



HOUSE OF COMMONS  
CANADA

## **MANAGEMENT OF PUBLIC OPINION RESEARCH**

### **Report of the Standing Committee on Public Accounts**

**John Williams, M.P.  
Chair**

**June 2005**



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# **MANAGEMENT OF PUBLIC OPINION RESEARCH**

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# **THE STANDING COMMITTEE ON PUBLIC ACCOUNTS**

has the honour to present its

## **NINETEENTH REPORT**

Pursuant to Standing Order 108(3)(g), the Standing Committee on Public Accounts has considered Chapter 5 of the November 2003 Report of the Auditor General of Canada (Management of Public Opinion Research) and has agreed to report the following:





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# **LIST OF RECOMMENDATIONS**

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## **RECOMMENDATION 1**

**That the government adopt guidelines that instruct public servants on the identification and avoidance of conflicts of interest and appearance of conflict of interest in the awarding of public opinion research contracts.**

## **RECOMMENDATION 2**

**That the government demand a full list of firms involved in any consortium bidding for government contracts including public opinion research contracts.**

## **RECOMMENDATION 3**

**That requests for proposals be drafted in a way that does not unnecessarily exclude potential bidders.**

## **RECOMMENDATION 4**

**That, as recommended in its 9th Report of the 38th Parliament, 1st Session, administrative penalties up to and including dismissal from the Public Service of Canada be established to discourage non-compliance with contracting rules and regulations.**

## **RECOMMENDATION 5**

**That all departments submit written reports on *all* public opinion research, including public opinion research delivered orally as per the new Public Works and Government Services public opinion research guidelines.**

## **RECOMMENDATION 6**

**That the Treasury Board reissue its written policy prohibiting the government from purchasing public opinion research providing electoral voting behaviour information.**

#### **RECOMMENDATION 7**

**That political polling be prohibited after an election writ has been issued and, that there be no reporting on polling results during an election period for public opinion research work begun before the issuing of the writ.**

#### **RECOMMENDATION 8**

**That the Treasury Board issue clear guidelines on focus groups or real time research to ensure that it provides feedback on government policies only without encroaching into the realm of political opinion and party preferences.**

#### **RECOMMENDATION 9**

**That Public Works and Government Services Canada ensure 100% compliance with the public disclosure requirement and that it report on its success in its departmental performance reports.**



# **MANAGEMENT OF PUBLIC OPINION RESEARCH**

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## **INTRODUCTION**

The Government of Canada uses public opinion research for a variety of purposes, including helping design or modifying new and existing programs and services, to gauge the receptiveness of Canadians to new government proposals, or simply to find out what Canadians want from their government.

Auditor General Sheila Fraser's November 2003 report<sup>1</sup> looked at how the government managed its public opinion research contracts from 1999-2000 to 2002-2003 and whether or not the government respected its own administrative and contractual guidelines in the awarding and management of these contracts. Ms. Fraser found that for the most part, "the federal government was managing public opinion research in a transparent manner and with adequate controls."<sup>2</sup> In her testimony before the Committee (38th Parliament, 1st Session, Meeting No. 30), she added that public opinion research activities were "centrally coordinated, as required by policies (and) (t)he "selection of suppliers for standing offers followed the competitive process." Moreover, unlike the Sponsorship Program (Chapter 3, November 2003), where contracts were awarded and drawn up by the same people, public opinion services separated the two functions so that, according to Ms. Fraser, there was "an appropriate segregation of duties." In short, the federal government adhered to its own guidelines by choosing opinion research firms through a mostly competitive process managed by a central coordinating body.

At the time, this central coordinating body was called Communication Canada. In April 2004, the main coordination functions were assumed by the Public Opinion Research Directorate (PORD) of the Government Information Services Branch, which in turn is housed in the Department of Government Services and Public Works Canada (PWGSC). In 2003-2004, the Public Opinion Research Directorate coordinated 593 public opinion research projects worth \$25.4 million, up from 576 projects worth \$23.7 million in 2002-2003.<sup>3</sup> The five biggest public opinion research users in 2003-2004 were Health Canada, Human Resources Development Canada (now called Human Resources and Skills Development), Canadian Heritage, Communication Canada and Foreign Affairs and International Trade Canada.

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<sup>1</sup> The Report is dated November 2003 but was not actually made public until 10 February 2004.

<sup>2</sup> Report of the Auditor General of Canada — November 2003, p. 9, paragraph 5.41.

