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Chair

Mr. Tom Wappel

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• (1535)

[English]

The Chair (Mr. Tom Wappel (Scarborough Southwest, Lib.)): I'd like to call the meeting to order, please.

You'll notice from the agenda that we have with us the Office of the Ethics Commissioner, and I'll introduce the specific people who are here in a moment.

I'm just reminding committee members that we also have on the agenda, depending on whether we finish with the Ethics Commissioner by 5:30, continued consideration of our draft report on another subject, and Mr. Martin has just spoken to me and has asked for some time—brief, he advises—with respect to the motion he had brought forward and had indicated at the last meeting that he wouldn't deal with at the last meeting. He has asked for about five minutes today. So we have a fairly busy agenda. That's why I'd like to get started.

Pursuant to Standing Order 81(4), we're dealing with the main estimates of 2006-2007, specifically vote 15, Office of the Ethics Commissioner, referred to the committee on Tuesday, April 25, 2006.

We have with us the Ethics Commissioner, Mr. Bernard Shapiro. Welcome, sir. I'll let you introduce your staff. I understand that you have an opening statement, and I invite you to make it.

Mr. Bernard Shapiro (Ethics Commissioner, Office of the Ethics Commissioner): Thank you very much, Mr. Chair and members of the committee.

[Translation]

First, thank you for having invited me to meet with the committee. Before I proceed, I wish to introduce my officials who are with me today: the Deputy Commissioner, Mr. Robert Benson; the Director, Strategy and Policy, Mr. Stephen Tsang; the Director, Corporate Affairs, Ms. Lyne Robinson-Dalpé; and the Director, Communications and Parliamentary Relations, Ms. Micheline Rondeau-Parent.

[English]

My appearance today is in relation to my office's 2006-2007 main estimates. This is the third year of our activities, and it represents, in some sense, the anchor year in terms of our operations and budgetary requirements. That is, relative to at least the current arrangements, we've arrived at what I believe is the appropriate stabilizing level. The total amount requested for 2006-2007 is \$5.051 million. By comparison, for last year, our first full financial year, we sought and received \$4.675 million.

Our current year's request represents an 8% increase over last year. This relates solely to an increase in the cost of the provision of services from our parliamentary partners, namely, an increase of \$220,000 in the memorandum of understanding with the House of Commons with respect to the provision of information technology services, and an increase of \$250,000 in the memorandum of understanding with the Library of Parliament with respect to the provision of financial, procurement, administrative, and library services.

It is important to note that our main estimates requirements assume that the mandate and functions of the office remain the same. Although my office has taken some preliminary measures in preparation for the possible coming into force of Bill C-2, the proposed Federal Accountability Act, our estimates for 2006-2007 do not take into account any budgetary requirements that may result from its enactment. Should the bill be enacted during this current financial year, supplementary estimates will be sought, if needed.

I would now like to provide you with a brief contextual perspective of our budgetary requirements. As members are aware, my office is relatively new, as it was created on May 17, 2004. Our first year, 2004-2005, was a transition year. We sought and obtained \$3.7 million for 10.5 months of activity. This enabled us to bridge our operations towards the creation of a new office as a unique and separate entity under the Parliament of Canada Act, outside the purview of the executive branch of government.

Our second year, 2005-2006, was a development year. This was our first full year of activity and our first full-year request as a new parliamentary entity. We sought and received, as I said earlier, a little more than \$4.5 million. The increase from the previous year was attributable to our operational needs for a full year, particularly in the area of salaries and benefits related to a significant increase in the number of personnel, the provision of legal and investigative services, and costs for new services previously rendered and absorbed by other government entities.

[Translation]

This year, 2006-2007, is a year of stability and status quo, as already explained earlier. As detailed above, it is a flat budget, since it does not require any additional operating funds.

On a general matter related to our budget, I would like to discuss another, more general consideration. As some members may be aware, since the fall of 2005, i.e. the launching of our new Web site, in a spirit of transparency, we have posted all our expenditures. These present the Office's entire budget's expenditures, not only those related to travel or hospitality, as is the case for all government organizations. That practice is ongoing as anyone can drill down a budget, in relation to each line object and see where each dollar has been spent. In order to keep them relevant, these are updated monthly.

[English]

You may recall that during my appearance before your committee on September 20, some members requested information with respect to past estimates. In response, I sent a letter to the chair, dated October 3, in which I provided, in appendix, further information and clarification on the specific issues raised. I assume that members have been provided with copies of this correspondence.

