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Chair

Mr. Leon Benoit

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Monday, October 31, 2005

• (1535)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good afternoon, everyone. It's very good to be here again on a Monday afternoon.

Today we have some witnesses from the Privy Council. As well, in the second half of the meeting we have the Honourable John McCallum, Minister of National Revenue.

Before we welcome these witnesses, a notice of motion has been given. Mr. Preston, could you speak to that motion? It's your motion.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): I'll read the motion to start off:

The Standing Committee on Government Operations and Estimates calls on David Dingwall, the minister responsible for Technology Partnerships Canada, and Mr. Graeme McRae, the president and CEO of Bioniche, to appear at the earliest possible date, in order to re-examine Mr. Dingwall's testimony from Wednesday, October 19, 2005.

I can read you Mr. Dingwall's testimony on October 19:

Okay.

I declared upon my registration of that particular company that I would receive a success fee. As you know, that is not contrary to the legislation whatsoever; however, subsequently we were advised that, as a matter of policy, the TPC did not allow for a success fee. Therefore, the client and I amended the contract and no success fee was paid.

So on October 19, Mr. Dingwall is claiming no success fee was paid, yet in the House, on more than one occasion, we've had the minister state that Mr. Dingwall had been paid a success fee, and the money had been taken back from Bioniche because it was a success fee. I'm asking that we call Mr. Dingwall back here to clarify his testimony before this committee.

The Chair: Thank you, Mr. Preston.

Would anyone like to speak to that motion before we go ahead and vote on it?

Madame Thibault.

[Translation]

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Mr. Chairman, could I move now a friendly amendment or should I wait?

[English]

The Chair: Madame Thibault, you don't have a copy of the motion?

[Translation]

Ms. Louise Thibault: Yes, but I want to propose an amendment.

[English]

The Chair: Okay. Go ahead and put it to the committee.

[Translation]

Ms. Louise Thibault: In the French version, after the word "Bioniche", I would add: "and the Director general of Democracy Watch or his representative". I believe that these people would have very interesting things to tell us.

[English]

The Chair: Mr. Preston, you've heard the amendment. Do you consider that to be a friendly amendment?

Mr. Joe Preston: I think it is friendly, Mr. Chair.

The Chair: Okay. On the amendment, are there any comments? Is there agreement that we...?

Mr. Szabo.

Mr. Paul Szabo (Mississauga South, Lib.): Well, if there's a friendly amendment, there isn't going to be a vote, so we don't debate it anyway.

On the issue, Mr. Chairman, it's obviously in the best interest of parliamentarians to ensure there's clarity in all the facts.

I wanted to raise the issue, however, that the industry committee is already in process in this regard. As you know, Mr. Chairman, they are responsible for the Lobbyists Registration Act. They also are very concerned about the TPC issues, and they are hearing witnesses in a much broader way than we are contemplating at this point.

Under the circumstances, I certainly want to see some resolution here, but I know there are some facts that are relevant in terms of who the contracting parties are. We certainly know that under the TPC, it is improper to have a success fee or a contingent fee. Indeed, in the case of Bioniche, it's already been established that they did return the moneys. I think that fact is *prima facie*—that in fact there was a success fee or a contingent fee, and it was a violation of the contract they had with the Government of Canada.

It may not be in a moral sense, but in terms of subtlety, the subtlety is there is no contract between the government or Mr. Dingwall. In fact, there is no prohibition for anyone to receive any kind of a fee from a company in relation to TPC. The criteria are between the company and the government, not the lobbyist and the government, so this is almost a moot point.

There is, on the record...there was, in appearance as well as in fact, a contingency or success fee paid. The amount was recovered from Bioniche by the government in any event, since, clearly by virtue of that payment, it was an admission of guilt.

Having said that, I think the principal question being raised here has been answered. I would like to keep this thing as an open item until we hear or see what happens from the industry committee, which has already commenced this work. I would be reluctant to have parallel activities going on. I certainly do want to make sure all the members have the answers they need; it appears the process is already going on.

I would simply suggest that we hold this matter open until we can get a determination as to the timeline on the industry committee's work, and make a decision, based on their findings and the testimony they receive, on whether it is necessary for us to meet on it.

The Chair: Thank you, Mr. Szabo.

You're quite correct, of course—a friendly amendment doesn't require any discussion. It was accepted, so we're on to the motion.

In regard to the industry committee, I spoke to our critic, Mr. Rajotte. He said they actually had only planned one meeting on that. They've either had it or are going to have it. He encouraged us to go ahead with this. I would not be doing this if I thought another committee was going to deal with it; they aren't.

It's our issue, though, because in question here, in this motion, is the testimony of a witness of this committee. At least that's part of the issue.

Mr. Poilievre, on the motion.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): I think this is a very worthwhile motion. It is possible that the Technology Partnerships boondoggle could amount to one of the biggest scandals in Canadian history. We have \$2 billion loaned out and only 5% of that recovered, which makes the loss of Canadian tax dollars on the scale of the loss and overexpenditures we've seen with the gun registry. At the same time, we've heard investigations into illegal lobbying are under way for some 40 lobbyists.

Furthermore, Mr. Dingwall testified before this committee that he did not receive a success fee, though he had previously stated that in fact he had received a success fee. He then went on to explain to us that it was only after the rules prohibited a success fee that he and Bioniche altered the definition of the compensation he was getting from a success fee to, I believe, a straight salary or a commission—some sort of payment, some sort of compensation that was defined otherwise.

All of this leads us to believe there needs to be more investigation—

• (1540)

The Chair: There's a point of order, Mr. Poilievre.

You have a point of order, Mr. Szabo.

Mr. Paul Szabo: Mr. Chairman, I want to hear what else the member has to say, but I think it's important for everybody to understand who the parties are to the Technology Partnerships agreement. Mr. Dingwall is not a party to the TPC contract, contrary

to what the member has suggested, and the lobby contract between the company and Mr. Dingwall is not in question.

My understanding of this, Mr. Chairman—the members can enlighten me if they know differently—is that it is improper to—

The Chair: Mr. Szabo, this is not a point of order. You can certainly have this discussion, should the motion pass, but it's not a point of order.

Mr. Paul Szabo: Okay. I'm sorry, Mr. Chairman. I just wanted some clarification then on whether or not, under the TPC umbrella, a contingent fee is—

The Chair: It's still not a point of order, Mr. Szabo.

Mr. Paul Szabo: Well, I'm asking for a point of clarification then. The issue is whether a contingent fee is permitted to be paid by a company, but it is not illegal or improper for someone to receive a contingent fee. It's subtle, but it's different, and I want some clarification on that, because it's not what I understand from what the member has been saying.

The Chair: Okay, Mr. Poilievre, continue with your comments.

I remind everyone that we have witnesses here. We'd like to get to the witnesses, so could we get to the question as soon as possible, please?

Mr. Poilievre, you can continue with your comments.

Mr. Pierre Poilievre: I'll wrap it up here. The fact is that the witness contradicted himself before the committee. He set off serious alarm bells. We need to have answers to these questions and to determine whether this committee was intentionally misled by one of its witnesses. So I strongly support this motion.

The Chair: Is there any other comment on this?

Do you have a question, Mr. Szabo?

Mr. Paul Szabo: You indicated that your critic on the industry committee indicated—and I was maybe a little confused—that they either met or intended to meet. I wasn't sure. Have they reported? Have they met?

The Chair: I believe they have met already. That's my memory of it. That's why I said it was either/or—because I'm just not positive—but it was one meeting, and I believe it has taken place. I'm getting a nod from the researcher here, so I believe that is the case.

Mr. Paul Szabo: And did they deal with the question? That's the issue.

The Chair: No, they didn't deal with that question. They have no intention of dealing with that question. This is an issue for this committee—

Mr. Paul Szabo: The contingency fee—they did not deal with that at all?

The Chair: I don't know. I haven't seen the blues from that committee meeting or the Hansard from that committee meeting.

Can we go to the question then? Those in favour of the motion, as amended, with the friendly amendment? Those opposed?

(Motion as amended agreed to)

The Chair: We will now get to the first witnesses for today. From the Privy Council Office's senior personnel and special projects secretariat, we have Mr. Peter Simeoni, who is the acting deputy secretary to the cabinet, and Ms. Renée Caron, who is director of appointments and recruitment.

Welcome to both of you.

Do you have a short opening statement?

Go ahead, Mr. Simeoni.

Mr. Peter Simeoni (Acting Deputy Secretary to the Cabinet, Senior Personnel and Special Projects Secretariat, Privy Council Office): Thank you.

I'd like to begin today by taking a few minutes to provide the committee with an overview of the process for Governor in Council appointments to crown corporations.

• (1545)

[Translation]

As you are aware, the government introduced an interim appointment process in March 2004. The interim process was implemented in the context of the Comprehensive Review of Crown Corporation Governance announced a month earlier. This initial measure helped to ensure that going forward the appointment process would be professional, competency-based and transparent.

[English]

What the government learned through the governance review was that the interim appointment process needed further refinement to better reflect the different relationships the government has with chairpersons and boards of directors and with CEOs. The government concluded that to be able to exercise its responsibilities as the owner of crown corporations, it had to have the primary role in the appointment of chairpersons and directors. On the other hand, as employees of the corporation, CEOs report to boards of directors, and therefore it is the boards that should have primary responsibility for their appointments.

The current appointment process was announced as part of the review of the governance framework for Canada's crown corporations released in February 2005. The principles of this process remain the same as those underlying the interim one. The government committed to a selection process that is competency-based, professional, and transparent, as well as timely, cost-effective, and representative.

With respect to this last point, it is the government's goal to ensure that appointments will be representative of Canada's regions and official languages, and of women, aboriginal peoples, disabled persons, and visible minorities.

