its preferred candidate to the government, which would either give its final approval or reject that choice. The appropriate parliamentary committee then proceeds with an examination of the candidate recommended by the minister for all chief executive officer positions and for the chairman of the board of directors only.

That is what is indicated in the document that we have, and I invite you to read it. Those are exactly the directives that we received.

Mr. Guy Lauzon: That's not the document we have before us.

Mr. Louis Proulx: I think that you have a provisional version, Mr. Lauzon. If you want me to summarize it, this is what the provisional version says: the nominating committee of crown corporations is responsible for finding candidates for all chief executive officer positions, directors and chairmen of the board. The nominating committee had to submit recommendations to the board of directors which in turn forwarded a short list of candidates to the minister responsible for that corporation.

Mr. Guy Lauzon: That's not what happened in this case.

Mr. Louis Proulx: Mr. Chairman, with all due respect, I apply the directives that the principle shareholder has given me.

Mr. Guy Lauzon: This was supposed to come from your committee, wasn't it?

Mr. Louis Proulx: That's true only for the position of president of the Royal Canadian Mint.

Mr. Guy Lauzon: That's not the case for the chairman of the board?

Mr. Louis Proulx: No. In the final version, that is not the case for the chairman of the board or for the directors.

Mr. Guy Lauzon: Where are the nominations for that position supposed to come from?

Mr. Louis Proulx: ...the nominations for the position of president of the Royal Canadian Mint only, and not for the position of chairman of the board.

Mr. Guy Lauzon: Where does the nomination for chairman of the board come from? Is it from the government? From the minister?

Mr. Louis Proulx: Mr. Chairman, I don't understand the question.
[English]

Mr. Guy Lauzon: Who is supposed to nominate the chair of the board, the minister?

Mr. Louis Proulx: The minister.
[Translation]

Mr. Guy Lauzon: Fine.
That it then!

[English]

What are we here for?

The Chair: Thank you, Mr. Lauzon.

Now we have Mr. Boshcoff for five minutes, followed by Madame Thibault.

Mr. Ken Boshcoff: Thank you.

One of your accomplishments, as listed, was the substantial debt reduction of New Brunswick Power. Could you briefly outline that process, knowing that I have two more questions to ask you in five minutes?

Mr. Max C. Lewis: It was a priority, because the debt levels are fairly high, as they are with most electrical utilities. It's a hugely capital intensive business. You have large debt levels, and the interest costs are high.

There were numerous initiatives put in place, including, as I mentioned, an extensive risk management program and looking for ways to do things to reduce costs and generate some cashflow so that we could reduce the debt. That was a clearly established goal, targets were put in place, and we reduced the debt by something like \$400 million or \$500 million over a few years.

Mr. Ken Boshcoff: Concerning the New Brunswick Liquor Corporation, it wasn't that profitable before you got there. How could a liquor corporation not make a lot of money?

Mr. Max C. Lewis: If I gave that impression, I apologize. I don't mean to say it wasn't profitable; it was. But, for example, when the government changed in 1987, the new government had an audit done at N.B. Liquor, and some of the numbers they reported—and the audit was very positive about our management group, I might add—were that we had increased revenues of 17%, increased profits of 28%, or something around that number, over four years, and our expenses went up by only 5% in four years.

That's how we made more money; we cut expenses. As well, I think we put better stores in better places and were more customer centred.

Mr. Ken Boshcoff: So that model would probably come into effect at the Mint.

I'd like to use the liquor and alcohol as a segue to a question that was raised when we were interviewing Mr. Dingwall. I had asked him the question, if alcohol as part of the entertainment expense were disallowed, would that have a substantial reduction in the total

entertainment expenses of the Mint and, as an example, for crown corporations? He didn't feel that it would.

Coming from the background of the liquor board, of course, it would tend to be something that would be featured probably at almost every social event. In government or in crown corporations, how many people in the Mint or in the board have to use alcohol at their dinners or lunches as a means of entertaining potential clients or other people? How many marketers do you have, and how many production people have to do this as a reasonable expense? What do you think would happen if it were not allowed?

