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—  
**Chair**

**Mr. John Williams**

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## Standing Committee on Public Accounts

Tuesday, December 7, 2004

•(1600)

[English]

**The Chair (Mr. John Williams (Edmonton—St. Albert, CPC)):** Good afternoon.

The orders of the day are, pursuant to Standing Order 108(3)(g), governance and accountability within the federal public service, with an emphasis on ministerial and deputy ministerial accountability.

Our witnesses today are, as individuals, Mario Parent, former coordinator of the advertising program of APORS, CCSB, and PWGSC; and Huguette Tremblay, a former chief of special projects of CCSB and PWGSC.

If we get through all that, then we have this other item pursuant to Standing Order 108(3)(g), the *Public Accounts of Canada, 2004*, referred to the committee on October 21, 2004, the consideration of the draft report. That would be in camera.

I think the clerk has circulated to all members in both official languages a letter from the leader of the government in the House of Commons, the Honourable Tony Valeri, regarding appointments. This has to deal with the action plan for democratic reform, tabled in the House of Commons on February 4, 2004. It talks about the pre-appointment review of heads of agencies, crown corps, and other organizations.

The only person who falls within the purview of the public accounts committee is the appointment of the Auditor General. In the past, we haven't really had any real opportunity for a pre-appointment interview or pre-appointment process. I think it's appropriate, given the government's intention to move in this direction, that we be involved in the pre-appointment of the Auditor General.

Is it agreeable that I instruct the clerk to write a letter and bring that letter back to the committee to see if it's acceptable? Is that agreed?

**Some hon. members:** Agreed.

**The Chair:** Okay. I will instruct the clerk to write a letter on that basis, and we'll bring it back here for discussion.

There's a deadline of December 17 to respond, which is coming up quite quickly, so I'll have the clerk circulate the letter to all members in advance and bring it to the committee.

Is that agreeable?

**Some hon. members:** Agreed.

**The Chair:** It's agreed.

Mr. Lastewka.

**Hon. Walt Lastewka (St. Catharines, Lib.):** Mr. Chair, did you say you will circulate the letter you received?

**The Chair:** It has been, I believe.

**Hon. Walt Lastewka:** It has?

**The Chair:** We have additional copies here.

**Hon. Walt Lastewka:** I would appreciate that.

When was it circulated?

**The Chair:** Last week.

**Mr. Brian Fitzpatrick (Prince Albert, CPC):** Yes, I think it was last week.

**The Chair:** Mr. Lastewka, the clerk advises me that it was part of a package.

Anyway, what we'll do is we'll draft a letter. It will also be circulated in both official languages, and I'll bring it forward to the committee because there's a deadline. The government would like a response by December 17.

Before we start, because we're still dealing with the sponsorship issue and we've been continuing on our normal practice....

Ms. Tremblay—and Mr. Parent—I think we would have done this when you were here the last time, so we'll do it again. The refusal to answer questions or failure to reply truthfully may give rise to a charge of contempt of the House, whether the witness has been sworn in or not. In addition, witnesses who lie under oath may be charged with perjury.

I understand you have a Bible there. I would ask that you both take the oath, because we agreed that all witnesses will be sworn in.

Mr. Parent, if you have the Bible there, could you take the oath.

[Translation]

**Mr. Mario Parent (Former Coordinator, Advertising Program, APORS and CCSB, PWGSC, As Individual):** I swear to tell the truth, the whole truth, and nothing but the truth in my testimony. So help me God.

**The Chair:** Thank you very much.

**Ms. Huguette Tremblay (Former Chief, Special Projects, CCSB, PWGSC, As Individual):** I swear to tell the truth, the whole truth, and nothing but the truth in my testimony. So help me God.

**The Chair:** Thank you very much.

[English]

Do you have opening statements, Monsieur Parent and Madame Tremblay?

**Ms. Huguette Tremblay:** Yes.

**The Chair:** Okay. We'll start with Monsieur Parent, s'il vous plaît.

[Translation]

**Mr. Mario Parent:** Mr. Chairman, members of the committee and Madam Clerk, I would like to take a few minutes to deliver my opening statement which, I hope, will help you know more about me.

I graduated from the Académie commerciale de Québec in business administration, with a concentration in public administration, and then joined the federal public service in 1970 as a supplies trainee with the Department of Supplies and Services. This department was merged in 1989 with the Department of Public Works to become Public Works and Government Services Canada.

From June 1970 to January 1987, I worked for this department in the following areas of supplies, commodities and services: electronic and electric goods, textiles, clothing, pharmaceutical products, overseas services and transportation, and communications.

The year 1987 was a year of transition. After 17 years spent in the supplies sector, I changed and joined the Advertising Management Services Branch as an advertising program coordination, a position I held for eight years, from January 1987 to March 1995. My immediate supervisor was Ms. Andrée Larose, advertising director, who reported to Mr. Joseph Charles Guité, general director, and later executive director.

As an advertising program coordinator, my job was in a certain way to review, recommend or approve any request for advertising from the various departments by assigning an authorization number, what we called an ADV in our jargon. Without this authorization, no department could advertise.

Over the years, I also participated in the committee for the selection of advertising agencies and communication firms. In all, I participated in approximately forty selections as a member, and on a few occasions, as the chairman of the committee.

From April 1995 to March 1997, my tasks were increased to include responsibility for supplies by appointing me interim director, without salary, having the contractual responsibility for advertising, sponsorship, and public opinion research services. This was quite a workload for three or, most of the time, two people.

From April 1, 1997 to June 30, 1998, I was interim director of client service, while maintaining my other supplies functions and remaining advertising program coordinator. In addition, I was sometimes asked to manage a few sponsorship activities.

I left the public service on August 21, 1998 after a little more than 28 years of service. During the last 10 years, Mr. Joseph Charles Guité was my director, director general, or executive director. Mr. Guité was a man of action and decision, with an exceptional sense for client service. He was the directing mind. We were a tiny group away from the department's headquarters, near Parliament Hill.

I do not claim to have been a major, nor indispensable player, but I'm satisfied with having performed my duty to the best of my knowledge.

Mr. Chairman, thank you for your attention. I am willing to answer your committee's questions.

● (1605)

**The Chair:** Thank you very much, Mr. Parent.

Ms. Tremblay, would you make your opening statement please.

**Ms. Huguette Tremblay:** Mr. Chairman, members of the committee, at the risk of repeating what was said during my testimony before this committee last March 25, please allow me to present a brief summary of my career as a public servant.

I have been a public servant since October 1975, and I have always worked for the same department. This department, however, was renamed on several occasions: from Supply and Services in 1975 to Public Works and Government Services in 1989, to Communication Canada in 2001, and finally back to Public Works and Government Services Canada in 2004.