The current appointment process necessarily has two distinct approaches, one for the appointment of directors and chairpersons and another for the appointment of CEOs. For CEOs, the board decides on the selection process, within the policy framework set out in the governance review. In consultation with the government, the board establishes the selection criteria for the position and creates a nominating committee to identify candidates. Boards advertise in the *Canada Gazette* or on their corporate websites, but they can also use

national advertising and executive search firms as required to find candidates. Once the board has selected its preferred candidate and conducted reference checks, it submits its recommendation to the minister.

For directors and chairpersons, it is the minister who leads the selection process. Boards are consulted on selection criteria for chairpersons and on the competency profiles for the board itself. Candidates for director and chairperson are identified from a variety of sources available to the responsible minister. For example, we are in the process of developing a central website, which will be used to identify candidates for director and chair positions. We expect to launch the website soon, but until then, vacancies will continue to be advertised in the *Canada Gazette* as required.

[Translation]

Another source of candidates for chairpersons and directors will be the boards of directors themselves. As boards become aware of good candidates, it is expected that they will provide these names to the responsible minister for consideration. Executive search firms may also be used to find additional candidates as appropriate.

[English]

Once a nominee for chairperson, director, or CEO has been recommended by a minister, Privy Council Office processes a background check on the individual, drafts the appropriate order in council, and submits it to the cabinet for a decision. Proposed chairperson and CEO appointments are also made available for prior review by standing committees, as part of the government's commitment to greater transparency.

[Translation]

More generally, the Privy Council Office provides advice and assistance with the selection process when asked to do so. Aside from its ongoing appointment process, and in conjunction with the website, the Privy Council Office is currently working with the boards of directors to harmonize common elements of the selection criteria for chairpersons and the competency profiles for directors.

[English]

Mr. Chair, that in summary is the process for Governor in Council appointments to crown corporations. We would be happy to respond to any questions the committee may have.

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

We'll get right to questioning, then, starting with Mr. Preston for seven minutes.

Mr. Joe Preston: Thank you, Mr. Chair.

Mr. Simeoni, the purpose of your being here today, at least for me, is to re-look at where we've come in the last year. If I can just recap a little, last March we originally had a posting on the Treasury Board website—I believe that's where it was—of the new, touted selection process for crown corporation CEOs, boards of directors, and chairs of boards of directors.

This committee then—because it is this committee's responsibility to review the nomination process—had a chair of a crown corporation come before us where it was clear the website standards had not been followed, and a letter was given to us that had been given to that crown corporation from the minister. Where the website used words like “will use a search company”, “will use a website to find candidates”, the minister's letter used words like “may” or “could” or “should”.

We then, after reviewing that, said we had hard evidence here saying that you should use it and that a hire had happened without using it, and then a review from a minister saying those were the words he used, and then we have the crown corporation governance, which is a mixture of the two. It has some great “You will do this” and some good “You could do this”.

I want to ask you a direct question. If I'm looking for a chair of a board of a crown corporation, and under the rules that are currently in place here someone on the board of directors of a crown corporation brings forward a name and the person is qualified—I'm going to assume always that no one would bring forward a name where the person wasn't qualified—the whole gang sits around and says, “Yes, that's a good name, send it off to the minister and see if we can get that one done.” The minister would only receive the one name, but he'd assume a diligent process had taken place. He puts forward the name for an order in council appointment.

So by one crony on a board of directors nominating his buddy, the name goes forward to the minister. We could in fact at this committee see someone nominated as the chair of a board or to a board of a crown corporation using just that. Would I fit within the rules with the actions I said?

• (1550)

Mr. Peter Simeoni: I don't think so.

Mr. Joe Preston: Could you show me where it says I couldn't do it that way? It sure reads that way to me.

Mr. Peter Simeoni: The nominating committee, if there were a nominating committee, could put forward one name—

Mr. Joe Preston: Yes.

Mr. Peter Simeoni: Well, separate from that, separate from what goes on at the board of directors.... Let me just pause there for a second.

The government is encouraging boards of directors, through their nominating committees, to come forward with names all the time. That's a good process, and they should always be looking, because they're well placed in the various policy areas and in their businesses to meet people who would serve well on boards of directors. But separate from that, under the rules, we would be advertising in the *Canada Gazette*, and very shortly we'll be advertising on a website associated with the Canada site, and we will get applications through those means.

Names can come through the board of directors—a name, perhaps, to use your example—but separate from that there will be the website and there is the *Canada Gazette*, and we are getting applications that way. For the chairperson and directors, there is not just one avenue; there will be as many avenues as we can think of.

Mr. Joe Preston: I recognize that you're suggesting there are other avenues, but if no one has come forward through the *Canada Gazette*, and the website is not up and running yet, so that an individual couldn't have applied for that board or could not have known enough to apply for that board yet, currently the only direction we're getting, if we're not advertising—and we're not currently doing so—is suggestions from the boards of directors.

Mr. Peter Simeoni: In the hypothetical circumstance of there being only one candidate, and effectively an advertisement through the *Canada Gazette* that didn't attract a lot of interest, we would probably at that point be looking at a revised process. We had thought, in that example, that advertising in the *Canada Gazette* and asking the board would be sufficient. But if it weren't, then in the interest of getting more than one good candidate, we would be looking at other means. That relates to the professional nature of the process. A search firm, for instance, would be one tool you could use. There are others.

Mr. Joe Preston: You have used words like “I think it would be”, and again, I'm trying to solidify this down to “It absolutely would”. If the only candidate who came forward was a suggestion from one of the other board members, could it ever get through to this committee to review that nomination, assuming no one applied under the *Canada Gazette* advertising and the website where I could apply is not up yet?

Mr. Peter Simeoni: I'm speaking in qualified terms, because it would strike me as very unusual that we would stop looking at that point. We've not done that. We keep looking until we get candidates, not just one.

The goal is to test the water, so to speak, and invite Canadians to apply. If one name came forward, we probably didn't do a very good job—“we” being not the Privy Council Office, but the government itself. Whoever was involved in that particular selection process probably didn't do a good enough job in choosing the techniques for the job and the markets you have.

Mr. Joe Preston: Is there something in here I'm missing, something that forces the minister to ask that question of whether you have looked at more than one person for this role or responsibility?

Mr. Peter Simeoni: The minister is the key person in the process for a—

• (1555)

Mr. Joe Preston: That's why I thought that's where it should be.

Mr. Peter Simeoni: It's the minister who would be aware of the results of the *Canada Gazette* process. It's the minister who makes the decision on executive search, if he or she is not satisfied with the results of the nominating committee's suggestions, or *Canada Gazette*, or if we had an ad in a national newspaper and didn't get any applicants. It would be the minister—

Mr. Joe Preston: You just said that if the minister is not satisfied with the candidate selection or the candidate referral process from the board, then they might look at these other things. Are you saying to me that if the minister is satisfied with the name brought forward from somebody else on the board, we could stop at that point and say that we have a candidate—send it over to the committee and get the person approved?

Mr. Peter Simeoni: At the beginning of your hypothetical example, I believe you said this is an excellent candidate.

Mr. Joe Preston: I'm assuming all people are excellent candidates, but let's make the assumption there is some cronyism involved now. The minister would stop at that point, but he wouldn't stop if it was an excellent candidate. I'm sorry, the minister may not always do it that way.

Mr. Peter Simeoni: Let me add another—

The Chair: Go ahead and make a short comment, if you like.

Mr. Peter Simeoni: We've been talking about the selection process and the various avenues the government uses to identify candidates. The fact of this process—the fact that standing committees can, before an appointment is finalized, deal with a nominee and ask these very questions about process—is, I think, another transparency, but it's also another way in which what you're suggesting in a hypothetical way—

Mr. Joe Preston: [*Inaudible—Editor*]...come forward to this committee for that review—

The Chair: Mr. Preston, sorry, your time is up.

Madame Thibault is next.

[*Translation*]

Ms. Louise Thibault: If I do not use all my time, I will share it with my colleague; I am very generous with my colleagues.

I thank you both for coming here.

Last week or the week before we had a case where there was only one candidate. We were told that there was only one name on the short list which means that it was the best. In reviewing a resume, it is possible to see if a candidate is qualified or not, but this is not the issue. The issue is the actual transparency of the process.

I have a question about this. Measure number 18 of the recommended process deals with due diligence. It is very specific. It reads: "The government needs to ensure that individuals appointed [...] meet the highest standards of integrity." This are good news for members of the public.

This is all very good, but how are you going to make sure in that process that the integrity of the candidate will not be in doubt?

Furthermore, your selection criteria include all possible abilities that should be sought for the position: is the candidate a man, a woman, from a visible minority? and so on. Correct me if I am wrong, but there is absolutely no mention of bilingualism or the selection of a French-speaking, English-speaking or bilingual candidate. We see regularly before this Committee people explaining to us the reasons why they only speak one language, that their family is entirely bilingual except for them but that I don't have to worry because everything is translated and they will always have translation services at their disposal.

In 2005 could we not require, when we appoint people to those positions, that selected candidates be really bilingual and be able to say more than "good morning" and "good evening" in French?

Last, my colleague has raised this issue: do you really think that your new standards will ensure that future appointments will never or almost never be seen as partisan?

If I have time left, I shall put another question at the end.

•(1600)

[*English*]

The Chair: Thank you, Madame Thibault.

Mr. Peter Simeoni: Mr. Chair, on the question of due diligence... there are a number of techniques in these kinds of processes, where you're looking for special competencies or qualities of an individual. Sometimes you get at them through interviews; sometimes you get at them through reference checks. Most often, I think, in a case of integrity, it's something you want to check in a reference check.

That's part of the due diligence, part of the professional nature of the selection process, that we would use these techniques and would in some sense triangulate the candidates: you have these references; you've spoken to that person; you've seen the résumé; you have an opportunity to look at their work history. It's the sum of this that allows a decision on the kinds of issues the member is raising.