<sup>3</sup> PWGSC, « Public Opinion Research in the Government of Canada : Annual Report 2003-2004, » p. 8, available at :

[http://www.communication.gc.ca/reports\\_rapports/por\\_rop/2003-2004/03-04\\_04\\_e.html](http://www.communication.gc.ca/reports_rapports/por_rop/2003-2004/03-04_04_e.html)

## **OBSERVATIONS AND RECOMMENDATIONS**

While the Auditor General's assessment of the government's management of the public opinion surveys contracting process was generally positive, she also raised a number of concerns. In response to these concerns, PWGSC drafted an action plan which it is in the process of implementing. The Committee's recommendations reflect the issues raised by the Auditor General, the action taken by PWGSC and the testimony it heard during the course of its meeting.

### **Concerns about Potential Conflicts of Interest**

Over the course of its meeting, the Committee heard testimony about contracts between the Department of Finance and Earncliffe Strategy Group between 1993-1996, which was before the period examined by the Auditor General. At that time, Earncliffe employed David Herle, who went on to become a partner in the firm in 1997. Mr. Herle has a personal relationship with Terrie O'Leary, who at the time was the executive assistant of then-Finance Minister Paul Martin. According to some, this relationship created the perception amongst the public opinion research community of a possible conflict of interest.

The Committee is not in a position to offer an opinion on whether or not there was in fact a conflict of interest in the Earncliffe contract. Nevertheless, the Committee believes it is important that there be no *perception* of such a conflict from public opinion research contracting in the future. It therefore recommends:

#### **RECOMMENDATION 1**

**That the government adopt guidelines that instruct public servants on the identification and avoidance of conflicts of interest and appearance of conflict of interest in the awarding of public opinion research contracts.**

#### **RECOMMENDATION 2**

**That the government demand a full list of firms involved in any consortium bidding for government contracts including public opinion research contracts.**

#### **RECOMMENDATION 3**

**That requests for proposals be drafted in a way that does not unnecessarily exclude potential bidders.**

## Concerns Raised by the Auditor General

Despite her largely positive assessment, Ms. Fraser did express a number of concerns about the way the government went about fulfilling its public opinion research needs.

In the contracting process for example, she found that 4 of the 12 standing offers in place during her audit had been extended beyond the period specified in the original offer with no obvious rationale, a practice which may have “prevented other potential suppliers from competing for new work”<sup>4</sup>. The audit also found that 8 of the 12 standing offers then in place lacked a “call-up limit” or threshold amount.<sup>5</sup> According to the Auditor General, “... the call-up limit provides an opportunity for competition because projects that exceed the threshold must be opened for bids. Without a call-up limit, the opportunity for competition is reduced”.

The Auditor General’s audit also says that “many” public opinion research contracts worth more than \$25,000 were awarded without passing through a competitive bid process despite the availability of pre-qualified suppliers lists. Treasury Board guidelines at the time stipulated that all firms on a qualified supplier list should have had a chance to submit a bid.

Outside of the contracting process, the Auditor General found that in some instances, departments were paying for subscriptions to syndicated surveys that included politically oriented questions, a practice contrary to Treasury Board guidelines at the time.<sup>6</sup> The Auditor General noted that subsequently, in May 2003, Treasury Board Secretariat removed the prohibition on this kind of political polling. No rationale for this change was given.

The Auditor General’s audit also found that some public opinion research reports — about 14% of all surveys each year — were not made available to the

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<sup>4</sup> The Treasury Board Secretariat defines a standing offer as an “an offer from a supplier to provide goods and/or services to the government at prearranged prices or pricing basis and under set terms and conditions for a specified period on an as-and-when requested basis. A separate contract is entered into each time a call-up is made against the standing offer. When a call-up is made, the terms and conditions are already in place and acceptance by the government of the supplier’s offer is unconditional. The government’s liability is limited to the actual value of the call-ups made within the period specified in the standing offer. A standing offer is not a contract.”  
See: [http://www.tbs-sct.gc.ca/gr-rg/gomery/amr-rgp08\\_e.asp](http://www.tbs-sct.gc.ca/gr-rg/gomery/amr-rgp08_e.asp)

<sup>5</sup> The Treasury Board Secretariat defines a “call-up” as an “order issued under the authority of a duly authorized user against a particular standing offer. Communication of a call-up against a standing offer to the offeror constitutes acceptance of the standing offer to the extent of the goods, services, or both, being ordered and causes a contract to come into effect.”  
See: [http://www.tbs-sct.gc.ca/gr-rg/gomery/amr-rgp08\\_e.asp](http://www.tbs-sct.gc.ca/gr-rg/gomery/amr-rgp08_e.asp)

<sup>6</sup> Instead of commissioning their own proprietary surveys, government departments and agencies sometimes purchase subscriptions to what are called “syndicated studies,” which are multi-client, cost-shared public opinion research studies conducted by public opinion firms.



public via the National Library and the Library of Parliament. Treasury Board guidelines require that all public opinion surveys be sent to these institutions within three months of their completion. The audit also found that a number of the non-disclosed research reports were delivered orally rather than in writing to the Department of Finance.