I worked as a secretary for four different people between 1975 and 1987. In 1987, again as a secretary, I worked at the Advertising Management Services Branch for Mr. Joseph Charles Guité. I worked for Mr. Guité from 1987 until he left the public service in 1999.

In 1997, my position was reclassified, and I performed different duties within the Government of Canada Sponsorship Program at the Communications Coordination Services Branch. When Mr. Guité left the public service in August 1999, I reported to Mr. Pierre Tremblay.

In 2001, a new department known as Communication Canada was created. For a few months my immediate supervisor was first Ms. Catherine Oliva-Labine, then later Ms. Diane Viau.

From April 2003 to April 2004, I worked at Environment Canada as part of a secondment agreement. I am now working for the new Government Information Services Branch of Public Works and Government Services Canada.

While I worked for the Sponsorship Program, two people reported directly to me: one clerk and a sponsorship project coordinator.

This summarizes my career. I will be happy to answer your questions. Thank you.

**The Chair:** Thank you very much, Ms. Tremblay.

[English]

Mr. Fitzpatrick, please, for eight minutes.

**Mr. Brian Fitzpatrick:** Thank you, folks, for showing up at this meeting. I know you've gone through quite a few meetings like this and I guess this is one more.

You both have extensive experience in the public service and, certainly in one case, extensive experience in procurement and government contracting. I'm looking to get educated by you, if that's possible. I do respect your experience.

In your years in the public service, you no doubt have seen rules violated or rules not complied with when it comes to government contracting or procurement or things that might be questionable. I'm curious. As a public servant, in the position that both of you were in, when something is being done that is not right.... I will throw out three questions to you and maybe you could tell me what your response would be to those three questions.

I'm from small town Saskatchewan, so I'm looking for help here. The first thing would be to go public, to communicate the wrongdoing to the Canadian public through the media through that means. That is one possibility. I ask you, is that available to either one of you, in your understanding of how things work in this town? Without losing your job, being fired or demoted or penalized, can you do that?

• (1610)

**Mr. Mario Parent:** This is not something I would envisage. Within any department you will have a sort of step-by-step process. You don't just go public.

**Mr. Brian Fitzpatrick:** What would happen if you did that? I'm curious.

**Mr. Mario Parent:** I would be scared stiff of losing my job, to start with.

**Mr. Brian Fitzpatrick:** What about Madam Tremblay?

**Ms. Huguette Tremblay:** Honestly, it's not something I ever would have thought of doing, because there is a chain of command within all government offices and that's usually the way one would proceed.

**Mr. Brian Fitzpatrick:** Okay. That gets me to the second area.

Mr. Allan Cutler filed a grievance. He went through the system, and no doubt both of you have followed his grievance.

**Ms. Huguette Tremblay:** Yes.

**Mr. Brian Fitzpatrick:** How did that work out?

**Ms. Huguette Tremblay:** I believe Mr. Cutler went through his union representative. I'm not sure of the complete outcome of his grievance, but I know an audit followed his complaint. He went through his union because he felt he had been attacked personally, I believe.

**Mr. Brian Fitzpatrick:** Have you anything to add to that, Mr. Parent?

**Mr. Mario Parent:** I think he went that route. At the same time, I think he followed the internal process. The fact that he went to the union, I do believe, may have been for the protection of his job. I think he had heard that Mr. Guité was planning to transfer or relocate him. As a safety measure, I think Mr. Cutler decided to go to the union. He may have tried internally, I don't know.

**Mr. Brian Fitzpatrick:** Would there still be a fear in the public service, even if he went through the grievance procedure, that he may be labelled as not being loyal, trustworthy, or whatever, that there may be sanctions, that he may be held back or penalized unofficially for doing these sorts of things?

**Ms. Huguette Tremblay:** I think there's definitely that feeling among the employees of the public service.

**Mr. Brian Fitzpatrick:** If you went over the head of your immediate supervisors to somebody else in the department and said there's something going wrong here that should be dealt with, would that probably not be a recommended procedure for advancement in the public service either?

**Ms. Huguette Tremblay:** It's not a recommended procedure. There are procedures to follow.

**Mr. Brian Fitzpatrick:** The difficulty I'm having here, speaking to a couple of public servants, is that fear seems to dominate the atmosphere in the public service when you see something wrong in the public service.

Mr. Parent said he has a background in business administration. It seems to me anything I've ever read about a quality organization or system is that you have to root out fear from the organization so the workers can do their job, be professional, and get the results they want. That's paramount. You have to eliminate fear in the workplace for your public servants and so on. What both of you have told me is that when things are violated in the public service and the rules aren't being followed and so on, the public servants really don't feel they have a viable option and live under a cloud of fear.

• (1615)

**Ms. Huguette Tremblay:** I think I would call it more an apprehension. I think fear is a bit of a strong word.

**Mr. Brian Fitzpatrick:** Apprehension of what, being fired?

**Ms. Huguette Tremblay:** I was never afraid of being fired. I've had dealings with some supervisors in my career who have been unpleasant. But I was never afraid of being fired.

**Mr. Brian Fitzpatrick:** I'd like to make another observation here, if I could.

Yes, Mr. Parent.

**Mr. Mario Parent:** Throughout my career as well, at times I was not too pleased with what I was seeing—I'm not talking advertising here—and I had to go. I didn't like it and it wouldn't change, so I transferred. There were all kinds of sections within the department of interest to me, so I used that as, not an excuse, but a chance to learn something else.

**Mr. Brian Fitzpatrick:** The problem with that, from a taxpayers' standpoint and the public interest, is that the evil is not getting rooted out. You're simply ignoring the problem by moving to some other department. But that isn't the area I want to pursue further on this.

The other point I want to raise is that, in my view, for a public service to try to change the system we have in Ottawa, they're helpless to change that system. If the system is going to change, it has to change at a much higher level than with public servants. It takes exceptional leadership at those levels to find a new and better way of doing things. Until that happens, there's really nothing that public servants can do about it and they have to live in this world of apprehension or fear of consequences if they rock the boat. Is that an accurate assessment of what's going on in our public service?

**The Chair:** You've got to make a statement here, Mr. Parent. You can't nod; you have to make a statement.

**Mr. Mario Parent:** I know.

Yes, I tend to agree. You summarized it fairly well, yes.

**The Chair:** Madam Tremblay?

**Ms. Huguette Tremblay:** Yes, although I think it's much broader than that.

I think there's an atmosphere of nonchalance among public servants right now, and it's been going on for quite awhile. I think we're at the point where we don't care any more. We do our jobs, and what happens, happens. We have the feeling that they don't care about us; why should we care?