As for bilingualism, this is a decision the government makes in each advertisement, each set of selection criteria. I believe in this case, bilingualism was an asset. In others, we've had cases where bilingualism was essential. It's a case-by-case decision made by the government.

[*Translation*]

Ms. Louise Thibault: I didn't see many here, sir. Up to now, out of the five or six people who came before us, we only met one last week who was perfectly bilingual. It was the first time.

You can continue.

[*English*]

Mr. Peter Simeoni: Would you repeat your third question, please?

[*Translation*]

Ms. Louise Thibault: You have already talked about bilingualism and integrity. I would like then to refer to the measure which states that everything should be done in the most economical way possible. Of course, we cannot be against virtue. But "as economically as possible" may also mean that we will content ourselves with the minimum standards. I am worried because the *Canada Gazette* is one thing but the website is another thing.

Let me give you an example. Some people told us that when the chair of a board earns between \$14,000 and \$17,000 we shouldn't spend \$50,000 for his appointment.

Do you agree on that way of thinking?

[*English*]

Mr. Peter Simeoni: Mr. Chair, I agree with the idea that we would take costs into account, but it's entirely dependent on the situation. If we were asked for advice on a matter like that, we would want to know the full circumstances of the situation.

It could be that you do have to spend that kind of money to find the candidates you're looking for, because there's something special about the job and the regular ways of doing it simply aren't good enough, and if you want to find a good person, you're going to have to go looking for them. In other cases, the *Canada Gazette* may generate all kinds of good résumés. Case by case, it depends.

[Translation]

Ms. Louise Thibault: What I mean, sir, is that you need money for the selection of candidates, for the interviews and for the reference checks that you have mentioned. I must say that I am surprised that you didn't talk about these reference checks. It means that there is no investigation. New civil servants are investigated by CSIS but CEOs are not. This costs money but if it allows you to get good results it might be money well spent, sir.

[English]

Mr. Peter Simeoni: I agree wholeheartedly, Mr. Chair. We have a number of tools available to us. We have a defined process we must follow. It's all designed with the goal in mind of getting very competent people into these positions. Sometimes you have to spend a little money and you make a good investment and it pays off over the longer run.

People who lead our crown corporations have a considerable amount of responsibility. They have a huge impact on the achievement of public policy. If we take a few extra steps in the process—which is what this governance review is largely about—I think the government did it with a view to making the best appointments possible.

● (1605)

The Chair: Thank you, Mr. Simeoni.

Monsieur Simard, you can have one short question.

[Translation]

Mr. Christian Simard (Beauport—Limoilou, BQ): Two weeks ago, the new chair of the board of the Royal Canadian Mint came before this committee. Neither the board nor the selection committee had met the candidate before his appointment. They didn't know him. It was a surprise. He did not really meet the selection criteria and certainly not the bilingualism requirement. It is a corporation of the highest importance. It goes against what you told us about the role of the committee.

I see that you have loudly publicized the interim program, but that your announcement concerning the final program, that is to say the selection process, was rather discreet.

Furthermore, can you really ensure that there won't be any conflict of interest within boards of directors and that people appointed to these boards will not be in conflict between their new position and their interests in the private sector?

[English]

Mr. Peter Simeoni: Mr. Chair, Governor in Council appointees come under the code of conflict of interest for public office holders, and that's administered by the Ethics Commissioner. Full- and part-time members make declarations under that code to Mr. Shapiro, and he makes a determination on their personal situation, depending on the circumstances. That's all designed to prevent, among other

things, the kind of situation the member is mentioning. So yes, there is a process in place.

The Chair: Thank you.

We'll now go to the Liberals and Mr. Boshcoff for seven minutes.

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

When you are searching for candidates, it must be very difficult to find some candidate who hasn't been involved in the political process. It would seem to me that in this country positions of this type either come to be known through the process or by individuals who have served voluntarily or have been active in some way or another in politics. How do you determine political background, understanding, affiliations, and those types of things?

Mr. Peter Simeoni: Mr. Chair, in no case, either of a CEO or chairperson or director, would the Privy Council Office have a role to play in determining the political involvement of a candidate prior to being nominated.

Just elaborating on the member's point a little bit, much of what we're doing right now—and I'd be the first to admit that it's a system in transition—is working very hard to make these vacancies known to as many Canadians as possible. Perhaps more dated ways of advertising these vacancies are going by the wayside as we move to websites and online advertising and things like that, so that it's less of a limited group who would be even aware of them. I'm just picking up on where you started with your question.

Mr. Ken Boshcoff: Okay, because it seems there are assertions made that it happens in a different way. I would really like to understand, and I think most Canadians would like to understand, that if they applied, somewhere on their résumé they might say that they served as president of a riding association, that they may have been active as a volunteer or candidate, or even have served in office, or that they served municipally or in some other function. Would that not show up somewhere in the résumé process?

Mr. Peter Simeoni: I assume it would, if an individual chose to put that kind of thing in their résumé. I see no reason why they wouldn't want to put that on the résumé. I'm certainly not aware of any government policy that would exclude an individual who had shown an interest in the democratic process in the past.

Mr. Ken Boshcoff: If that shows up and you say this person belongs to this type of party, do you put him in another pile, or does that have anything to do with it?

Mr. Peter Simeoni: It has nothing to do with it.

● (1610)

Mr. Ken Boshcoff: It would seem to me that the types of persons who apply for these are generally of the same temperament, in that they would like to serve their country in some capacity and have some skill set to offer. How do you cull the first set of people, as to who would be qualified and who is doing it for the right reasons, as opposed to someone who is just submitting a name without particular background or credentials?

Mr. Peter Simeoni: The member is raising an important point, Mr. Chair.

I think that comes down to a certain amount of precision in the selection criteria. If the criteria are very broad, you'll find yourself in the difficult situation of trying to discern good candidates from better candidates. What you're looking for, and what we're striving for, are criteria that allow whoever's making a decision to make a decision, to be clear in their minds about who passes the bar and who falls underneath the bar. Otherwise, you're faced with an impossible task, because you may have dozens and dozens of resumes in a given competition with no real way of screening them—of sorting them and figuring out who should be looked at a second time, and then, ultimately, who might get an interview. It depends on the methods chosen, but it comes down to the selection criteria. This is why the Privy Council Office is working so hard on them with the crown corporations right now.

Mr. Ken Boshcoff: What factor is money, compensation, that type of thing? Many people would actually find it difficult to believe, but I would certainly be of the understanding that a lot of people actually sacrifice somewhat to be on these—that their per diems may actually cost them, if they're in certain jobs.

Then I'll get to another question about who has the time for this, but can you answer on the compensation factor?

Mr. Peter Simeoni: Compensation is an issue, and it does come up in the governance review. One of the commitments the government made was to take a hard look at chair and director compensation, because if my memory serves, we haven't changed those rates, which are low, since 2000-01. They haven't really moved at all. It's something on which the government has asked the Stephenson committee, the advisory committee on executive compensation, to provide advice regarding what we should do there. I'll tell you that in my position, I get a lot of complaining about those rates; I have heard many anecdotes from individuals who tell me it costs them money to go to these meetings.

Mr. Ken Boshcoff: I guess that becomes a factor of time. If you still are receiving some amount of money to go to a meeting, it means that either you work for someone who will give you the time to do it because they view it as a public service, or else it's helping the individual in terms of his or her own career learning curve.

Are a large percentage of the applicants either retirees or people who do not have another source of income, so that they have enough time to be able to do it? Now we're answering the time question as to what percentage are people who have retired and can do this without having to worry about losing income from a previous source of income, or who are perhaps looking to one of these positions as a source of income.

Mr. Peter Simeoni: It's not something we've looked at in an analytical way. What I'm thinking about are the lists I see going across my desk as appointments are made. They would include agencies, boards, commissions, and crown corporations. The point I want to make, Mr. Chair, is that you see a considerable range of ages. You wouldn't see a lot of people, say, over 55; there are, but a lot are younger than that too. That may be something on which we can provide more information to this committee after the meeting, if you're interested.

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

We'll go to Mr. Martin for seven minutes, followed by Mr. Lunn.

Go ahead.

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

Mr. Simeoni, I see your title is acting deputy secretary to the cabinet. Who is your immediate supervisor, or how does that chain of command go up?

A voice: [*Inaudible—Editor*]

Mr. Pat Martin: So you are directly under the Clerk of the Privy...? It's acting deputy secretary. I see.

This is a helpful brief because it helps with the chronology of how things came about. I remember after March 2004, for the very first appointee of any prominence, the process that had just been announced by the President of the Treasury Board failed dismally; it was an embarrassment with Feeney that looked, for all the world to see, as though it was a good old boy connection because of their past work history at the Royal Bank. Even the chair of the nominating committee at Canada Post was another buddy from the bank, Mr. Ritchie. You have Mr. Feeney, a former buddy of the minister at the bank, and you have Mr. Ritchie, the CEO of the nominating committee, a former buddy of the minister and of Mr. Feeney at the bank, and they're just appointing each other. That's what really got us up in arms around this committee, I think.

I notice you point out that in February 2005, when the review of the governance frameworks of crown corporations came into effect... it would, I suppose, try to address that.

Because I don't have much time, I'd like to limit my questions to Governor in Council appointees in crown corporations, specifically as pertains to what's on your website for terms and conditions of employment and the severance provisions. Is it your understanding with these full-time Governor in Council appointees for crown corporations that the severance provision is one week per year of service, regardless of reason for termination?