• (1705)

Mr. Max C. Lewis: It's difficult for me to be specific about the numbers of people at the Mint. I don't know the operation that well at this point. I do know, as I'm sure all honourable members do, that particularly in marketing and when you're hosting customers and that sort of thing, it's not unusual. Wine is as much a part of a meal as coffee is I think today. In my view, what you really need to do is to be able to justify, and it must be reasonable. That's not very complicated when you look at individual cases. But I can't tell you the numbers of people, because, as I say, I'm not there yet and I don't have enough information.

Mr. Ken Boshcoff: So essentially you'd take a sober approach to looking at this.

Mr. Max C. Lewis: Yes, somewhat.

Mr. Ken Boshcoff: Thank you very much.

The Chair: Mr. Boshcoff, you have another minute or so, if you'd like.

Mr. Ken Boshcoff: I would, actually.

You have achieved budget surpluses. Sometimes in the course of government, in the federal government, the government has been criticized for actually having surpluses. Are surpluses better than the alternative?

Mr. Max C. Lewis: Looking at the timeframe when I was the deputy finance minister in New Brunswick, not only New Brunswick but the entire country was in a very tough fiscal situation. At that point, in my view, very little was more important than getting rid of the deficits and starting to generate surpluses.

Mr. Ken Boshcoff: Thank you very much.

The Chair: Thank you, Mr. Boshcoff.

Madame Thibault, for five minutes.

[Translation]

Ms. Louise Thibault: Allow me to make a comment.

Mr. Lewis, I hope that you realize that the comments that my colleagues and I are making concerning the selection process have nothing to do with your profile. It's simply that this committee cares a great deal about taking that aspect into account, because it is normal that parliamentarians do so. However, the comments that are made so that all this is done in a transparent manner do not mean, at least in my own case, that I think that you are not qualified or that you would not be an excellent chairman of the board of directors.

However, it's surprising to me to see that what was announced with great fanfare, what the president of the Treasury Board brought before us and defended—I understand that you won't comment on this—has changed all of a sudden. So we'll be discussing that with the president of the Treasury Board.

With respect to costs, you said earlier, Mr. Proulx... The same thing happened when Mr. Feeney and the representative of the Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities appeared before us to testify about the nomination of the chairman of the board of Canada Post Corporation. The chairman himself told me that they weren't going to spend \$100,000 to recruit someone who would earn \$14,000. It think it's a bit too easy to bandy about the figure of \$100,000. However, between not doing any recruiting and doing some that is relatively constraining only to end up with a single name—and once again, this is not aimed at Mr. Lewis—there's quite a gap there. That was my comment. Now let me get back to Mr. Lewis.

Mr. Lewis, I don't have the documents here with me. If I did, I would photocopy them and gladly give them to you. The Royal Canadian Mint gave us a number of files during last week's testimony. One of them was a document from the board of directors that stated that the board agreed to refund Mr. So and So's professional association dues, give him a \$1,000 a-month allowance, etc. I can also tell you that all vehicle maintenance costs, mileage, etc., did appear in the travel policy. The taxpayers and the shareholder would have been better off if a vehicle had been rented for him.

Therefore, the board of directors decided to pay for annual membership dues in a golf club and so forth. When I asked the former chairman if the board of directors had offered him this, he answered in the affirmative. I don't know how the members of the board could have guessed that he was a member of this or that club, but this is what they offered him.

Having said that, you are the chairman. When the future president of the Royal Canadian Mint is chosen, would you agree to have such expenditures attached to the working conditions of the person who will be president of the Royal Canadian Mint? It's a hypothetical question, but with a document like this, would you do the same thing if you were appointed?

• (1710)

[English]

Mr. Max C. Lewis: I'm not sure what exactly is the board's role, certainly in compensation, and some of the things referred to might be part of the compensation package that would have been developed by the Privy Council Office.