**The Chair:** Well, there perhaps is a philosophical statement that needs to be addressed.

Monsieur Gagnon, I understand you're splitting your time with Monsieur Roy. I won't stop you at four minutes; I'll allow you to pass the gavel on it.

[Translation]

**Mr. Sébastien Gagnon (Jonquière—Alma, BQ):** Besides the Sponsorship Program, were there other programs under your responsibility or in which you participated?

**Mr. Mario Parent:** The sponsorships were independent from advertising, and advertising was also independent from public opinion research. However, being responsible for a common service—I mean purchasing—I needed as it were to provide services for the sponsorships, advertising and public opinion research.

I believe this will interest the committee: the fact that my boss was my client was one of the problems I had to deal with. I don't know if you understand, but Mr. Guité was in reality a client. Over the years, at the department, I sometimes disagreed with a client department. There were meetings where we banged our fists on the table and discussed. Let's say it was a little, I wouldn't say more difficult... We don't see that too often, a boss who is also the client.

As for the other services, my team demonstrated the same competence. Public opinion research was a little more structured, because costs were included in the call for bids. For advertising and sponsorships, it was a little different.

• (1620)

**Mr. Sébastien Gagnon:** You have been there for a number of years. Did you notice a change in behaviours during the period where the Sponsorship Program was set up? Was there a change in behaviours in terms of operations, audits, or have procedures remained the same since you began working in that service?

**Ms. Huguette Tremblay:** Changes were made following audits. But I think that if they had not taken place, it would have been the status quo.

All the changes that were made to the Sponsorship Program—because I only worked there, and I cannot talk about advertising or public opinion research—were made following the 2000 audit. When the three reports came out in the media, other changes were made. Then, after Ms. Fraser's audit, there was a complete program re-engineering.

It was as if the roof had to fall in for something to change; otherwise, it was the status quo.

**Mr. Mario Parent:** I was involved in the audit carried out by Ernst & Young: I was the one who had to deal with the auditors. This required approximately three to four months of my time, almost every day.

The report was put on a shelf somewhere, and there were no major or drastic changes. There were a few minor corrective measures, of course, but overall, we did not see any major changes.

**Le président:** Mr. Roy, please.

**Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia):** Thank you, Mr. Chairman.

Ms. Tremblay and Mr. Parent, you may be surprised to know that I once was a departmental assistant at Supplies and Services Canada when the department was called that way. It later changed name to become Public Works and Government Services.

Here is how the system worked at the time, and I would like to know if it still does. When the government wanted to have service offers from companies, there was a public notice. At the time, interested companies would register. If they were not on the Canadian government's list of suppliers, they were invited to register. In the end, based on criteria determined by officials, we usually ended up with about three companies.

In the end, who do you think selected?

**Mr. Mario Parent:** It was the client.

**Mr. Jean-Yves Roy:** Is that what happened? It's the client who chooses, I agree with you, but was there any attempt to influence the selection of the three remaining companies?

**Mr. Mario Parent:** I don't understand your question.

**Mr. Jean-Yves Roy:** Was there any intervention on the part of your superiors in the choice of one of the three companies that remained potential suppliers until the end?

**Mr. Mario Parent:** No. If I refer to the advertising—I have to, because it does cover a 10-year period—, there was a competition in due form. The offer was published. In the end, we used MERX, and it was across the country. It took the form of a letter of interest. All interested suppliers had to send one before specific deadlines. The firms that did so received a questionnaire. The ones that returned the questionnaire were shortlisted, and the firms on that list that qualified were invited to submit their offers.

Depending on the size of a department, one, sometimes two firms were generally selected. At one time, our department selected 10.

**Mr. Jean-Yves Roy:** You mean 10 of them registered?

**Mr. Mario Parent:** There were 10 that qualified. We selected 10 agencies.

**Mr. Jean-Yves Roy:** What is hard to understand is that it was always the three same agencies that were shortlisted.

**Mr. Mario Parent:** I can't say. I don't know.

•(1625)

**Mr. Jean-Yves Roy:** I will let Ms. Tremblay answer.

**Ms. Huguette Tremblay:** I did not participate in the firm selection committees, neither for advertising, nor for sponsorships. However, at the Sponsorship Program level, we had a bank of firms that had already qualified. When an event was approved, a firm was selected in this bank.

**Mr. Jean-Yves Roy:** I have another question.

Were these firms listed on the government of Canada's register of suppliers?

**Ms. Huguette Tremblay:** I cannot say.

**Mr. Jean-Yves Roy:** Was this verified on your part?

**Mr. Mario Parent:** At the very beginning, I cannot say. In the end, they had to be part of it.

**Mr. Jean-Yves Roy:** A firm cannot do business with the government of Canada if it is not listed on the register of suppliers.

**Mr. Mario Parent:** Yes.

**Mr. Jean-Yves Roy:** The first role of an official is to verify whether the firm is listed on the register of suppliers. You are telling me that this had not been done.

**Mr. Mario Parent:** We are talking of 1994, 1995 and 1996. Things have changed. I left in 1998...

**Mr. Jean-Yves Roy:** I'm sorry, Mr. Parent. I was there in 1986, 1987 and 1988, and it existed. We checked whether the firm was registered.

**Mr. Mario Parent:** No, I don't know. I became in charge of purchasing in 1996. Therefore, I was not... In the past, it was indeed like that. I agree with you.

**The Chair:** Okay. Thank you very much.

[*English*]

Mr. Murphy, please.

**Hon. Shawn Murphy (Charlottetown, Lib.):** Thank you very much, Mr. Chairman.

Thank you to the witnesses. I'm sure you had other things to do today besides come here.

I'm going to ask you both just a general question. I know you've lived this issue for the last three and a half years, and you've followed it. Madam Tremblay has certainly been before us previously. Probably it's caused a lot of stress in your lives.

That said, there are certain very fundamental problems with the establishment, implementation, and supervision of the whole sponsorship program.

I would point to one of the comments you made, that it's not the way the government operates and it's not the way the taxpayers want the government to operate. But looking back, in your view—I respect your experience and judgment—what are the two or three biggest mistakes the government made in the establishment and implementation of this program? In other words, why did it go so far off the rails?

Perhaps I could start with you, Ms. Tremblay.

**Ms. Huguette Tremblay:** Politics.

**Hon. Shawn Murphy:** Can you elaborate?

**Ms. Huguette Tremblay:** It was run by politicians.

We were a very small team. There was Mr. Guité, who reported directly to the minister—that's no secret, it's out in the public now, and it's been said over and over again—and the PMO. Then there was me and Mr. Parent and the clerk. It was a very small program, and it grew very fast. At one point, you cut corners. I think that was the major problem.

[*Translation*]

This was not a program approved by the Treasury Board.

[*English*]

It wasn't a program that was approved, that was in the records, that was in the books. It just happened. And when things just happen, I think we now realize what the outcome is.