● (1615)

Mr. Peter Simeoni: I'd have to refresh my memory. You're referring to documents on the Privy Council website? Let me just state, separate from what that says, that it wouldn't apply to crown corporations. Crown corporations have a different regime. That document, if it's the one I'm thinking about, which is the terms and conditions for full-time Governor in Council appointees, applies to heads of agencies, boards, commissions, tribunals, deputy ministers

Mr. Pat Martin: Other than crown corporations?

Mr. Peter Simeoni: Other than crown corporations, which have separate compensation terms and conditions authority under the Financial Administration Act.

Mr. Pat Martin: I see. Now, do you know what the terms of severance are for the heads of crown corporations?

Mr. Peter Simeoni: It's not specified anywhere in particular. It's a case-by-case method.

Mr. Pat Martin: It's silent on it.

There's been quite a purge of the heads of crown corporations. They've gotten rid of...after Dingwall, would it be six in the last year and a half? Do you know if there's been severance paid to the other guys who had their heads chopped off in the embarrassment of the sponsorship scandal?

Mr. Peter Simeoni: No, I don't, and it would be personal information if I did.

Mr. Pat Martin: It's okay. We're all friends here. Between us, you can share that, surely, with a House of Commons standing committee?

You couldn't share that with us?

Mr. Peter Simeoni: No, I could not.

Mr. Pat Martin: I'm interested in the efforts to get better representation from the four equity groups. How's that going? How many aboriginal people have you appointed recently, for instance, full-time?

Mr. Peter Simeoni: These are statistics we keep, and I don't have them here with me today, but I would be happy to provide them to the committee.

It's tough, I'll be honest with you. It's largely a question of who comes forward and applies for these jobs. Recruitment isn't as proactive a thing as we'd like it to be. Part of making the process more accessible to Canadians is I think to deal with some of these issues better than we have in the past. You have to advertise the vacancies in ways that get to the people you're interested in, and we're not quite there yet. But the measures in the governance review are about that. I'm hopeful the website will allow us to turn the corner on that issue.

Mr. Pat Martin: In this whole appointee process, it seems to me that the first job of any new elected government is to impregnate the bureaucracy with people of their own kind. You make sure you appoint all the senior bureaucrats, all the heads of crowns, etc., of your own ilk, so that your legacy lives on beyond. Even if you get kicked out of office, you've saturated all these jobs with people of your own political stripe.

It seems to me, too, that the reason we're seeing reform in this process is that, first of all, the public is fed up. Some of the cronyism has been so egregious recently that people won't tolerate it any more. Second, you've already achieved what you set out to achieve, essentially, by putting Liberals everywhere humanly possible; it's already saturated. You've reached the saturation point, with Liberal cronies in most of these jobs, and you can afford to get more egalitarian about whom you appoint. That's the impression I get.

I don't expect a response from you necessarily.

● (1620)

Mr. Peter Simeoni: Mr. Chair, I was waiting for the question.

Mr. Pat Martin: It's more an observation than a question.

Thanks, Mr. Chair.

The Chair: Are you finished, Mr. Martin?

All right. It's Mr. Lunn for seven minutes.

Mr. Gary Lunn (Saanich—Gulf Islands, CPC): Thank you, Mr. Chair, and welcome to the committee.

Mr. Simeoni, I'm going to be very critical. I'm factually based. I appreciate you're a professional in the civil service, so these are directed more at the government of the day than you personally, but they have to be asked.

In your opening statement you said this appointment process would be professional, competency-based, and transparent. You talked about our developing a website. That was announced last February; of course, we haven't seen it yet, but until that happens, we'll use the *Canada Gazette*. You talked about the sources—chairs, directors, and all that. They will come from the board of directors themselves, as another source. If they know of good candidates, they can forward the names, and so on and so forth.

You're aware that we had the nominee for the Mint before the committee, and you're also aware we had Mr. Proulx, the chair of the nominating committee.

I'm going to ask you some pretty direct questions.

First of all, are you aware of who brought forward the name of Max Lewis to the PCO? Do you know that?

Mr. Peter Simeoni: Mr. Lewis' name was not shared with the Privy Council Office until just before it went to cabinet for approval.

Mr. Gary Lunn: You got the name after the decision was made, basically. Is that fair? It went to cabinet, obviously, if that's when you got the name.

Do you recall how many applications you received for chair of the board as a result of the *Canada Gazette*? Was it two, four, six—roughly?

Mr. Peter Simeoni: It wasn't as successful as one would have hoped.

Mr. Gary Lunn: Was it one? Was it more than three?

Mr. Peter Simeoni: It was three.

Mr. Gary Lunn: You received three.

Here's where I'm going to suggest that this.... You could have all the rules in the world; you could have piles of rules, and I don't buy any of these for a second, because they're not followed. This is what we learned when we had an opportunity to review both the nominee and the process when they came before this committee.

The most unbelievable fact of all is that we had the chair of the nominating committee from the board of directors from the Mint, Mr. Louis Proulx, who confirmed to this committee that the nominating committee at the Mint never once even met to discuss Mr. Lewis as nominee. They never even discussed it. This is just a sham that's set up, and you say in your opening remarks—again, this is not personal. I appreciate that you are here as a representative of the government of the day—that they're competency-based and transparent? There was nothing transparent about it.

The nominating committee at the Mint never even received any of the applications as a result of the *Canada Gazette*, so why waste taxpayers' money on the *Canada Gazette* in the first place? It's just a sham. It's like we have seen with the Gomery commission. You can have books and books of rules, but if they're not followed, what do you get? You're going to get a scandal and what we're seeing now.

It's the same thing here. I find this an absolute joke. At the first opportunity we have, especially in light of what was happening at the Mint with Mr. Dingwall, you would think this would be squeaky clean and go through the process. But no—they never even met.

You're aware of this testimony from PCO. I'm sure you would have followed it. I have to ask you what you think of the process. Does the process for Mr. Lewis even come close to following these rules? Did they follow these rules, as you outlined them today, in the nomination of Mr. Lewis?

Mr. Peter Simeoni: Mr. Chair, from what I know of the process, I'd have to say yes.

• (1625)

Mr. Gary Lunn: I'm disturbed that as a civil servant you would say yes, when the nomination committee never once met, when the cabinet got the name before the PCO. How was that following these new, professional, competency-based, transparent rules? Obviously there was no web source. They acknowledge that there was no candidate submitted from the board of directors. None of it was done. They might have technically followed the rules....

Let me ask you again, did they follow the spirit of what you were trying to capture in these new rules? They might have technically followed, but did they follow the spirit when they nominated Mr. Lewis and brought him before this committee? Can you say yes to that?

Mr. Peter Simeoni: Yes, I can, and Mr. Chairman, may I elaborate on why I'm saying yes? There's a bit of a misunderstanding of the role of the nominating committee here that I think is important.

Under the current process, which we've had in place since February, nominating committees have no role to play in the selection of chairs and directors. Their role is all about the CEO. They will run that process. When it comes to chairs and directors, nominating committees can meet; they can suggest candidates. In this case, I understand from testimony that the board decided not to do it.

Mr. Gary Lunn: I'm going to stop you, because under your statement here today, this is what you said:

The interim process was implemented in the context of the comprehensive review of Crown corporation governance announced....

I've read it in here, but I just have to find it.

But you've referred to not just CEOs; you said this is the rule with respect to chairs and directors as well. And you're trying to suggest in these rules—and you did that as well—that there's going to be a web-based thing, executive search companies, that the boards themselves “can” nominate candidates, and that the board would set up this nomination committee.

My point is that they can do all of this stuff, and here are all these rules, and the minister made a huge announcement that this is all being done for an open and transparent process. Well, none of that was followed. In fact, what we learned was that Mr. Lewis—I don't know him at all—was in fact approached by Andy Scott at a Saturday market, saying he should get involved. I doubt if he even sent his application in through the *Canada Gazette*. This was the minister's single choice. He cranked it off, and that was it.

And most disturbing is that the nominating committee set up to review his nominee never once met to even discuss it. Yet the chair could come here and suggest, “Oh, yes, we've followed all the rules to the letter.” You might have technically followed the rules. If you're telling me you followed the spirit of the rules.... I would expect that from a Liberal, but not from a professional civil servant. Everything I see in here was nothing more than another sham or scam that we've seen from this government. I came here with an open mind, and what I saw here didn't follow this at all.

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

Would you like to respond, Mr. Simeoni?

Mr. Peter Simeoni: I can only repeat that the nominating committee has no role to play in the selection of a chair. The board of directors will certainly be advised of the government's nominee, and that, I believe, happened in this case in July. The board of directors necessarily includes the nominating committee, so I believe the process was followed in that respect.

I guess that's all I would say.

Mr. Gary Lunn: [*Inaudible—Editor*]...here currently working with the board of directors to harmonize common elements.

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

We'll go to Monsieur Godbout for seven minutes, or until the minister arrives. Go ahead.

Mr. Marc Godbout (Ottawa—Orléans, Lib.): Welcome to the committee, both of you.

I think you established a clear difference between the nomination of a chairman and the nomination of a CEO. Basically we have to be very careful, because they are two processes, if I understand them correctly.

I'd like to go to the CEO appointment process. Am I correct in assuming that it is the prime responsibility of the board to select, under criteria determined either in the governance review or in our process, the best candidate and submit that candidate's name to the responsible minister, or to the Privy Council? Am I correct in assuming that—for the CEO?

• (1630)

Mr. Peter Simeoni: Mr. Chair, that is correct, except for the last bit about the Privy Council. It would just be to the responsible minister. As you know, every minister has a portfolio, and there are crown corporations in many of them; it would be to that minister that the nominating committee, through the board, would make a recommendation—one candidate.

Mr. Marc Godbout: For me, Mr. Chairman, it's very important that a board's prime responsibility is to name its CEO. I think it's one of their prime mandates. I feel secure that under these regulations they are in fact the ones selecting the CEO.