With respect to expenses that are paid by the Mint, the only thing I can commit to the committee is that my position would be that we would obviously look very carefully at what is reasonable and what isn't. Whatever we decide is reasonable I will be quite prepared to come before the committee and defend.

[Translation]

Ms. Louise Thibault: I like your expression. When you say "reasonable", does that mean what is reasonable in the eyes of the

public? The answer we got last week is that it's reasonable because the Royal Canadian Mint was like a private corporation since it was competitive.

Personally, I care a great deal about this. Mr. Lewis, the reason why I'm asking you this is because I'd like to know whether you agree that the spending by a crown corporation like this one should not only be financially reasonable but also reasonable for the shareholder from an ethical standpoint.

[English]

Mr. Max C. Lewis: Yes, I agree with that last statement. I must say, though, that the Mint is in a bit of a difficult situation. I couldn't agree more that money spent at the Mint is public money. If we generate profits, they obviously go to the shareholder, so that's public money. We don't receive an appropriation from the government because we're profitable, but it doesn't mean we shouldn't be frugal because we're spending public money. I totally agree with that.

We are, though, in a bit of a difficult situation, because at the same time, it's a for-profit company operating in a competitive environment. Some parts of the business are very competitive; some are perhaps less competitive. So given that, we have operational requirements that may be somewhat different from a government department, for example. In all cases, though, we need to be very careful that we are spending public money, and we need to ensure that whatever we call reasonable, we are able to defend, perhaps not to everybody, because we all know that's difficult, but....

[Translation]

Ms. Louise Thibault: Mr. Lewis, I don't want you to think that I'd like to see the President of the Royal Canadian Mint run around on a bicycle, even though that might be good for his level of fitness. But between a bicycle and the most expensive option... There's no doubt that this person must deal with other people in the private sector. There has to be some pride attached to that status and so on. However, it's not necessary to opt for what is most expensive, using the excuse that the corporation is making a profit.

Thank you, Mr. Chairman.

[English]

The Chair: Thank you, Madam Thibault.

Mr. Lunn, five minutes.

Mr. Gary Lunn: Thank you, Mr. Chair.

Again, I want to come back to Mr. Proulx on this process.

Mr. Proulx, are you aware that this position was advertised in the *Canada Gazette*?

[Translation]

Mr. Louis Proulx: Yes.

[English]

Mr. Gary Lunn: And how many responses did you get from the *Gazette*? Approximately. How many of the applications did you receive from the *Gazette*?

[Translation]

Mr. Louis Proulx: Mr. Chairman, if there were responses, they went to the Privy Council. We didn't see them.

[English]

Mr. Gary Lunn: Hold on. They actually went to the PCO office, and they never forwarded those to you? Just no, you didn't see them?

[Translation]

Mr. Louis Proulx: Mr. Lunn, I was appointed to this position about three or four weeks ago. When Mr. Lewis was appointed, as chairman, I was not aware of this: I wasn't there as chairman of the nominations committee. Therefore, I could not have received that information at that time. I now occupy this position; I replaced one of my colleagues.

[English]

Mr. Gary Lunn: But you told us that these rules were followed to the letter, that all the rules were followed. That's why we're questioning you. This has nothing to do, really, for me right now, with Mr. Lewis and his qualifications; he may be extraordinarily qualified. But the bottom line is that the government did not follow its own rules, rules they implemented only 19 months ago.

I'll read: "The government will identify candidates from a variety of sources." "Candidates" is plural. They gave you one candidate.

The government will develop a central Web site to solicit...candidates for director and chair positions.

The government did not do that—and they put out these rules 19 months ago. I have a problem with this. The government, which claims to be democratic, is not following its own rules.

The government will advertise appointment opportunities in the Canada Gazette, as required.

Of course they did that.

The boards of directors will solicit names—we have no idea whether that has even been done. It's our understanding that no, this name came forward, you just send him a job description, and the minister is going to send you who the nominee is. It is an absolute political appointment. Your committee gives a rubber stamp—because that's what you're going to do.