**Hon. Shawn Murphy:** And you've never seen that before in any other government department, in your public service work?

**Ms. Huguette Tremblay:** I haven't worked anywhere else, unfortunately, so....

**Hon. Shawn Murphy:** Your evidence, if I can summarize it, Madam Tremblay, is that this was established outside of normal government reporting and operating procedures, and as a result, it got totally off the rails. It not only became bigger but it went further off the rails.

**Ms. Huguette Tremblay:** Yes.

**Hon. Shawn Murphy:** Anything else, looking back, from your experience?

**Ms. Huguette Tremblay:** No. To me—

**Hon. Shawn Murphy:** That is the fundamental problem.

**Ms. Huguette Tremblay:** —that is the fundamental problem, yes.

**Hon. Shawn Murphy:** Monsieur Parent.

[*Translation*]

**M. Mario Parent:** I'm not in politics, but the situation in 1995 may have led the government to react rather quickly. In my opinion, the Sponsorship Program is a direct response to the referendum outcome. I think it's an aftershock that turned out that way. Maybe it should have been supervised better. I was listening to the Gomery Commission today, and they were saying that maybe we should have acted differently. It's easy to say 10 years later, but in 1995, a solution had to be found quickly, because we were losing Quebec. What were we supposed to do?

We took measures we believed were appropriate, but it grew so quickly that we did not have the necessary tools.

•(1630)

[*English*]

We didn't have the resources; you know, \$40 million a year, and we were three or four to decide? We were isolated from the core of the department, close to the Hill. To me, all the signals were there that

[Translation]

Politicians wanted to get involved, as it were. I agree with Ms. Tremblay's testimony. That's what happened, and it lasted a long time.

[English]

**Hon. Shawn Murphy:** Mr. Parent, just to follow up on that, normally in government you would see certain legislative procedures—the Financial Administration Act, the Treasury Board guidelines, and all kinds of other checks and balances. Of course, the person who would be charged with implementing those checks and balances would be the deputy minister of the department.

To both of you, did you have any interrelationship with the deputy? Where was he when the train was going off the rails?

**Mr. Mario Parent:** Back then, in 1995 and 1996, we knew that Mr. Guité was dealing either directly with Mr. Dingwall or Mr. Gagliano. He didn't deal with Madam Marleau because he didn't want to. We knew, and we got proof this week at Gomery, that Mr. Quail, the DM then, was fully aware of this, and he did accept it. To me, I think he should have been more hands-on.

It's very unique, I guess, in the history of the public service that the director, or DG, deals directly with the minister's office and the PMO's office.

**Hon. Shawn Murphy:** I'm intrigued, Mr. Parent, with your statement—

**The Chair:** Did you want to hear from Madam Tremblay?

**Hon. Shawn Murphy:** Oh, I'm sorry, yes.

**Ms. Huguette Tremblay:** I agree. We saw it with the sponsorship program, but I'm pretty sure we'll never see it again.

**Hon. Shawn Murphy:** I hope not.

I'm intrigued, Mr. Parent, with your statement that Mr. Guité, to paraphrase your comments, had a tremendous ability for client service. I think that's what you said.

I'm curious as to who his clients were, because they certainly weren't the taxpayers of Canada. Who were his clients when this was going on?

**Mr. Mario Parent:** Other client departments.

**Hon. Shawn Murphy:** Such as...?

**Mr. Mario Parent:** Most, if not all, of the other departments are our clients.

**Hon. Shawn Murphy:** But in the sponsorship program, who were his clients? It wasn't other departments—the fisheries department, say, or the defence department.

**Mr. Mario Parent:** No, no, but sponsorship was not it, in this section; it was just part of it.

**Hon. Shawn Murphy:** Let's restrict my question to the sponsorship program. When Mr. Guité was running this department the way he ran it, who were his "clients"?

**Mr. Mario Parent:** I'd say PCO, the minister's office, and the PMO. Of course, don't ask me if I saw Mr. Guité with the minister. No, but it was accepted in the office that Mr. Guité had dealings with him.

**Hon. Shawn Murphy:** Did you experience any political interference yourself?

**Mr. Mario Parent:** Absolutely not, sir.

**Hon. Shawn Murphy:** Madame Tremblay?

**Ms. Huguette Tremblay:** No.

**Hon. Shawn Murphy:** I have no further questions, Mr. Chairman.

Thank you very much.

**The Chair:** Thank you, Mr. Murphy.

Mr. Christopherson, please, for eight minutes.

**Mr. David Christopherson (Hamilton Centre, NDP):** Thank you very much, Chair, and thank you both very much for coming back again and potentially going through the meat grinder again. We do very much appreciate it.

At our last meeting three other witnesses came in, and we spent a little time focusing on the fact that the sponsorship program was—you've used the word—unique. It was also unique in that it was not expected that it would follow the usual process vis-à-vis the registration of mail as it came in. Normally all the mail that comes in is all logged and recorded, and that's pretty standard. I made the point that this happened in my office in my ministry when I was a provincial minister, so I understand how that works. In this one there was political direction from political staff to public sector staff not to log anything that came in having to do with sponsorship.

What came out, what was interesting, and what was new for many of us was that the millennium program was also directed to be handled in the same way. There were two programs, not one but two, where correspondence that came into the office was not logged the way everything else was, and that was, as we heard in testimony, the result of clear direction from senior political staff.

I'm wondering what either of you might be able to add to that. Did you know that? First of all, I'll ask you, did you know the millennium project was handled as uniquely as the sponsorship program was?

• (1635)

**Mr. Mario Parent:** No.

**Ms. Huguette Tremblay:** No.

**Mr. David Christopherson:** Were you aware of the millennium program as it went through the office?

**Ms. Huguette Tremblay:** I know there was a millennium program, and for my part I know funds were transferred from the millennium bureau to the sponsorship program to sponsor—I'll give you an example—the Encyclopédie du Canada, which was a millennium project, and those funds were transferred from le bureau du millénaire over to our sector. That was one of the things I was aware of.

**Mr. David Christopherson:** I'm sorry, could you explain that to me again? I didn't catch it the first go-round.



**Ms. Huguette Tremblay:** The millennium office wanted to sponsor L'Encyclopédie du Canada, which was a millennium project produced by Les Éditions Alain Stanké from Montreal, and le bureau du millénaire transferred the funds over to the sponsorship program so the sponsorship could be managed through our office. It was their money but it was managed over in Public Works.

**Mr. David Christopherson:** That's all you knew about it. You didn't know anything about how it was functioning. Why would that be? Was it because there were other people handling it?

**Mr. Mario Parent:** I left in 1998, so when that was, I'm not sure.

**Mr. David Christopherson:** It probably didn't exist at the time you were there.

Ms. Tremblay, the same thing. You were there.