I'd like to get back now to either the order in council nominees or the chairperson of directors. There is a criterion that these nominations should strive to be representative of what Canada is all about. I'm not talking about employees here; I'm talking about appointees. I'm not satisfied that we necessarily have a good check and balance to make sure overall that they do represent the various communities of Canada and that they do represent, as Madame Thibault was saying, the two official language communities—that they're bilingual; that if they're bilingual, some are bilingual from Quebec, and some are francophones from outside Quebec, and all that. We seem to have maybe a bit of difficulty in making sure the overall aspects are covered.

Visible minorities are another example. I think we've made inroads in employment equity, but I'm talking about appointments. Are there any processes being followed to make sure we realign our appointments so that they are in fact representative of the various communities in Canada?

The Chair: Mr. Godbout, I must let you know that the time is up for these witnesses.

If you would like to answer, Mr. Simeoni, go ahead, and then we'll go to a short break and have the minister before the committee for the second hour.

Mr. Peter Simeoni: Mr. Chair, I'd like to assure the committee, in response to the member's question, that the Privy Council Office is making its best efforts to track the characteristics of the GIC populations through surveys in which we invite people to self-identify against various criteria. That gives us a sense of that population over time, and we can then compare it to Canadian society and see where we haven't quite hit the mark. It's self-identification, but it's the best tool we have.

The Chair: Thank you very much to Mr. Simeoni and Ms. Caron for coming today. We appreciate your being here.

We will suspend now for three minutes, and then we'll have Minister McCallum come to the table. We'll start immediately with a short statement from him.

We'll suspend now for three minutes.

• (1635)

The Chair: We will reconvene the meeting with Minister McCallum, the Minister of National Revenue.

Minister McCallum, I understand you have a short statement to make to start the meeting, and then we'll go directly to questioning.

Hon. John McCallum (Minister of National Revenue): Thank you, Mr. Chair.

[*Translation*]

First of all, it gives me great pleasure to introduce to you my two colleagues. They are Ms. Marguerite Nadeau, President and CEO of the Mint on an interim basis and Mr. J. Marc Brûlé, Director of the Board of Directors of the Royal Canadian Mint.

[*English*]

We three are here. If there are relatively technical questions directed towards the Mint, my colleagues would be happy to address them.

I would like to speak very briefly on some of the major items and then spend a little bit more time—but not exceeding eight minutes in total—on two issues. Let me clear up the first ones first, however.

On the question of Mr. Ouellet, I will say from the outset that it is illegal for me to comment on tax audits of individuals or corporations. The Income Tax Act is clear on that. The consequences for breaking that law could be imprisonment, which is not something that appeals to me.

Second, on the question of expenses, we have now had three reports. We've had the Auditor General's report of the Mint some months ago; we've had the PriceWaterhouse audit report; and we've had the report by Osler, Hoskin & Harcourt LLP by Peter Dey. To me, those facts now speak for themselves. Of course, I'll be happy to answer questions, but I don't really feel the need to comment further.

The final issue, in terms of any legal obligations that might be due to Mr. Dingwall, is a matter now under discussion between government lawyers and Mr. Dingwall's lawyers.

I would like to raise two more issues. The first of these is the appointment process for the chair of the Mint, Mr. Lewis, who was here before you recently. The first point to make is that we certainly obeyed every rule of the Treasury Board to the smallest possible detail. No rule was broken.

I want to explain to you how I see it in terms of the logic of these rules. The logic of these rules is that the chair of the board and the members of the board are accountable to the government, the shareholder, so it is essentially the government that chooses the members of the board, including the chair.

On the other hand, the CEO is essentially accountable to the board, so it is principally the board that has the responsibility to choose the CEO, whereas it is the government that has the responsibility to choose the chair and the other members of the board.

I don't apologize for anything we have done in this area. I believe we followed the logic of what I've just described and also the letter of the rules. Of course, I'm happy to take any questions you have on that topic.

The final issue I would like to make reference to concerns the whole process—of some weeks now—regarding the situation of Mr. Dingwall. I believe opposition members are entirely right to jealously guard taxpayers' money and to go after people vigorously if they believe there is an abuse. I feel that, myself, having done expenditure review. I feel very strongly about safeguarding taxpayers' money.

I think the unfortunate part of the last few weeks has been that some individuals have gone beyond that in making accusations clearly not supported by the facts, and even when the facts have become available, in continuing to make accusations not supported by those available facts. I believe we who are parliamentarians have many privileges, but we also have responsibilities. I think it is our responsibility to make accusations based only on fact, to remember that all of those whom we might accuse are also people. They also have families. They have their rights. I'm concerned that the process, as it has unfolded, has been done in a way that has not increased the esteem of parliamentarians in the eyes of Canadians.

I hope, going forward, we will be able to have a debate that is just as vigorous and just as hard-hitting in terms of getting value for the taxpayers' money, but not going over the top in making unfounded accusations—exercising, that is to say, our privileges and rights as members of Parliament, but also, in a more responsible way, our responsibilities.

Thank you, Mr. Chair.

•(1640)

The Chair: Thank you, Mr. McCallum, for keeping your comments short.

I would like to remind you that we had asked you originally to come for two hours. We will be asking you to come back at some point—we certainly can't ask questions in all the areas we want to ask questions in during one hour—but we will arrange that in the future. I just wanted to give you notice of it.

For the first round of questioning, Mr. Pallister, you have seven minutes.

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

I appreciate the pontifications of the minister. I share the concerns he's given word to about holding the government to account. Obviously, I dispute his assertions that anything but the facts have been put forward to the Canadian people.

Let's begin with the fact that the minister referred to the Osler and PriceWaterhouse studies as “audits”. Are they actually audits, Mr. Minister, or are they expenditure reviews?

Hon. John McCallum: I think the purpose of the PriceWaterhouse study was to go through each of the itemized expenditures of Mr. Dingwall and opine as to whether those were—

Mr. Brian Pallister: Neither was an audit, though. Isn't that right?

Hon. John McCallum:—appropriate or not, and with regard to the Osler study, the purpose was to look at the process governing the CEO expense reviews and make a statement as to whether that process was appropriate.

Mr. Brian Pallister: I appreciate the fact, Minister, that having just spoken about transparency and sticking to the facts, you've avoided answering my question. I'll ask you again. Were either of the Osler and PriceWaterhouse studies actually an audit, sir, yes or no?

Hon. John McCallum: I described what they are. I guess—

Mr. Brian Pallister: Oh, you've described what they are. Are they audits? That's all I'm asking.

Hon. John McCallum: Perhaps I misspoke. The third one, the Osler one, is not an audit, it would be fair to say. For sure the third one is not an audit, the Osler one. As for the PriceWaterhouse report, I'm not sure whether it is technically an audit or not, but I described what each of them is.

Mr. Brian Pallister: You did, and—

The Chair: Excuse me, gentlemen, I have a point of order from Mr. Szabo.

Mr. Paul Szabo: Mr. Chairman, I wonder if the member would please clarify, at least for me, what he understands to be an “audit”. I know what a financial audit is.

•(1645)

The Chair: No, it's not a point of order, Mr. Szabo. In your questioning, you can certainly deal with that issue.

Please, Mr. Pallister, we'll go back to your question.

Mr. Brian Pallister: I hope my time isn't being taken up—

The Chair: We have stopped the clock.

Go ahead, Mr. Pallister.

Mr. Brian Pallister: Thank you.

We've established that neither of these two studies you've referred to repeatedly, sir, as “audits” is actually an audit. Now, on the question, sir, of the mandate you as minister gave to these two separate studies, I've asked you repeatedly to table the terms of reference you used. It's my understanding that neither of these two studies was able to comment on the actual appropriateness of the policies of the Mint, which has been consistently what the opposition has been focusing on.

Is that correct? Were either of these studies, in their terms of reference, given the opportunity to comment on the appropriateness of the policies of the Mint?

Hon. John McCallum: It is my understanding, first of all, that at least a summary of the terms of reference is on the website of the Mint. As I described earlier, I do not disagree with you. The first study was to look at the actual expenses, and—perhaps one of the Mint representatives can correct me if I'm wrong—my understanding is that the second study was to advise on the appropriateness of the process, as opposed to the policies themselves.

Is that a correct statement?

Mr. Brian Pallister: Yes, and you see, Mr. Minister, I want to make clear my concern, based on—

Hon. John McCallum: I think Monsieur Brûlé—

Mr. Brian Pallister: No, that's fine. I have an adequate response from the minister. Thank you.

I want to make clear why I have a concern, Mr. Minister. It's because when you use these two studies, which were of the review of the expenditures incurred by Mr. Dingwall, as an example of how clean and pure the man was as a manager at the Mint—and you've used words like “exonerate” and so on—I think, sir, there's a danger that you may be creating a false impression in the minds of a lot of people. That is that somehow the policies that led to all these expenses are also appropriate. In fact, that's a dangerous assumption to make.

I would like to make it clear that I would like you to offer to this committee to table the terms of reference—not a summary that's on the Mint website, but the actual terms of reference you gave to these people so that they could review the expenses once incurred. I'd like you to agree. Would you table that?

Hon. John McCallum: I'll ask my colleagues. I believe a summary of the terms of reference was put on the website.

Is it possible or desirable to provide information on the complete terms of reference?

Ms. Marguerite F. Nadeau (Interim President and CEO, Royal Canadian Mint): I would just add that there's been a request through access to information, Mr. Chairman, for the actual contracts. We will be providing those two contracts.

Mr. Brian Pallister: I've made the request and I appreciate the fact that there is one. I know that. What I'm asking is if the minister would agree, in the interests of transparency and openness, to make these available to the committee, so that I don't have to wait for a month or two or three to get those. Would that be okay?

Hon. John McCallum: That would be fine.

Mr. Brian Pallister: Thank you. I appreciate that.