And that's the problem we're having. The government made a lot of noise back on March 15, 2004, in Vancouver about how democratic they are. They're going to clean up all this; they're going to review this; they're going to give powers; they're going to use executive search services for highly qualified candidates. None of this was done. And now we learn that you've been in this position a few weeks, and you're the person here answering these question. Of course we're frustrated. We've watched what has gone on.

A part-time position, yes; an extraordinarily important one, absolutely: this person is going to be responsible for hiring the next president of the Mint. And after we saw what we got from the last president of the Mint, it's no wonder we're trying to get to the bottom.

Again, Mr. Lewis may be an extraordinary candidate; by all accounts he is. But the rules weren't followed, and you testified before this committee that they were. You should have seen every single CV the PCO received when they gazetted this. Were there

two, six, ten? We don't know. But that committee should have received them, and you should have come armed with that information to answer before this committee.

Mr. Chair, I don't know how we can proceed, considering that Mr. Proulx has announced he's only been on this committee for a few weeks and wasn't really involved. We're not really getting the answers we need. And my whole line of questioning is to go to the process. I want to know.... I'm really quite frustrated by this.

• (1715)

The Chair: Mr. Lunn, of course the committee can choose to call the former head of the nominating committee to the committee. We can choose to do a lot of things, and we certainly will leave a little bit of time at the end of this meeting to decide where to go from here or whether we just want to vote on the nomination.

Mr. Gary Lunn: I have no more questions, because Mr. Proulx is unable to answer them for me. He has obviously just acknowledged that he's only been there a few weeks, and he said he has a different set of rules, yet these came off the government website only 10 minutes ago, so I don't know where he's looking. These rules were amended on February 17, 2005, yet the work the committee did to create the profile was done 11 days later, on February 28, 2005. Once again, the entire process of the appointment of this individual is riddled with serious problems—with no disrespect intended, Mr. Lewis.

I have no further questions.

The Chair: We'll go to you in a minute, Mr. Lauzon. Just a minute, please.

Mr. Proulx, you were not chair of the nominating committee, but you were a member of the nominating committee from the start, were you not?

[Translation]

Mr. Louis Proulx: That's correct.

[English]

The Chair: Okay.

Mr. Lauzon, go ahead, please.

Mr. Guy Lauzon: I wonder whether we should have the chair of the committee, but if you were a member of the committee, then you would be able to know whether there were some applications coming from the PCO or not. I realize you're in a bad spot, as is Mr. Lewis, and you came in after the fact, but the truth of the matter is that for both your sakes, I think it would have been a heck of a lot healthier to review five, six, eight, three, or whatever, and I think everyone would feel a heck of a lot better if we had Mr. Lewis sitting in front of us....

In all fairness, Mr. Proulx, you indicated that all the rules had been followed, when in fact I think there is some question as to whether they were or not, because you are supposed to review the applications. You didn't get them. How would you review them if you didn't get them? You haven't seen any others than Mr. Lewis's, I understand.

[Translation]

Mr. Louis Proulx: That's correct.

[English]

Mr. Guy Lauzon: There's no point in.... We should have.... Where do you go?

The Chair: I do have....

Sorry, Mr. Lewis, go ahead, please.

Mr. Max C. Lewis: I would like to comment very briefly on this question and only because, if I'm confirmed as chair, I want to make sure I understand this correctly and that the committee has the same understanding.

Right, wrong, or otherwise, my understanding today, with the latest guidelines that have been issued, is that the nominating committee of crown corporations does not approve or even submit for approval recommended candidates for chairs or directors.

The process really, as I understand it, is that the nominating committee, if there's a vacancy, is asked to develop profiles to outline what they're looking for. There's an ad in the *Canada Gazette*. None of that goes to the nominating committee or the board. It's handled, as I say, right, wrong, or otherwise, by the government and the Privy Council Office, and ultimately it goes to the Governor in Council for a decision.