**The Chair:** I will just interject here. Since you weren't there, Mr. Parent, and you were aware of that, Madam Tremblay, do you have any idea when that transaction happened? You mentioned a transaction or a transfer from the millennium fund. Do you know when that was?

**Ms. Huguette Tremblay:** I believe it was fiscal year 1999-2000.

**The Chair:** Sorry to interrupt, Mr. Christopherson.

**Mr. David Christopherson:** I haven't been around here long enough to know whether that's unusual or whether that's straightforward.

**Ms. Huguette Tremblay:** It's not an unusual practice. Throughout the fiscal years we did receive funds from other departments that wanted to participate in a sponsorship event but unfortunately didn't have that kind of program within the department, so they would transfer the funds over to us. Those moneys would be integrated into our budget and we would manage the sponsorship event on their behalf.

**Mr. David Christopherson:** I see. We're still pulling at a couple of other threads on that. It jumped out at us really big at the last meeting that, holy smokes, there was something else that was treated as unique.

The other thing I was asking, and other colleagues were too, was about what I was calling the "water cooler talk". As I'm sure the chair outlined at the beginning, we're trying to get a sense of just what the feeling was in the office. What was going on among the people who actually did the work every day? Let me ask the question this way. What was the general attitude towards the sponsorship program when colleagues were just chatting over a coffee or walking down the hallway, when you bumped into somebody or you were shooting the breeze outside and it came up?

I'll give you an example of what I'm looking for. It never came out as anything unusual? It was understood it was something you didn't mention? You only mentioned it to very close friends, and then you whispered about it and you didn't talk about details. Was there a sort of gut-level understanding that something was not right, but I'm not going anywhere near it because of the players who are involved? What was that level of feeling among the people who came into the office, did their work every day, and went home?

**Ms. Huguette Tremblay:** Well, the day-to-day management of the program, as I said before, was left to very few people, but the organization itself was quite big. We were over a hundred

employees. But there was this feeling within CCSB that three or four people—or however many—managed the program and the rest of the people did the *Canada Gazette*, advertising, public opinion research, publishing, or whatever, and they never really asked what was going on in sponsorship. I don't know if they didn't want to know; I'm sure they did, but there was a feeling of, okay, they do their job and we're the rest of the organization.

We had the impression—and I'm talking for myself, so I shouldn't say "we". I had the impression that it was like working in the private sector. You didn't even feel part of the federal government. It was like you were working in this little organization completely apart from everything else. You worked with 150 other people, but you did sponsorships, and what was going on in the rest of the organization didn't matter. It didn't matter to us anyway.

• (1640)

**Mr. Mario Parent:** Keep in mind that I cannot talk a lot about CCSB because I left in mid-1998, and CCSB had only been in existence, I believe, for maybe six to eight months or so—not quite a year anyway. But before that, under APORS...anyway, I joined this organization. Back then it was the AMG, the Advertising Management Group, under the Conservative government.

[Translation]

Under the Conservative government, there was political interference every day. We had two chairs who told us who to invite, etc. Things changed a little in 1993. However, we were a small group, and we were outside the core of the department. We were between 10 and 12 people.

[English]

Oh, I switched to French again, eh?

**Mr. David Christopherson:** That's all right. I have an earpiece and we have a fine translator who helps me out to make sure I know exactly what you're saying, so don't worry about that.

**Mr. Mario Parent:** We were such a small group that we were outside the core. We didn't have to talk to anybody about this. About half of the staff was devoted to public opinion research and half was in advertising. We talked among ourselves and it was very pleasant, but it was stressful because of the workload. We all wore three or four hats at different points in time, but it was pleasant, it was fun—

**Mr. David Christopherson:** I'm sorry to interrupt. I only have less than a minute now, but let me back up a little. You just mentioned something about the Conservatives, that there was an example where there was political inference with the AMG, so you'd seen this sort of movie before. What did you mean by that?

Those are my words, by the way.

**Mr. Mario Parent:** Under the Conservative government we had political appointees on the staff. They were not civil servants but they were appointed, and we had one English and one French. They advised us on who we should invite for competition.

**The Chair:** Really?

**Mr. Mario Parent:** Yes.

**Mr. David Christopherson:** Thank you very much.

**Mr. Mario Parent:** It was there, and we had to cope with this, you know.

**The Chair:** It's interesting that you talk about this total separation, where you're off doing your own thing, removed from the department, even removed from CCSB. We had Janice Cochrane, the Deputy Minister of Public Works at that time—she was there before Mr. Marshall, who's the current deputy minister—and we had a copy of the organizational chart of Public Works before us. Here's a typical, standard structure of a hierarchy, with the deputy minister at the top and then the whole department, and way over at the side was the sponsorship program and I think CCSB.

I asked her—because she couldn't explain how this would happen, since it was highly irregular that this would be in the organization chart, that you'd be way off in the corner by yourselves—do you have any explanation as to how you ended up away by yourselves on the formal organizational chart of Public Works?

**Ms. Huguette Tremblay:** I think it's because Mr. Guité had attained the level of executive director, which is equivalent to an assistant deputy minister, I believe.

**The Chair:** Yes, but there were many other assistant deputy ministers. Even Janice Cochrane, the deputy minister, couldn't explain why he was removed. Reporting to virtually no one and being self-contained was highly irregular, but very much part of the formal structure. Somebody had obviously approved this structure because it was the formal structure of the department that was highly irregular—I think I'm quoting the deputy minister, Janice Cochrane—but she couldn't explain it. Can anyone explain why someone approved you being sent off to the side?

•(1645)

**Ms. Huguette Tremblay:** Administratively, we obviously had to report to a department for accounting reasons. Of course, it could have been any department, but it happened to be Public Works. Administratively, Mr. Guité reported to an assistant deputy minister when he was a DG and through a DM for all of the administrative functions.

For the day-to-day operations of sponsorship, I think the reason that CCSB was a part of it was because sponsorship was part of CCSB. If sponsorship had been somewhere else, the other organization would have been a part of it and CCSB would have been in the chain of command. I think the sole reason we were apart was because we dealt in sponsorship. It wasn't something that the rest of the department needed to know about.

**The Chair:** You can understand that because it was sponsorship you were over there, but you have no idea who said this was sponsorship and sent you off on your own?

**Ms. Huguette Tremblay:** I don't know who said it.

**The Chair:** Monsieur Parent.

**Mr. Mario Parent:** I cannot comment much on the CCSB side.

On the APORS side, the fact that we were close to the Hill...I always thought that because of the nature of our services, and

perhaps because of the reporting system that our DG or executive director had, it was more convenient.