Would you agree, though, that this expenditure review has pointed out some problems with Mr. Dingwall's expenditures, sir? In regard to personal use of courier, in regard to personal use of airline travel, and so on, would you agree there are reasons for concern when you review those results?

Hon. John McCallum: I believe that 99.5% or more of the expenditures were deemed to be appropriate. The remainder involved things of that nature, which the government is recovering.

Mr. Brian Pallister: Personal use of government property has been a just cause for dismissal in the civil service for others. I want you to acknowledge that these are issues of concern. When someone takes three or four flights for personal use, and those are shown to be the case only after the fact, by an expenditure review, I would think the minister in charge would have some concern about that. Is that not a correct assumption?

Hon. John McCallum: As I said, the government is recovering every cent of that money.

Mr. Brian Pallister: Well, yes, sir, that's due diligence once caught, but my concerns are around the issues of... You're saying this report that you cited, that you referenced earlier—and you referenced it in the media numerous times—exonerates Mr. Dingwall of all wrongdoing, and so on.

I'll just go through this with you. I think I've got a couple of minutes. He took an unsupported cash advance; I have documents I can make available to the committee on this. Document reference 205971 references a cash advance that he took in Bangkok at the Four Seasons Hotel on December 14 for 9,000 baht. That translates almost identically to the dollar number of the unsupported cash advance. That was on December 14. On December 15, after taking the cash advance, he charged a massage, and on December 16 he paid his bill. The numbers match. On January 6, 2005, he filed an expense claim, and then this expense review dismissed this claim as an unsupported cash advance.

In response to my concerns about his billing taxpayers for a massage, among other things, your department has said he paid his own money for it, but we already know he took a cash advance the day before. How do you know he paid his own money for the massage? He took a cash advance the day before. Why would he have taken a cash advance if he had his own money? It doesn't make sense.

• (1650)

Hon. John McCallum: I can't speak to that level of detail. What I do know is that any expenses found to be inappropriate—and they amounted to less than one-half of one percent of the total—are being recovered by the government.

Monsieur Brûlé can give you a more detailed response, I believe, with regard to the cash advance.

The Chair: Mr. Pallister's time is up, but could you give a very quick response?

Mr. J. Marc Brûlé (Director, Board of Directors, Royal Canadian Mint): I believe the cash advance came forward on a hotel bill, and as the bill was being processed, it was misinterpreted and not viewed as a cash advance at that time, in error, and therefore was picked up through the PriceWaterhouse review at a later date.

The Chair: Thank you.

Next is Madame Thibault, for seven minutes.

[Translation]

Ms. Louise Thibault: Thank you, Mr. Minister, for coming before us with your colleagues. My questions will be on governance in general.

We learned that your colleague the Minister for Transportation has reminded senior management of Crown corporations in his portfolio that they should follow the guidelines with due diligence.

Did you do something like this?

Hon. John McCallum: No, not yet.

Ms. Louise Thibault: When you say that you haven't done it yet, should I understand that you intend to do it?

Hon. John McCallum: I shall consider the possibility of doing it.

Ms. Louise Thibault: We have been given copies of a letter that you sent to the Committee's Chairman in which you state and I quote:

Canada Post is an arms-length Crown corporation responsible for its own day-to-day operations including the management of payroll and expenses.

This explanation looks to me like a justification to start with. You conclude by saying that Canada Post has put in place an expense policy that requires receipts, and so on.

Mr. Minister, don't you believe that a Crown corporation, even if it is competitive and market-oriented, should at least follow guidelines entirely similar to those of the Treasury Board? After all, a Crown corporation is the collective property of taxpayers in Canada and Quebec.

Hon. John McCallum: Yes, absolutely. As Mr. Dey said in the Osler Hoskin & Harcourt report, I think that the level of performance concerning governance should be higher for a Crown corporation than for a private sector company because this is taxpayers' money.

According to that Osler Hoskin & Harcourt report, it is true that standards that apply to the CEO's expenses are at a higher level at the Royal Canadian Mint than in the private sector. I think it is appropriate.

Furthermore, I think that it is what Mr. Lapierre suggested in his letter. I might be wrong, but at least, I agree with what Osler Hoskin & Harcourt has stated on this.

Should a Crown corporation follow exactly the same rules as government departments? No, I do not necessarily agree with this. As a commercial corporation, it might need a little more flexibility than is given by Treasury Board; but I think that our rules should be more rigorous than those of the private sector.

•(1655)

Ms. Louise Thibault: Would you agree if the government was asking the CEOs of those Crown corporation to get together to review their policies? Surely those people can talk to each other.

I was really surprised when I saw the policy of the Royal Canadian Mint concerning hospitality and travel expenses. I am not talking about the last policy but the one that was written and approved by the former CEO who came here to testify, Mr. Dingwall. I should mention, that in an answer to one of my questions he said that he had made enormous profits, that he had revitalized this Crown corporation and that this had cost money. He almost told me, but it is not his exact words, that in the circumstances, it will cost what it has to cost!

I am flabbergasted by that kind of statement, Mr. Minister. In fact, this is not the kind of governance that will allow to account as best as possible for all expenses that are incurred.

I am going to give you an example. Why should a CEO be allowed to buy a luxury car? I understand that these people work long hours and they want to be comfortable in their car when they are travelling. I also travel a lot and I can understand. However, why should Canadians accept to pay \$1,000 a month for the maintenance of that car? It would be better to have a fleet of cars or to rent one that you could return when you are finished with it. I cannot understand that kind of attitude which I find is bad taste.

Hon. John McCallum: My answer will be in two parts. First, I think that the fact that the Mint has made a profit instead of a loss, that it has registered a growth particularly on the international market is a good thing. It is not an easy task.

Second, even if Mr. Dingwall has allowed the Royal Canadian Mint to register a huge growth of its profits, it is not an excuse or a reason not to follow the rules. This is why we have hired PriceWaterhouse Coopers to determine if he has followed the rules.

Ms. Louise Thibault: Mr. Minister, I am sorry but I already know all this, you have already mentioned it in the House. This is not what I am asking.

I would like to know if the new CEO, the lady who is acting as Interim President, could not put in place the most rigorous financial

management process it being understood that there might be extraordinary expenses to be incurred and that the policy should not necessarily copy that of the public service?

Wouldn't it be possible for those senior officers to take the situation really seriously and not offer themselves items that appear and that indeed are excessive? Couldn't they discuss this among themselves and review their policy? Wouldn't it be possible for them to be more conservative in their travel expenses, for instance, even if the corporation is making profits as this is what we are expecting from them, Mr. Minister.

Hon. John McCallum: Once again, I have two things to tell you. I believe that our financial controls are already stringent. The Auditor General conducted an audit and didn't find any problems. Obviously, financial management is rigorous.

Secondly, it is a matter of balance. The Royal Canadian Mint and Canada Post are big corporations that have to compete with private sector companies when the time comes to recruit highly qualified people. You should not forget that when we are looking for CEOs or directors, we have to compete with the private sector. We want our public operations to be well managed but we must take that competition into account when making these kinds of decisions.

Ms. Louise Thibault: So, you are telling me today that if we want good managers, we should be generous with them as concerns their travel expenses and their expense accounts. If we don't, we won't find highly qualified people willing to work in Crown corporations for the good of the general public.

•(1700)

[English]

The Chair: Madame Thibault, your time is up.

Do you have a brief response?

[Translation]

Hon. John McCallum: It is a matter of balance. I think that we are less generous than the private sector. However, if we are too far apart from the private sector, we will have difficulty recruiting people.

[English]

The Chair: Thank you, Mr. Minister.

Mr. Szabo, you have seven minutes.

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

Welcome, Minister.

Mr. Minister, the committee has been somewhat concerned about the appointment process. I think we're working towards a solution, but because there are outstanding matters, such as the website determination, I would suspect our experience.... Maybe you could comment on this. To the extent there are appointments outstanding and they are advertised in the *Canada Gazette*, what is our relative response rate, in terms of interest, to postings?

Hon. John McCallum: I don't know the answer in numbers.

Mr. Paul Szabo: Is it satisfactory, relative to what we might expect if we were to, for instance, put an ad in a national newspaper?

Hon. John McCallum: Are you referring to board members and chairs or to presidents and CEOs? I think they're quite different.

Mr. Paul Szabo: Okay, you asked the question, so I will clarify that. Even though it may only be a \$10,000 part-time appointee, the responsibility and authority of that person are significant, and materiality should not come into question here.

Hon. John McCallum: I certainly think you make a good case that the more we can get highly qualified people interested in applying, the better off the government is and the taxpayers of Canada are. Perhaps, therefore, advertising in a national newspaper is something we should consider.

Mr. Paul Szabo: I know it's an expensive proposition, and we had the original rules where basically all appointments required the engagement of a national search firm and publication. When we did the Feeney appointment, Mr. Ritchie I think advised us that it probably would cost some \$100,000 to go through that process, which probably also is not a very good substitute for the discretion that has to take place.

Now, with regard to the PriceWaterhouseCoopers work that was done with respect to Mr. Dingwall, they were engaged directly by the Mint. Do you know whether or not PriceWaterhouse Coopers approached the auditor of the Mint?

Hon. John McCallum: The Auditor General?

Mr. Paul Szabo: Yes.

Hon. John McCallum: Maybe one of my colleagues could answer that.

Ms. Marguerite F. Nadeau: I can tell you enough to determine that yes, PriceWaterhouse did speak to the Auditor General.

Mr. Paul Szabo: I'm pleased to hear that, because it's a professional requirement that when one audit firm does work on another's client, they have to go through some professional courtesies.

As a consequence of that, was there any indication that the Auditor General had done any work in the matter this committee dealt with and that there were any apparent concerns about either internal control or management reporting or the like?