During the course of its meeting, David Herle, a former partner with Earncliffe, explained to the Committee that the nature of the work demanded an oral rather than a written report. In particular, he said that Earncliffe was hired to conduct:

real-time research or moment-to-moment research, where we would gather people in focus groups in various locations in the country and have them watch the budget speech as it was being delivered, both recording their reactions on a moment-to-moment basis and talking to them about the budget speech. We would feed that information on a real-time basis into the department so they understood what Canadians were absorbing from the budget speech, which issues needed more illumination, and what needed to be communicated better. At the end of that, we would deliver a full oral report on that exercise.

The Committee believes the aforementioned violations of Treasury Board guidelines is unacceptable. It therefore recommends:

#### **RECOMMENDATION 4**

**That, as recommended in its 9th Report of the 38th Parliament, 1st Session, administrative penalties up to and including dismissal from the Public Service of Canada be established to discourage non-compliance with contracting rules and regulations.**

#### **Treasury Board and PWGSC Response to the Auditor General's Concerns**

Since the November 2003 audit, Treasury Board public opinion research guidelines and Public Works and Government Services Canada practices have changed to reflect the Auditor General's concerns and consultation with industry groups.

With respect to the Auditor General's concerns about the contracting process, PWGSC says new contracting guidelines create "a larger pool of suppliers across Canada and more transparency in the selection process. They sharpen competition between firms while giving each one more opportunities to compete for

government business.”<sup>7</sup> Specifically, the government now has four different thresholds for awarding contracts:<sup>8</sup>

- i. Contracts Under \$25,000: As in the past, can be awarded without passing through a competitive process;
- ii. Contracts up to \$200,000: Awarded by means of “standing offers” for “straightforward work” lasting up to two-years;
- iii. Contracts up to \$400,000: Awarded by means of “supply arrangements” for “more complex work” through “mini-competitions” between pre-qualified suppliers.
- iv. Contracts more than \$400,000: Awarded through full MERX competition.

To address the Auditor General’s concerns about politically oriented survey questions, Treasury Board Secretariat issued a Policy Guidance note on 28 April 2005, which says that “public funds should not be expended on public opinion research concerned with monitoring electoral voting behaviour or the image of political parties.”<sup>9</sup> The note goes on to say that a “new clause now appears in all public opinion research contracts issued through PWGSC.”

Finally, in response to concerns about oral reports and missing public opinion studies at the National Library and Library of Parliament, PWGSC now requires all departments to submit written reports on *all* public opinion research. Moreover, the Department says that “compliance” with the public domain requirement for custom surveys<sup>10</sup> is now 97%, up from the 86% compliance rate identified by the Auditor General in her November 2003 report.

The Committee is encouraged by the responses from both Treasury Board Secretariat and Public Works and Government Services Canada. It nevertheless requires some assurance that the new Treasury Board Secretariat and PWGSC guidelines and practices are doing what they are supposed to do. It therefore recommends:

## **RECOMMENDATION 5**

**That all departments submit written reports on *all* public opinion research, including public opinion research delivered orally as**

<sup>7</sup> PWGSC, « Public Opinion Research in the Government of Canada : Annual Report 2003-2004, » p. 9.

<sup>8</sup> See: Government of Canada, 12 June 2003, “Government of Canada Enhances Public Opinion Research Contracting Process,” available at:

<http://news.gc.ca/cfmx/CCP/view/en/index.cfm?articleid=5179>

<sup>9</sup> Treasury Board of Canada Secretariat, 28 April 2005, “Policy Guidance,” available at: [http://www.tbs-sct.gc.ca/pubs\\_pol/sipubs/comm/pg-op\\_e.asp](http://www.tbs-sct.gc.ca/pubs_pol/sipubs/comm/pg-op_e.asp)

<sup>10</sup> Custom surveys as distinct from syndicated surveys, which are owned by the firm that conducted the research.