**The Chair:** How close to the Hill were you?

**Mr. Mario Parent:** We were on Sparks Street.

**The Chair:** You were on Sparks Street. Where was the rest of the department?

**Mr. Mario Parent:** Over in Hull.

**Ms. Huguette Tremblay:** At that time we were APORS.

**Mr. Mario Parent:** Yes, APORS. That's why I qualified it. I cannot talk about CCSB because I was only part of it for about eight months.

**The Chair:** Somebody brought this close to the Hill. Of course, now we know there was direct ministerial supervision, and maybe that was the rationale. Perhaps it's something that we need to explore.

**Mr. Mario Parent:** I don't know.

**The Chair:** Mr. Allison, please, eight minutes.

**Mr. Dean Allison (Niagara West—Glanbrook, CPC):** Thank you, Mr. Chair.

Thank you for coming to testify today.

I want to explore a couple of things that were mentioned earlier.

Mr. Parent, you talked about Mr. Guité being a boss as well as a client. Can you elaborate on what you meant by Mr. Guité being your boss and your client?

**Mr. Mario Parent:** I'm 56 years old, so I'm somewhat old-fashioned. I think that

[*Translation*]

The client is always right.

[*English*]

We always try to please the client. Sometimes we have to pay a price, but we have to please the client.

I recall a couple of occasions when I went to see Mr. Guité. We were such a small group, and always keep in mind, we wore a few hats. Mr. Guité also wore a few hats.

I went to see him one day and said, "Chuck, you signed the requisition under section 33." On the contract, he was the project authority and the contracting authority. I assumed that he was going to sign the invoice and asked him if he thought that was a bit awkward. I jokingly used the expression "one-man band", in a friendly way. He told me I was right. It happened like that.

The client relationship was different from the regular client. The Department of National Defence would call on a requisition and ask where it was and why it wasn't done, and blah, blah, blah. There was no rapport. It was different. How do you nail your clients? How do you...?

**Ms. Huguette Tremblay:** I think you can say we contracted for our own services internally. Instead of sending our requisition form 9200 to generate a contract somewhere else in the department, we would do it internally.

**Mr. Dean Allison:** So you would handle getting it in, filling it out—

• (1650)

**Ms. Huguette Tremblay:** I would prepare the 9200 and Mr. Guité would sign it. I would give it to Mr. Parent, who would prepare the contract. The contract would come back to Mr. Guité for signature. The work was done, an invoice was sent, and Mr. Guité would sign section 34 certifying that the goods and services had been received. So one person was doing all of the work.

**Mr. Dean Allison:** How would that normally work in other departments? I guess it would be sent to accounting or a third party in the ministry.

**Ms. Huguette Tremblay:** Another department, Health Canada, for example, would send us a 9200 signed by a person in their department. Mr. Parent would prepare the contract. The project authority would be somebody at Health Canada—it wouldn't be at Public Works—and probably not the same person who had signed the 9200. It would be somebody else. Then somebody else over at Health Canada, at a lower level, with financial authority, would sign the invoice once it...

**Mr. Dean Allison:** So if I understand correctly, Mr. Guité had the ability to issue the contract as well as sign off on the contract.

**Ms. Huguette Tremblay:** Yes.

**Mr. Dean Allison:** In other words, he could say, "I need  $x$  amount of dollars for this, and by the way, I'll sign off the cheque." Then it would be taken care of.

**Mr. Mario Parent:** Yes. He authorized the expenditure. He had the requirement. He could have been, at times, the contracting authority, approving and signing the contract. He had the authority to sign for the invoice as well. It's not illegal, it's just—

**Mr. Dean Allison:** It's not accountable.

**Mr. Mario Parent:** It's different.

**Mr. Dean Allison:** Right.

**Mr. Mario Parent:** In my day-to-day life I had difficulty at times dealing with that. But when the boss says do it, I mean....

**Mr. Dean Allison:** Sure. You were concerned about your job.

You mentioned, Ms. Tremblay, part of the reason the program didn't work, in your opinion, was that it was run by politicians and it wasn't approved by Treasury Board. So this goes back to the fact there were never any checks and balances put in, because it was outside of that sort of parameter, so to speak.

**Ms. Huguette Tremblay:** Internal verifications were done within the program. I did them myself with finance, because we did have a budget and had to stay within our budget. So there were internal

verifications done, and there were verifications done within our finance department, but aside from that—none that I know of.

**Mr. Dean Allison:** So to the chair's point, this program could have easily been on its own because it didn't fall under any kind of parameters. It just sort of appeared as such.

That takes me to my next point about the audit that was done. You said you spent a lot of time contributing toward an audit, Mr. Parent, but then it was shelved. When was it?

**Mr. Mario Parent:** It was done in 1996. That followed Mr. Cutler's allegations that things were not being done in full conformity with the rules and regulations, and so on. It was fine. It was nice.

First of all—I don't know if I should go this route—I never understood why the procurement function was transferred *chez nous*, in APORS. I don't know why. To me that was a signal for problems, because of what we've just talked about—controlling.... But someone within the department must have decided this. Chuck Guité did not himself say, "I want this and I'm going to get it." It doesn't work like that.

**Mr. Dean Allison:** For sure.

**Mr. Mario Parent:** It was very stressful to go through it. I welcomed it, because when I saw the conclusions in the recommendations of the report I said, yes, because the first one said, "You shall return the procurement function within the main core of the department." Yes, sir, take it back, or give them the staff and the resources for them to do a good job.

**Mr. Dean Allison:** I wish I had another eight minutes, but I don't.

The thought process, then, is with the audit statement. We have Mr. Cutler, who had some problems or grievances, as a result of which an audit was done.

• (1655)

**Mr. Mario Parent:** I will confess to you, sir, that it's Mr. Guité who called for the audit.

**Mr. Dean Allison:** Okay, sure. Fair enough, but what happened with the audit? Why did it end up on the shelf? Why didn't it come back to Parliament? Do you understand what I'm asking?

**Mr. Mario Parent:** I left the department in 1998, and I was still involved in procurement. Things have improved a bit, but there are no major changes.

**The Chair:** Thank you for that, Mr. Allison.

Mr. Lastewka, please, for eight minutes.

**Hon. Walt Lastewka:** Thank you, Mr. Chair.

I appreciate the witnesses being with us and sharing.

I'll go a little bit further with what Mr. Allison was talking about. These items happened. As you said, I don't know how it happened, but it happened.

Where was the deputy minister on this? What about the responsibility of the deputy minister? The deputy minister is responsible for the organization and the systems in his department. What was the culture at that time when these things were happening?