Hon. John McCallum: Again, I'll ask the chair of the audit committee. I think he's the best qualified to answer that question.

Mr. J. Marc Brûlé: Thank you, Mr. Minister.

Mr. Chairman, in their review last year of the financial statements and systems of the Mint, they didn't come forward with any formal recommendations with respect to internal controls or improvements to the systems. There was no management letter issued that would reveal that to the board.

Mr. Paul Szabo: Mr. Brûlé, I think most of these are really going to be for you.

With regard, for example, to the summary that was given by PriceWaterhouseCoopers in its report, the largest number of items, in amount, related to personal expenses that were included in expense reports. One, specifically, was airline. I think one honourable member suggested that there was a personal trip taken that was put

on an expense report. Could you clarify? Was it in fact a personal trip for personal-use purposes, or was it a proration of a business trip for the amount that was deemed to be personal?

• (1705)

Mr. J. Marc Brûlé: Mr. Chairman, it is more the latter. There was a business event that the president, Mr. Dingwall, needed to attend at one end of the country. He happened to be on vacation at the time on the east coast. The amount of the fare to travel from Halifax to the west coast meeting, versus what was viewed as being the cost of the trip had he left from Ottawa, was at that point deemed to be personal.

Mr. Paul Szabo: Okay. So it wasn't totally a personal item. That's important to clarify.

With regard to the cash advance on the hotel bill, obviously, to file an expense claim Mr. Dingwall had to file the hotel bill with it. Was there any notation on that bill by Mr. Dingwall that the advance was not to be reimbursed, or that it was personal?

Mr. J. Marc Brûlé: Mr. Chairman, I didn't see that hotel bill myself; I didn't undertake the audit.

Mr. Paul Szabo: When the comptroller's group within the Mint reviewed the expense statement and found that there were no receipts to account for the \$250—presumably it was for a specific purpose or purposes—and discovered that there was no paper documentation for the \$250 disposition, did they contact Mr. Dingwall to try to obtain an explanation?

Mr. J. Marc Brûlé: I'm sorry, Mr. Chairman, I don't have detailed knowledge as to what the finance department would have done in terms of reviewing that particular expense item.

Mr. Paul Szabo: Theoretically, if the comptroller's group doesn't have supporting documentation, it should not have reimbursed it without making proper inquiry, and it sounds as if the problem was the comptroller's group—although, by the same token, I would think if there were any element of personal amounts in there, ultimately Mr. Dingwall should have declared it on the bill, and I'm sure PriceWaterhouse looked at it.

Finally, Mr. Minister, there has been a suggestion that, for instance, crown corporation executives, such as Mr. Dingwall in the case of the Mint, can spend anything they want—I think that's the way it was put. It was almost as though it was open-ended.

Are you satisfied—and is the Auditor General satisfied, if you've consulted with their reports—that the processes in place to approve travel and relate it to value-for-money purposes of the crown corporation are in fact good business practice and are not out of line with standard business practice?

Hon. John McCallum: I am, and I'll give you the reasons. Then perhaps Mr. Brûlé could comment too, because that's very much his responsibility.

There was one recommendation in the PriceWaterhouse report that whereas in the past the expenses of the president were reviewed and approved by the CFO, PriceWaterhouse felt that was perhaps a little close, so their one recommendation was that the CEO's expenses be reviewed initially by a more distant person, such as the director. My understanding is that one recommendation has already been implemented by the Mint.

I believe the process is appropriate. They responded immediately to the one recommendation for change. Moreover, in the Osler report, it was stated explicitly that the process for reviewing expenses was more rigorous, more onerous, at a higher level than one would find in the private sector. In my view, this is appropriate. We are talking about taxpayers' money.

I think this has been reviewed extensively, and I'm comfortable that the processes are appropriate for the safeguarding of taxpayers' money.

But I would just ask Mr. Brûlé if he has anything to add, because I think this goes to the heart of what we're talking about.

Mr. J. Marc Brûlé: Mr. Chairperson, as a board, we do set the policies. We believe they are appropriate for an organization such as the Mint. However, given the current environment, it may make sense for us to undertake a benchmarking exercise around these travel and hospitality policies, just to be sure we continue to be in the area of best practices regarding them.

• (1710)

The Chair: Thank you, Mr. Brûlé.

Mr. Martin, you have seven minutes, followed by Mr. Poilievre and Mr. Preston.

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

Welcome, Minister, and Madame Nadeau and Monsieur Brûlé.

Especially I welcome Madame Nadeau. Congratulations on being appointed. I should note, in keeping with another line of questioning I had, that you're not only eminently qualified, but as a woman.... We're not reaching our equity goals in terms of representation among appointees at your level, of CEOs in crowns, so you're that much more welcome.

But having said that, it begs the question, if there was such an eminently qualified person within the Mint, with 22 years' experience in a senior capacity at the Mint, and a woman and bilingual, why then did we end up with a washed-up Liberal hack as our CEO instead of a qualified individual like you?

Maybe that should be directed to the minister in terms of—what is it—February 2005 and the whole new government appointee process that came into place.

To defeat cronyism, your main qualification shouldn't be that you have a Liberal membership in your pocket, or that you're a former Liberal cabinet minister. You also mentioned, Minister, that it's the board of directors who should choose a CEO. The government should appoint the directors; the board should appoint the CEO. How, then, did the board make the choice of Dingwall over a qualified person like Madame Nadeau, who was in-house and on staff already? Do you know how that happened?

Hon. John McCallum: It might put Madame Nadeau in a slightly uncomfortable position if you wanted her to answer that question—

Mr. Pat Martin: No, maybe you should.

Hon. John McCallum: —so I will answer the question.

The Dingwall appointment predates the new Treasury Board rules and predates my time in this position, so I don't know the

circumstances of that appointment. What I would say—you said it's the board that appoints the CEO—is that in a pure model the board would appoint the CEO exclusively. In our model, which has just been recently introduced by Mr. Alcock, the board has near total rights in appointing the CEO, but not total. In the case of Canada Post, for example, it was the board that hired the professional association that went through many candidates and that came up with a list of two. Then I, as minister, interviewed both. So I did have a role, but the role predominantly was with the board, in terms of the choice of CEO.

Mr. Pat Martin: Thank you, Minister.

In your interim capacity, Madame Nadeau, have you taken over the same terms and conditions of employment—I won't ask salary—as the full-time CEO who just left?

Ms. Marguerite F. Nadeau: Mr. Chairman, I continue with the same terms and conditions I had as vice-president of corporate and legal affairs within the Mint. So no, I have not.

Mr. Pat Martin: You're not being paid under the same terms and conditions, as president and CEO of the Mint?

Ms. Marguerite F. Nadeau: I am not paid, at the moment, at the same rate as the previous president was paid.

Mr. Pat Martin: What a gyp. You need a better bargaining agent there. If you're doing the job, you should be.... I'm available.

Voices: Oh, oh!

Mr. Pat Martin: Madame Nadeau, if you quit your job now, what would be your understanding in terms of severance? What would you be eligible for if you resigned, in your understanding of the terms and conditions of your employment, as it stands currently?

Ms. Marguerite F. Nadeau: I guess it all depends on the circumstances as to why I was to resign from the Mint.

Mr. Pat Martin: Well, if you just quit, if you just resigned.

Ms. Marguerite F. Nadeau: I have no intention of doing that, so this really is a hypothetical question. I have no intention.

Mr. Pat Martin: No, I know, and I'm not trying to make it personal. I'm talking about the category you're in, not you personally. But what would be your expectation if you simply said, "I want to spend more time with my family", and tendered your resignation?

Ms. Marguerite F. Nadeau: What I can tell you in terms of severance at the Mint is that in terms of our unionized employees, there are severance payments if you have been an employee for a certain number of years. I believe it's the same in the public service.

Mr. Pat Martin: But you aren't in the bargaining unit, or you'd be getting equal pay for work of equal value, as the CEO.

• (1715)

Ms. Marguerite F. Nadeau: I'd have to look at my own situation. It's really hypothetical at this stage.

Mr. Pat Martin: I understand.

Do I have a minute left?

The Chair: You have two minutes, Mr. Martin.

Mr. Pat Martin: Minister, in terms of appointments, one of the real irritants of the former Privacy Commissioner was that 24 hours before he started his brand-new job, I think his \$240,000-a-year-job, he was forgiven \$650,000 in back taxes, because he was bankrupt. He had personal bankruptcy.

Now, as Minister of National Revenue, I'm not asking you to comment on George Radwanski, or if you were able to get that money back for us, but is that now one of the screens done in the appointment process, to make sure that they haven't just declared bankruptcy and are just going to walk away from hundreds and hundreds of thousands of dollars in back taxes? Is that even a consideration in your screening process of senior appointees?

Hon. John McCallum: I hope you're not asking me to comment on a particular case regarding taxes, because I don't think you'd want me to go to jail.

Mr. Pat Martin: Certainly not, sir, no.

Hon. John McCallum: As I said earlier, that would be a risk I would be taking.

Mr. Pat Martin: After Gomery, there'll be enough Liberals in handcuffs anyway—in a couple of hours, surely—and I wouldn't want you to be one of them.

Hon. John McCallum: I would say it's possible that the board has such a scrutiny or makes such inquiries. It's possible that the Privy Council Office—

Mr. Pat Martin: But how would they get that information, sir? If you're not allowed to divulge—

Hon. John McCallum: From the tax authorities? No, they couldn't.

Mr. Pat Martin: They couldn't get that information.

Hon. John McCallum: I thought you meant in general. From the tax authority? I think—

Mr. Pat Martin: How do they screen? If the person had just declared bankruptcy a few months before and was just about to be forgiven, or discharged, is there any way of finding out?

Hon. John McCallum: My understanding is that the information would be private and that one could not find out, whether one is the board or the government.