**per the new Public Works and Government Services public opinion research guidelines.**

#### **RECOMMENDATION 6**

**That the Treasury Board reissue its written policy prohibiting the government from purchasing public opinion research providing electoral voting behaviour information.**

#### **RECOMMENDATION 7**

**That political polling be prohibited after an election writ has been issued and, that there be no reporting on polling results during an election period for public opinion research work begun before the issuing of the writ.**

#### **RECOMMENDATION 8**

**That the Treasury Board issue clear guidelines on focus groups or real time research to ensure that it provides feedback on government policies only without encroaching into the realm of political opinion and party preferences.**

The Committee also sees no reason why there cannot be 100% compliance with the requirement that a copy of all public opinion research be deposited with the National Library and the Library of Parliament. It therefore recommends:

#### **RECOMMENDATION 9**

**That Public Works and Government Services Canada ensure 100% compliance with the public disclosure requirement and that it report on its success in its departmental performance reports.**

### **CONCLUSION**

In Chapter 5 of the Auditor General's November 2003 report, the federal government's management of its public opinion research contracts received a passing grade from the Auditor General, while chapters 3 (Sponsorship) and 4 (Advertising) led to criminal investigations, the Commission of Inquiry into the Sponsorship Program and Advertising Activities (the Gomery Inquiry) and this committee's own extensive reports. As the Auditor General and the Committee noted in earlier reports, many of the problems in the management of the Sponsorship and Advertising programs could be traced back to problems with

deputy-ministerial accountability and a decision to merge two previously separate functions, namely the awarding of contracts and the specification of the terms of the contract. For the most part, these problems were either inapplicable or non-existent in the case of the public opinion research program.

That said, the Committee heard concerns about a potential conflict of interest, or at least the perception of a conflict of interest, in the awarding of public opinion research contracts. While the Committee is not in a position to judge whether such a conflict of interest actually existed, it nevertheless feels that the government must take action to minimize the potential for such a perception to exist. With respect to the Auditor General's specific concerns, the Committee is encouraged by the government's response and looks forward to a follow-up audit by the Auditor General of Canada.



# APPENDIX A LIST OF WITNESSES

<b>Associations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Office of the Auditor General of Canada</b>	18/04/2005	30
Louise Bertrand, Principal		
Sheila Fraser, Auditor General		
<b>As Individuals</b>		
Allan Cutler		
Peter Daniel		
David Herle		
Warren Kinsella		
Terrie O'Leary		



## REQUEST FOR GOVERNMENT RESPONSE

In accordance with Standing Order 109, the Committee requests that the government table a comprehensive response to this report.

A copy of the relevant Minutes of Proceedings (*Meetings No. 30, 44 and 45 including this report*) is tabled.

Respectfully submitted,

John Williams, M.P.  
*Chair*





# MINUTES OF PROCEEDINGS

Wednesday, June 22, 2005

*(Meeting No. 45)*

The Standing Committee on Public Accounts met *in camera* at 3:33 p.m. this day, in Room 209 West Block, the Chair, John Williams, presiding.

*Members of the Committee present:* Gary Carr, David Christopherson, Brian Fitzpatrick, Sébastien Gagnon, Mark Holland, Daryl Kramp, Hon. Walt Lastewka, Hon. Shawn Murphy, Benoît Sauvageau, John Williams and Borys Wrzesnewskyj.

*Acting Member present:* Joe Preston for Dean Allison.

*In attendance: Library of Parliament:* Brian O'Neal, Analyst; Marc-André Pigeon, Analyst.

Pursuant to Standing Order 108(3)(g), the Committee resumed consideration of Chapter 5, Management of Public Opinion Research of the November 2003 Report of the Auditor General of Canada referred to the Committee on February 10, 2004.

The Committee resumed consideration of a draft report.

It was agreed, — That the Committee adopt the draft report as the Report to the House.

It was agreed, — That, pursuant to Standing Order 109, the Committee request that the Government table a comprehensive response to the report.

It was agreed, — That the Chair, Clerk and analysts be authorized to make such grammatical and editorial changes as may be necessary without changing the substance of the Report.

It was agreed, — That the Chair present the Report to the House at the earliest opportunity following the expiry of the forty-eight (48) hour revision period.

It was agreed, — That the Clerk and the analyst, in consultation with the Chair, issue a news release.

At 4:33 p.m., the Committee adjourned to the call of the Chair.

Elizabeth B. Kingston  
*Clerk of the Committee*