**Mr. Mario Parent:** In all fairness, Mr. Quail was aware of the allegations and the audit and so on and so forth. I do recall being in Mr. Guité's office when he called Ran Quail. He said, "Ran, I want an audit now, the sooner the better". I was a witness to that. I think there was some correspondence prior to this on Mr. Cutler's part that something was not too kosher.

**Hon. Walt Lastewka:** On the 1996 Ernst & Young audit, did you participate with Ernst & Young on the audit?

**Mr. Mario Parent:** I was the only one left.

**Hon. Walt Lastewka:** Was the audit received, and then nothing was done with it? Was anything done with it?

**Mr. Mario Parent:** Indeed, there was an action plan. It was done under the rules and regulations and procedures. It was done, but a year down the road I was still involved in procurement, and things had not changed that much. Then I left.

**Hon. Walt Lastewka:** Was the audit—and I'm not sure which draft you were involved in, the first draft, second draft, or the final draft—

**Mr. Mario Parent:** My involvement was on a day-to-day basis with the auditors. I was able to answer their questions. I was not part of it. I saw the first draft.

**Hon. Walt Lastewka:** Was the Ernst & Young audit changed during the time you were there? Were there changes to the audit?

**Mr. Mario Parent:** Not that I am aware of.

**Hon. Walt Lastewka:** I want to now switch over. There was some comment earlier. In the previous government—under the Mulroney government—it was my understanding from Mr. Dingwall's testimony earlier that there were appointees involved in the system. Could you explain that? What were the appointees' responsibilities?

**Ms. Huguette Tremblay:** They were appointed by Senator Lowell Murray, I believe, at the time. They worked under a professional services contract that was for a year, from one fiscal year to the next. Their responsibility basically—correct me if I'm wrong because I didn't work very much in advertising—was to select the advertising agencies that would compete for the different departmental accounts for advertising.

**Hon. Walt Lastewka:** Did they work right in the department?

**Ms. Huguette Tremblay:** Yes, they had an office.

**Hon. Walt Lastewka:** They had an office in the department. They were appointees. What do you mean by "they selected"?

**Ms. Huguette Tremblay:** They would tell Mr. Guité, who was the director of the AMG at the time, and Madame Larose, who was, I believe, coordinator—I'm not sure what her title was at that time—say, for Health Canada, you will invite this, this, and this agency to compete.

**Hon. Walt Lastewka:** Did they have the authority to decide that you could include these agencies but not those?

**Ms. Huguette Tremblay:** Yes.

**Hon. Walt Lastewka:** What were the guidelines?

**Ms. Huguette Tremblay:** I don't think there were any guidelines.

**Hon. Walt Lastewka:** Who paid their salaries?

**Ms. Huguette Tremblay:** The department.

**Hon. Walt Lastewka:** They were political appointees paid by the department to select—

• (1700)

**Mr. Mario Parent:** To recommend.

**Ms. Huguette Tremblay:** To recommend the agencies that would compete.

**Mr. Mario Parent:** But once we had the names of the six or eight firms, it was a normal, fair and square process for us. It's not what in our jargon we would call a true competition. It's an invitation.

**Hon. Walt Lastewka:** So the culture was....

Sorry, Mr. Chairman.

**The Chair:** I'm just going to interrupt there to get clarification.

These people would select six or eight names and then there would be a competition among these six or eight to select the one that would get the job?

**Mr. Mario Parent:** Yes. We were selecting them.

**The Chair:** Okay. Sorry to interrupt.

**Ms. Huguette Tremblay:** Through a committee.

**Hon. Walt Lastewka:** You would narrow it down. So they'd pick six Conservative advertising firms, and then you would have to pick the best out of the six Conservative—

**Mr. Mario Parent:** Yes.

**Ms. Huguette Tremblay:** Through a normal competition.

**A voice:** It's called pre-screening.

**Hon. Walt Lastewka:** So there were no guidelines on how these were pre-selected—

**Ms. Huguette Tremblay:** No.

**Hon. Walt Lastewka:** —and then you went through the next process. They were paid by the department. They had offices in the department, but they were political appointees.

How did that get changed?

**Ms. Huguette Tremblay:** That changed in 1993 when the Liberal government took over.

**Hon. Walt Lastewka:** That would have been Mr. Dingwall?

**Ms. Huguette Tremblay:** Yes.

**Hon. Walt Lastewka:** That's going back 10 years. I'm having a little difficulty. Sorry about that.

All right, I want to go back and do one more item.

How much time do I have, Mr. Chair?

**The Chair:** A couple of minutes.

**Hon. Walt Lastewka:** Thank you.

I want to talk about following the procedure. I think, Ms. Tremblay, you said if you follow the procedure within the department...if there was a violation, there was a procedure in your department to go to your superiors and so forth. If that happened...no, let's go back.

Please explain the procedure, so everybody can understand. What is the procedure when you find a violation?

**Ms. Huguette Tremblay:** Usually, the procedure is to go to your immediate supervisor, and if that doesn't work, then you work your way up the hierarchy. But if we go back to the years that I was in sponsorship, my immediate supervisor was always Mr. Guité, and his immediate supervisor was the minister. I don't think Mr. Gagliano would have welcomed me in his office, knocking on his door, saying, "I don't like what's going on."

**Hon. Walt Lastewka:** Okay. This is where he didn't report to an ADM?

**Ms. Huguette Tremblay:** Yes. He did administratively, but....

**Hon. Walt Lastewka:** But you wouldn't go to that ADM?

**Ms. Huguette Tremblay:** No, because we all knew that Mr. Quail was aware of the program. He just wasn't involved in the day-to-day management of it. He left that to the minister, and he even admitted that himself at Gomery.

**Hon. Walt Lastewka:** I thought you were going to say that.

That takes me back, Mr. Chairman, and colleagues, to deputy ministers' responsibilities. We have to find a way...deputy ministers' roles, responsibilities, and reporting techniques have to change. There's no doubt in my mind that... Everything comes back to a deputy minister's responsibility, whether it was before or even now, today.

**Ms. Huguette Tremblay:** The deputy minister reports directly to the minister, so his immediate supervisor is the minister, who says, "I'm going to take care of this."

I'm just speculating here, but what recourse does he have?

**Hon. Walt Lastewka:** Doesn't he report to the PCO?

**Ms. Huguette Tremblay:** I don't know.

**Hon. Walt Lastewka:** Oh, absolutely. He does.

**The Chair:** Thank you very much, Mr. Lastewka.

That's the end of round one. It's 5:05 p.m. I have only Mr. Roy for the next round. Do you want to continue or do you want to move on to doing the report on the *Public Accounts of Canada*? That's the second item on the agenda. We could have a few minutes for Mr. Roy, and then a few questions from me, and then we'd move over.

Is that the intent of the committee?