Mr. Pat Martin: Wouldn't it be in the interests of the government to negotiate some kind of payback scheme? If you're about to hire a person at \$250,000 a year and forgive \$600,000 in back taxes within 24 hours, is it possible for us, in the interests of the taxpayers, to negotiate a payback schedule out of that salary?

Hon. John McCallum: Actually, the CRA commissioner would be much better able to answer that question.

Mr. Pat Martin: That would be helpful.

Mr. Michel Dorais (Commissioner, Canada Revenue Agency):

There is a precise answer to that. Every order in council appointee is asked for consent, for the Canada Revenue Agency to signify whether there are significant issues with the tax situation of the individual before appointment. We answer with a yes or a no.

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

Go ahead, Mr. Poilievre, and then possibly Mr. Preston, for seven minutes.

Mr. Pierre Poilievre: I'll be very brief. I hope Pat won't be accepting any contingency fees as your agent.

On that same subject, I know it's not in your immediate portfolio, Minister, but I want to ask you why it has taken so long for members of the public to gain access to audits pertaining to the Technology Partnerships Canada program. I invite any explanation you might have for that unacceptable delay.

Hon. John McCallum: Without necessarily accepting the premise, I can't answer because it is in the portfolio of my colleague, David Emerson. I'm afraid you'd have to ask him.

Mr. Pierre Poilievre: He'll be asked that shortly.

The Chair: Mr. Preston, you still have six minutes plus.

Mr. Joe Preston: Super. Thank you.

Mr. Minister and guests, thank you for coming in today.

It's appropriate that most of my colleagues at the table today talked in the first hour about the hiring rules and review process for chairs, board members, and CEOs of crown corporations. Really, what we talked about during the first hour was that although the rules are written, you can sail a ship through them. We can write the rules, but if there's not the intent to follow them and if there's not the will to follow them, then the rules are nothing but a piece of paper in a book that hangs around in people's offices and people come to committee with them.

The point we keep seeing under the rules is that the rules are written with words like “may” or “might” or “shall” or “can” in them, instead of “must”. When we look at the rules for the appointment process, that's what we see, and we see them not being followed. I think my colleague today said they may have been followed to the letter, but are they followed in spirit? Well, the answer from our witness earlier was that they were followed to the spirit, but I think the rest of us, the Canadians at home, realize that if you're not following the rules as they're written, then you're not following the rules as they're written.

The same thing happens here with the terms of reference. We talked about a financial review of someone's expenses. There were hospitality and travel rules at the Mint. Could you tell us who wrote them?

• (1720)

Hon. John McCallum: First of all, on your preamble, I think we did follow the rules with regard to Mr. Lewis, both the letter and the spirit. Are you suggesting that we did not?

Mr. Joe Preston: Yes, I am suggesting that. I am suggesting that it was a single recommendation by a board member. It didn't go through some of the other.... I recognize that the board says "could use the nominating committee". It did not. The nominating committee didn't review the name. These are the things that are there. If the tools are there and the organization chooses not to follow them, I think we can expect to need to do repair.

Hon. John McCallum: I would argue that it was in the spirit of the law, because as I said earlier, you have to look at where the accountability lies. The accountability is with the government to appoint the chair of the board, because the chair of the board is accountable to the shareholder. Therefore, the government can choose. It does not have to take a name provided by the *Canada Gazette* or by—

Mr. Joe Preston: But you, sir, don't believe that a more stringent process would be better? You agree that a slacker process would be better somehow.

Hon. John McCallum: I believe the government has the duty to make that decision using whatever sources the government has. As I said in response to an earlier question, we want to canvass as broadly as possible to get the best possible selection of candidates. But since it is an accountability to the government, the government is entirely within its rights, both with regard to the letter and the spirit, to find the person the government deems most appropriate, from the board, from another source, from any source.

I believe Mr. Lewis is well qualified, and I believe the process we followed was in accordance with the letter and the spirit of the rules.

Mr. Joe Preston: I'm not really discussing the qualifications of any particular candidate; I'm saying that while the process has the ability to be manipulated by the government, then occasionally, and maybe more often than occasionally, we will not get the best candidate. Occasionally we will.

The second part of my question was on the hospitality and travel expenses of the M'Mint. The policy that was in use during the last year was written by whom?

Hon. John McCallum: I'll refer that question to one of my colleagues who is better informed than I am on that question.

Ms. Marguerite F. Nadeau: Mr. Chairman, the policies of the Mint are developed by management. They are then submitted to the governance committee of the board of directors, they are discussed by that committee, and then they are recommended to the board for approval.

Mr. Joe Preston: Here at this committee, Mr. Dingwall shared with us—as my colleague from the Bloc has already mentioned—that because the Mint was making a profit, those expenses were well justified. Of course, if it was making a profit, he should have to spend money to make money, and we shouldn't be asking the question about the expenses. Was he part of the management that would have written these policies in the first place?

Ms. Marguerite F. Nadeau: Mr. Chairman, the policies are written by management. He would have been part of the executive group. He would not have drafted them himself obviously, but there was a group below him that was drafting the—

Mr. Joe Preston: At one time he even bragged a bit about having drafted them, because he talked about changing them so that he didn't have to pay for small items. He had taken the per diem away and saved us some money so that even small items were paid for. In fact, the per diem is still there, but as a witness that day, he suggested that he had helped write some of them.

I have another question on the difference in Treasury Board guidelines versus the Mint guidelines on expenditures. Are you aware of, say, the Mint guidelines for dinners on a daily basis and the Treasury Board guidelines for dinners on a daily basis?

Ms. Marguerite F. Nadeau: Mr. Chairman, I have not conducted a comparison between the Treasury Board policy and the Mint policy, although I do know for a fact that it was used as a document when our own policy was drafted.

Hon. John McCallum: And I think the idea suggested by the chair of the audit committee is a good idea, that they do a benchmarking exercise so that they can compare their practices not only with those of Treasury Board, but also with those of other entities in the country.

• (1725)

Mr. Joe Preston: I agree. That would be an excellent exercise to be done, because if I could share it with you from my records here, the Mint's guideline for dinner is \$100, whereas the Treasury Board guideline is \$33.15. If you want to stay within a guideline, I'd rather stay within the higher guideline. I could be corrected, but I've had similar types of numbers for lunch and dinner. I would think the average Canadian would think it would be very easy to stay inside the Mint's guidelines when others may be a little lower.

The Chair: I'm sorry, but your time is up.

We'll go to Mr. Boshcoff and Mr. Godbout, for seven minutes.

Mr. Ken Boshcoff: I'll save him some time.

This began with a tremendous amount of publicity, with huge headlines and a big smear campaign. At committee here, we then found that many of the accusations were false and deliberately misleading. Has the Mint received any apology from Mr. Pallister or any of the other people who misled the Canadian public?

Hon. John McCallum: Not to my knowledge.

Mr. Ken Boshcoff: How about the media? Are you aware of anything? Certainly, the reputation of the Mint was at stake here. On a lot of this information, once the accusations about expenses were found out, most of the discussion was on the issue of severance, so the media, which was fed this skewed data, was left to present all this to the Canadian public. Are you aware if the Mint knows of any apology in the media for the way the information was presented to them by the opposition?

Hon. John McCallum: Am I aware of an apology from the media?

Mr. Ken Boshcoff: No, are you aware of an apology from the opposition about what they did to the media?

Hon. John McCallum: To the best of my knowledge, there has been no apology of any kind from any member of the opposition. If one of my colleagues is aware of something I'm not aware of, they could comment.

Mr. Ken Boshcoff: Mr. Godbout.

Mr. Marc Godbout: Thank you, dear colleague, for sharing your time.

We will have to reappoint a CEO for the Mint. We have seen some guidelines from Treasury Board. How do you see this process unfolding, as minister responsible?

Hon. John McCallum: I had a recent experience with Canada Post, where the process led to the appointment of Moya Greene as president and CEO. It's up to the Mint to set up its process, but I would imagine it would be similar, and I can certainly tell you it will be within the letter and the spirit of the rules.

My colleagues can amplify if they wish, but basically it's in the hands of the board. A professional search firm is engaged. That search firm searches far and wide to get the best possible candidates it can get. Out of that process involving the board as a whole and/or subcommittees of the board, a short list of two or perhaps three names will emerge.

My role only comes in at that point, when, if it's the same as with Canada Post, I would interview those people who reached the short list and then make a recommendation. The person would then appear before this committee. After all of that, the person would then be appointed.

That is my understanding. Is that a fair description?

Ms. Marguerite F. Nadeau: That's exactly the process that will be followed at the Mint, Mr. Chairman.

Mr. Marc Godbout: That's the process outlined in the guidelines. I think there has been some confusion at the table today, in that we're mixing up a chair of the board and a CEO. I just wanted to make that very clear. These guidelines would receive your support, as minister.

Hon. John McCallum: Exactly, and you put it very well. I perhaps wasn't clear enough that the accountability of the CEO is to the board. The principal responsibility for appointing the CEO is with the board. My role as minister is not nothing, but it is relatively limited, whereas it's entirely different with the board and the chair of the board, because those people are accountable to the government. It is therefore basically up to the government to choose who they wish to choose to be board members.

• (1730)

Mr. Marc Godbout: Mr. Chair, I think it finally clarifies that there is a distinction between the two processes. I hope we all heard the same thing.

Thank you.

The Chair: Thank you, Mr. Godbout. Our time is up.

I thank you very much for coming, Minister McCallum, and the people with you today.

Before we adjourn the meeting, I'd just like to say that we'll have the Hon. Reg Alcock, President of the Treasury Board, at Wednesday's meeting, to deal with Treasury Board's review of the responsibilities and accountabilities of ministers and senior officials. I'll see you then.

This meeting is adjourned.

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