Finally, the Parliament of Canada Act provides my office with a distinct financial mechanism through which the Speaker of the House of Commons considers the office's requirements and transmits them to the president of the Treasury Board. Last year this committee tabled its report entitled "A New Process for Funding Officers of Parliament", which listed my office as a participant in the recommendation that established a budgetary panel for a two-year pilot project.

The pilot project process prescribed that officers would "provide their annual budget submission directly to the panel along with an accompanying submission by the Treasury Board Secretariat. As an officer of Parliament under the Parliament of Canada Act, I wrote to Speaker Milliken, as chair of the panel, to clarify this process. On November 23, 2005, he responded, confirming that, "I am in agreement that, in the current context, there is no role for the Treasury Board in the review of your budget requirements".

Although my office has not been called before the panel, should the Speaker of the House of Commons wish to refer my budget submission to a review panel, I'd be pleased to participate, noting that my office does not operate within exactly the same context and parameters as do the agents of Parliament.

• (1540)

[Translation]

I thank you for your attention. My officials and I would be pleased to answer your questions and address any issues related to our 2006-2007 Estimates or any other related matter, including further clarification related to my October 3 letter.

[English]

The Chair: Thank you very much, Commissioner.

We'll go to questions. The first round, as usual, will be seven minutes, and the second round will be five minutes. Right now I

have Mr. Peterson listed, and then we'll go the Bloc, the NDP, and the Conservatives.

Mr. Peterson, go ahead, please.

Hon. Jim Peterson (Willowdale, Lib.): Thank you all for being with us.

You had mentioned in an earlier appearance that you were having trouble recruiting people because they don't get all the benefits of being civil servants. What is the rationale for not treating your people as civil servants, sir?

Mr. Bernard Shapiro: I don't recall exactly what I said, but we are not currently having trouble recruiting people, just so you know.

Hon. Jim Peterson: Good.

Mr. Bernard Shapiro: I think the issue I was trying to raise was that there is—and this would be something, incidentally, dealt with by Bill C-2, at least in its current form—a certain difficulty in the sense that, normally speaking, the people in my office would not have access to job opportunities in other parts of the civil service because they're part of the parliamentary system. They would have access, for example, to Library of Parliament, House of Commons, or Senate positions. That was the issue I think I was referring to. But at the moment, it is not a problem for us.

Hon. Jim Peterson: It seems to me that your employees should have the same types of opportunities that other civil servants have to promote themselves in jobs in Ottawa.

Mr. Bernard Shapiro: I think that is something that's being developed, actually. Bill C-2 takes that into account. If it should pass in its current form, or roughly its current form, that would be an issue behind us.

Hon. Jim Peterson: Okay, good.

Do you use outside law firms often in your investigations?

Mr. Bernard Shapiro: It's hard to say "often", because we haven't had many investigations. The answer would be sometimes, but not frequently.

Hon. Jim Peterson: Do you find it fairly expensive?

Mr. Bernard Shapiro: I don't recall, but I imagine they are fairly expensive to use. The difficulty that I've had in trying to think that through is that since I never know how many investigations there are going to be in any one, two, or three years, it's hard to staff up and do it all internally. So we try to deal with it internally to the extent we can. When we need outside help, we get it.

Hon. Jim Peterson: So you can actually have economies by not being overstaffed and having surges covered by outsiders.

Mr. Bernard Shapiro: That's correct. Over time one might find a pattern emerging and see another way to deal with it. At the moment we certainly wouldn't be able to.

The Chair: Let me ask a couple of questions flowing from that. Perhaps another way of getting at the answer would be how many investigations have you done since your office opened, and in how many of them did you hire outside counsel?

Mr. Bernard Shapiro: I don't have the answer at the moment. Bob, would you know?

Mr. Robert Benson (Deputy Commissioner, Office of the Ethics Commissioner): In our office we have jurisdiction under two codes. So my response could be broken down into investigations under either the public office holder code or the member of Parliament code.

The Chair: Why don't you break it down that way?

Mr. Robert Benson: Do you want it by year?

The Chair: Just in total.

Mr. Robert Benson: In total, under the public office holder code, there's been only one—Minister Sgro. Under the member of Parliament code, there have been seven investigations: four in our 2005-06 year, three in the current year.

The Chair: Of those, how many involved outside legal counsel? I believe the Sgro report did.