*Monsieur Roy, s'il vous plaît, cinq minutes, et c'est tout.*

• (1705)

[Translation]

**Mr. Jean-Yves Roy:** Thank you, Mr. Chairman.

I am trying to understand how, as a member of the public service and a small group, one can become aware... Either you were not

aware that the rules were not followed, or you were. How can one come to accept that the rules be violated, if one is aware of it? That's my question.

**Mr. Mario Parent:** I have never seen rules violated. I saw the rules of certain procedures or processes being bent a little. Here is a concrete example, although I don't remember the amounts: I left seven years ago. Any contract of more than one million dollars had to go through the cost analyst and legal department. Every time there was a one million dollar contract, I would ask Mr. Guité, as he was the one who approved them, whether we should send it to the legal department and cost analyst.

Chuck would answer that there is no advantage in doing so, because it took weeks, sometimes months. Things went rather quickly with us. This is an example I give you. I informed my immediate supervisor of the situation, he looked and verified to see if the company was the right one, if the amounts were accurate, if the budgets were there, and then he added a little note.

**Mr. Jean-Yves Roy:** I'm going to interrupt you. You say it was sure that if the normal departmental procedures had been followed, it would have taken weeks and months. Yet, that's how a government operates.

**Mr. Mario Parent:** Yes. However, 75% of sponsorships are requested for the June to September period; budgets are often approved in April or May, and sometimes it takes time. It was always under pressure. When I had the O.K. for a sponsorship, say Tuesday, and the event was on Friday or the weekend, should I have gone to the legal department? No, I'm sorry.

**Mr. Jean-Yves Roy:** That's the normal procedure, and you should have gone. You were part of a system that required you to act that way, and you should have complied with it.

If someone submitted to me a request that made no sense and I had to make a decision immediately, I would reply that, unfortunately, the sponsorship being for next week, he should have applied earlier.

The system is there. The system was bypassed alleging there was an emergency. That's what you're telling me.

**Mr. Mario Parent:** That's a one million dollar example.

**Mr. Jean-Yves Roy:** There were several millions, and that's the problem.

**Mr. Mario Parent:** That does not mean everything was wrong.

**Mr. Jean-Yves Roy:** I'm not saying everything was wrong, but there were several.

**Mr. Mario Parent:** If there had been eight people with me, it would have been better. When you're alone and perform three functions, you cut corners and it's normal.

**Ms. Huguette Tremblay:** When the Sponsorship Program was revised in 2001 under the supervision of Communication Canada, who decided to eliminate the agencies, the number of employees was increased from three to almost 30. That makes quite a difference.

It was not wrong in as much as agencies had already qualified to manage sponsorships. When a sponsorship was approved, one of these agencies was selected. I do not know how the choice was made, and I do not know what the criteria were. I'm not the one who made the decision. We managed 700 sponsorships per year. We could not issue 700 calls for bids. It was impossible. Sometimes, there were four or five sponsorships in a single weekend.

That's why a system had been set up to qualify agencies in advance. They had qualified and were able to do the job. That was not the problem. There is no doubt that if we buy a box of pencils, we get three quotations, but that's a different thing.

• (1710)

**The Chair:** Thank you very much, Mr. Roy.  
[English]

It was mentioned the other day by the people who were here from the minister's office that about once a year or so they had a training session on the rules and the ethics and so on. Was there any kind of training given to you, annually or ever, on ethics and rules and the way things are supposed to be done?

**Ms. Huguette Tremblay:** No, I never received any such training.

**The Chair:** Monsieur Parent?

**Mr. Mario Parent:** No, absolutely not.

**The Chair:** You received absolutely no instruction about a refresher course, that there's a myriad of rules in the Government of Canada and nobody can be on top of them all the time. You received nothing of that kind.

**Ms. Huguette Tremblay:** No.

**Mr. Mario Parent:** No, nothing.

**The Chair:** I think the words you used, Mr. Parent, were "maybe not broken but certainly bent". Were you aware that you were bending the rules?

**Mr. Mario Parent:** At times, yes, but it was always under the approval of my client, my patron, you know. It has not been easy.

**The Chair:** Madam Tremblay, were you aware that you were bending or breaking the rules?

**Ms. Huguette Tremblay:** No, I wasn't aware that I was breaking the rules. I don't think I ever broke any rules. Let's say that I was aware that it was a very different program, that it worked very differently, that the people who were responsible for it were up there. I mean, when your immediate boss calls the minister "the boss" and the Prime Minister "the big boss", you don't question.

**The Chair:** Okay.

It puts us in a spot, eh?

**Mr. Mario Parent:** Might I add something, and it's going to take a minute maximum.

**The Chair:** Yes.

**Mr. Mario Parent:** We had rules and regulations under the famous annex Q; it became annex U and U became annex Q, and so

on. When you read that, when you select a firm, the process is over. You have—you had, because they canned it. You had to send your recommendation to the minister's office of that department for his or her approval. Don't you think it's—

**Ms. Huguette Tremblay:** For advertising.

**Mr. Mario Parent:** Of course. Huguette mentions for advertising.

Don't you think it's a little bit different?

**The Chair:** Yes. That was my question. Did you feel you were breaking the rules? And if you felt you were breaking the rules, did you say "Don't worry, business as usual, this is how this department works"?

I know, Madam Tremblay, you said you complained to the boss, and by and large, apart from the minister, there was nothing above him, so above him who do you go to? You were not going to walk into the minister's office, so you were stuck.

**Mr. Mario Parent:** It was the same thing.

**Ms. Huguette Tremblay:** As I said when I appeared before this committee in March, I did ask questions on a couple of occasions when I would receive invoices, with no back-up documentation and for a high amount of money. I knew that when it was for production services you usually get some kind of back-up about what it was for. If it covered ten flags, who produced them for you and what did they charge you? But I was told to just pay the invoice, that it was not my responsibility. That was Mr. Guité's responsibility. He was certified under section 34.

You ask a couple of times and after a while you figure it's his job. I'll let him do his job; I'm doing mine.

**The Chair:** You were obviously aware of all the rules. As you say, you certify under section—

**Ms. Huguette Tremblay:** I knew that if I was paying an invoice for production I needed some kind of back-up.

**The Chair:** Yes.

It seems we're going to cease at this point. We thank you both for coming forward today—Ms. Tremblay, it's the second time before our committee—and we thank you very much for your being candid and forthright as we are trying to understand why the department fell off the rails. We know the program went off the rails; we have talked about this for many, many hours and have debated it for a long time. But we're trying to understand the culture that was behind it, and it's something we're going to have to debate.

Anyway, thank you for coming again today. We appreciate you coming forward.

We will suspend the meeting for maybe three minutes until the cameras get turned off, and then we'll go in camera and continue on with the report until 5:30 p.m. We'll see how far we go.

Thank you very much.









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