In that sense, as I understand it, the role of the committee was followed. They put together a profile. They sent it on to indicate what they were looking for. If they do have nominations from the board, they forward those along with any they have received, and the government gets the responses to the ad in the *Canada Gazette*. The government would receive those, not the corporation.

• (1720)

The Chair: Madam Thibault, I see you there, but I want to....

Okay, go ahead, Madam Thibault.

[Translation]

Ms. Louise Thibault: Thank you, Mr. Chairman.

Mr. Lewis, with all due respect, I'd like to point out that the decision of the president of the Treasury Board does not correspond in any way to what you've just described. This is what the document of March 15, 2004 refers to. I will take the time to read you the following.

A permanent nominating committee will be struck by the board for each corporation. If the board so chooses, this committee may include outside eminent persons to support the work of the board. Among other things, the nominating committee will establish appropriate criteria for candidates' selection. A professional recruitment firm will be engaged to assist these nominating committees in the search for meritorious candidates. In addition, public advertisements will be posted [...] The nominating committee will make recommendations to the board of directors, and the board will provide a short list of candidates to the minister [...]

The minister therefore submitted your name. Suppose there had been three or four in total. Events unfolded in a manner totally contrary to what the committee expected given what had been announced and the role that it wanted to play. There had been mention at the time of inviting the chairmen or chairwomen of nominating committees to testify about the rigour of the process and later about the qualities and skills of the person whose name had been selected in the final analysis, that is the person who would normally be given the position.

[English]

The Chair: If I could, Madam Thibault, this document you received today might be somewhat confusing. The press release is from March 15, but the documentation underneath, the number six appointments—the rest of the document, in other words—is the current document on the web.

[Translation]

Ms. Louise Thibault: Mr. Chairman, with your permission, later on I will propose to members of the committee that we invite Mr. Alcock to come and explain how things are done now. What I understood last spring and what I'm understanding today is totally different. I can see from the look in the face of my colleagues here today that I'm not the only one who has this impression. It's as if something has happened in the meantime and as though the situation no longer corresponds to what had been established previously.

[English]

The Chair: Thank you, Madam Thibault. The committee may want to discuss that.

Gentlemen, would either of you like to respond to that?

Mr. Lewis.

Mr. Max C. Lewis: Only to say, Mr. Chairman, that the comments I made were based on the extensive document that was published in February 2005. From reading that, that's my understanding of it.

The only other comment I had is that if I'm confirmed as chair, I will certainly sort out exactly what the role of the board and their nominating committee is to be in this issue.

The Chair: Monsieur Proulx.

[Translation]

Mr. Louis Proulx: Mr. Chairman, for Ms. Thibault's benefit, I'd like to point out that the policies are those from February, which means the latest ones. I could read them to you. The message in them is very clear, and although the situation may be somewhat frustrating for you, the fact remains that these are the guidelines that we were told to apply. Put yourself in the shoes of the board of directors. We received guidelines from the principal shareholder, and our mandate is to follow those guidelines. This is in fact what the members of the board of directors, the nomination committee and the chairman at the time did.

Reading these guidelines makes everything very clear. In the case of the selection of a chairman of the board and of directors, we must publish the information in *The Gazette*. However, the CVs are sent to Privy Council, which chooses the candidates. With respect to the next chairman, the situation will not be the same. That will be the responsibility of the nomination committee. You can rest assured that the rules and criteria approved by the board of directors and the nominating committee will be respected. The whole process will unfold with great transparency. That is my commitment.

•(1725)

[English]

The Chair: Mr. Proulx, from the document that is currently on the website of the Treasury Board, it has measure number 16, which does say, amongst other things, “The government will look to Boards of Directors for any names they wish to submit for the government's consideration.” I'm interested in why your nominating committee didn't submit names to the government for their consideration. You had an opportunity to do that. That's in the rules.