Mr. Robert Benson: Yes, that was one—her first one. There was a greater amount of money spent there, because we retained counsel to undertake the interviews for us. In the subsequent ones, we used inside personnel to conduct the interviews. However, as we proceeded with some of these inquiries, we found we needed to obtain legal opinions on the application of certain provisions relating to parliamentary privilege in the Parliament of Canada Act. So expenses arose there. We indicated in our 2005-06 report—not the current one that's before you—that we were spending approximately \$220,000 for this legal advice. It was broken down into matters of litigation, as they related to the provision of legal advice in the conducted inquiries.

• (1545)

The Chair: I'm not quite clear. If I understood you correctly, on the first breakdown, which was one case, the Sgro case, there was an investigation and there was outside counsel retained.

Mr. Robert Benson: That's correct.

The Chair: Then on the other side of the ledger, you indicated how many cases?

Mr. Robert Benson: Seven cases.

The Chair: You said you had to hire outside counsel for various opinions, one presumes, in the growing pains of the office to determine what the legalities were. Putting those aside, out of the seven cases, how many times did you retain outside counsel insofar as it pertained to the case, as opposed to general questions of authority?

Mr. Robert Benson: I don't have that answer. On our website we list the contracts we issued for each legal firm. I wasn't prepared for that question.

The Chair: You can't possibly anticipate what everybody is going to ask. I fully understand that. Just provide that information to us. Just tell us, out of the seven cases, you hired outside law firms on however many it was.

Madame Lavallée.

[*Translation*]

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): I'm going to ask the first question.

Good afternoon, Mr. Shapiro. If I understand correctly, your 2005-2006 budget totalled \$4.6 million, and you're now asking that it be increased to \$5 million, which represents an increase of approximately 10%.

I've only been sitting on this committee for a short time; so I haven't had the opportunity to absorb all the necessary information. Correct me if I'm wrong, but, from what I understood, this committee prepared a report a year and a half ago on the new funding mechanism for officers of Parliament. I believe that mechanism was not yet really implemented. Is that correct?

[*English*]

Mr. Bernard Shapiro: I think that's right in the sense that what is happening at the moment is a pilot project. It's a two-year pilot project, which has been launched as a result of this committee's report about how the budget should be handled. So it's not in full operation, but it is in operation. The pilot project is ongoing. My office has not participated in that project. As some people have suggested, I did not decline to participate. As I said in my opening remarks, if the panel wishes to review this, that's quite fine with me.

What I have to do, I think, is maintain the integrity of the legislation under which I operate, which does not provide for a role for Treasury Board, as it does for many other parts of the government, obviously. So I'm quite happy to appear in front of any panel that the Speaker decides is appropriate for me to go to, including the one we're talking about. They haven't asked, and I haven't declined.

[*Translation*]

Mrs. Carole Lavallée: In short, the budget you're presenting hasn't been reviewed by anyone. Is that correct?

[*English*]

Mr. Bernard Shapiro: That's right. The only person who has reviewed it that I would know of is the Speaker. It is our obligation, according to the legislation, to present this to the Speaker. He can seek advice from whomever he wishes, have it reviewed by whomever he wishes, and then forward his decision to Treasury Board.

[*Translation*]

Mrs. Carole Lavallée: So you have an important responsibility, to request reasonable increases. In your office, you've no doubt implemented mechanisms permitting self-criticism in this regard, haven't you?

• (1550)

[*English*]

Mr. Bernard Shapiro: That's correct. We try to proceed in two different ways. One, of course, is the standard way. Our financial statements are, of course, audited by an outside party every year. But more importantly, since we're not part of the Auditor General's responsibility, so to speak, we undertook to have an operational review of the entire office. This was at the suggestion of the Auditor General, whom I asked for some advice on the matter. We did contract with an outside group to review all the operational processes within the office to make sure we were operating on a relatively efficient basis and that we're not spending money inappropriately.

That operational review has been completed; it was completed some months ago. It was quite a positive review, but we're in the midst, at the moment, of implementing some of the recommendations that these people made so as to make the operation as efficient as possible.

[*Translation*]

Mrs. Carole Lavallée: You've obtained the Auditor General's opinion on the mechanisms you've implemented. What about your budgets?

I imagine, for example, that the first version of your budget must have totalled a little more than \$5 million. What are you doing to discipline yourself, to criticize yourself? What helps you do that?

[*English*]

Mr. Bernard Shapiro: We do that internally. We have all kinds of internal procedures for looking at what we think we need, and so on. I felt, quite frankly, that the funds that we had last year were fully adequate for our needs. They were exactly adequate, as far as I could tell, and so I began the budget preparation by assuming that there ought to be no increases. We've reached a stable amount, let's just stick with it, and let's not look for additional ways to spend money.