[Translation]

Mr. Louis Proulx: Mr. Chairman, I will read you measure 16 that I have here in French:

Selection criteria for chairs and board profiles will be made public by the government. Similarly crown corporations will make CEO selection criteria available to the public.

I'm referring to the document in French, Mr. Chairman. I cannot talk about the English version. I read in my mother tongue, Mr. Chairman.

[English]

The Chair: Monsieur Proulx, the rest of measure number 16 says:

The government will identify candidates from a variety of sources. The government will develop a central Web site to solicit candidates for director and chair positions. In the interim, the government will advertise appointment opportunities in the *Canada Gazette*, as required. The government will look to Boards of Directors for any names they wish to submit for the government's consideration. In addition, the government will consider how best to use executive search services as a source of highly-qualified candidates.

That's all part of that measure number 16.

So, again, you had an opportunity—

[Translation]

Mr. Louis Proulx: That's correct. The nominating committee made recommendations to Privy Council with regard to the choice of the next members of the board. Within the board of directors, no one wanted to take on the role of chairman of the board. Moreover, given that the government was going to publish an announcement in *The Canada Gazette* as well as announcements concerning the profiles of candidates on the website, we expected that people from the outside would apply for the position.

We did not assume two types of expenses in order to find outside candidates. From a financial standpoint, this is common sense. If we had received CVs at the Royal Canadian Mint, we would have forwarded them to Privy Council in order to allow them to make a choice. However, that did not occur. Within the board itself, no one was interested in replacing our chairman. Therefore, that is the position that members of the nominating committee adopted given that context.

[English]

The Chair: So you got one name from the government, that of Mr. Lewis, and you haven't had a committee meeting to review that individual yet.

[Translation]

Mr. Louis Proulx: That's correct.

[English]

The Chair: Thank you.

We're almost out of time, but Mr. Szabo has something he wants to present to the committee.

I'd like to thank both of you gentlemen for being here. I had more questions for you, but I don't have time to ask them, unfortunately.

Certainly, Mr. Lewis, you're in a bit of an awkward position here. Good luck with the rest of the process.

Mr. Proulx, thank you very much for coming today as well.

We'll just have a very short pause in the committee, and then we'll go to your proposal, Mr. Szabo.

Thank you, gentlemen. You can go right now.

•(1730)

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

We are going to see Minister Alcock soon. I hope we bring to his attention that this whole matter, an update on the processes as they relate to full- and part-time appointees, and so on, should also be dealt with.

I would refer members to article 6.2 under the interim provisions, where it basically says that the chairs and directors represent the interests of the owner, being the government, represented by the minister. The government must therefore have an appropriate role in the appointment of directors and officers, as a principle. We may not agree with that, or we might agree with it. So in fact the ultimate decision is with order in council.

It would appear that notwithstanding that Mr. Lewis's credentials are a very good fit for this position, Mr. Proulx has not had an opportunity as the nominating chair to call a meeting.

I was made aware during this meeting that there have been responses, early responses, a number of responses—I don't know how many—to the *Canada Gazette*. There was a deadline. They were sent to the Privy Council Office. I'm also told, though, they were forwarded as a courtesy to the board. I'm not sure where they went.

What I would like to suggest is that we request that Mr. Proulx call a meeting of his nominating committee to obtain and review all of the CVs that were submitted pursuant to the ad in the *Canada Gazette*, together with Mr. Lewis's, and if they have any other suggestions from their background or knowledge, knowing what the profile is, that they do an appropriate review and make a recommendation to the minister and to us. If need be, we will call them back, and depending on what their situation is, we will make that decision at the time.

The Chair: Thank you, Mr. Szabo.

I just want to point out that another committee is meeting here at 5:30, so we have about one minute to deal with this.

Is it agreed that we write a letter to Mr. Proulx and any other appropriate people on this matter? Is it agreed, or do you want to go to a formal motion? It's up to the committee.

Everybody agrees to that?

Some hon. members: Agreed.

The Chair: Thank you very much. We'll go ahead.

The meeting is adjourned.

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