The only difference came in terms of our memoranda of understanding with the House of Commons and the Library of Parliament. We decided at the very beginning that we would not try to replicate all these special services inside our own office. We felt that it would be inefficient and inappropriate to do that, and so we contract with the House of Commons in one case and the Library of Parliament in the other to provide special services for us. There has been an increase in the cost of those services, and that is the only increase contained in the budget that we've brought forward. Those services, incidentally, have been excellent. We are very satisfied, and we feel we've made a very good choice in that regard.

The Chair: Merci, Madame.

Mr. Martin.

Mr. Pat Martin (Winnipeg Centre, NDP): I don't have any questions. Thank you, Mr. Chair.

The Chair: Thank you.

Mr. Tilson.

Mr. David Tilson (Dufferin—Caledon, CPC): Thank you.

Dr. Shapiro, the estimates that you provided to us basically consist of two lines: program expenditures and contributions to employment benefit plans.

Mr. Bernard Shapiro: I'm not sure what you're referring to.

Mr. David Tilson: Well, I don't know, someone put a piece of paper in front of me some time ago that said those are your estimates: \$4.486 million for program expenditures and \$565,000 for contributions to employee benefit plans.

The Chair: Mr. Tilson, there's also something that was included in the package today.

Mr. David Tilson: I haven't even looked at that. I got it as the meeting was started. I haven't had a chance to look at it.

I am going somewhere on this, Mr. Chairman, if you'll just bear with me.

The Chair: We'll follow along the journey with you.

Mr. David Tilson: Thank you.

Mr. Bernard Shapiro: We're trying to figure out which document you're referring to.

Mr. David Tilson: It doesn't matter. My question is whether that's all there is. Is there anything else?

Mr. Bernard Shapiro: No.

Mr. David Tilson: I mean, the chairman has referred to something that I haven't seen.

I'll get to the crunch of it, Dr. Shapiro. I'm concerned with the lack of information we're getting with respect to these expenditures. I understand you seek your funding from the Board of Internal Economy, and I also understand that you've made a presentation to the Speaker. I also understand that you're different from the Information Commissioner and the Privacy Commissioner. I do recall when you appeared before us in February 2005 you indicated that you would prefer to be in the process that you're with now. I understand all that.

The difficulty I have is this committee is supposed to vote on this topic of expenditures. I'll just refresh the committee's memory of the Standing Orders. I'm not going to refer to all the numbers; there are too many of them. But on page 84, access to information, privacy, and ethics—this is on the duties of the committee—it says they shall include, among other things...and then they go through the Information Commissioner and the Privacy Commissioner, and then they talk about the Ethics Commissioner: “the review of and report on the effectiveness, management and operation together with the operational and expenditure plans relating to the Ethics Commissioner”. That's what we're supposed to do. So we have to vote on your expenditures.

I'll be quite frank: I don't see any here. I see a couple of lines that talk about program expenditures, and I don't see any details for that. I see contribution to employee benefit plans, and I don't see any details for that. Those are just two statements saying that's all there is.

Can you help me?

• (1555)

Mrs. Lyne Robinson-Dalpe (Director, Corporate Affairs, Office of the Ethics Commissioner): Yes.

In the 2006-07 main estimates that were brought forward by Treasury Board, in that big brick that they table, you have the details—budgetary main estimates by standard object of expenditure—and in there, under Parliament of Canada, we have the Office of the Ethics Commissioner, which clearly, line by line, states how much we are anticipating on spending. For example, in salaries we have \$3,536,000.

Mr. David Tilson: Mr. Chairman, I don't think the committee has that information. I never got it.

Mrs. Lyne Robinson-Dalpe: It's part of the main estimates that were brought forward to this committee with regard to our budgets.

The Chair: That's the big blue book that everybody gets at some point in time in their office. At some point we must have gotten something.

Mr. Tilson, in our briefing notes we also have a chart that must have come from somewhere. It looks pretty official. It didn't come from the Ethics Commissioner, so it came from our researchers.

Mr. David Tilson: I saw those notes too, and that's not very helpful either, Mr. Chairman.

I'm going to finish here, because I can see I'm not going to get anything more. I'd like to move on to the lawyers.

Do you have something, Mr. Benson?

Mr. Robert Benson: Yes, I'd like to just make a comment.

Your question is in relation to the information that's available. Earlier I was talking about our budgetary process in our system, and it was indicated that as of September of last year we put up on our website our full budgetary expenditures by line object. It's fully there. The budgetary system for this year is also there. As we are expending on a month-to-month basis, we have each of our expenditures. If it's contractual, whatever, you can drill down fully right through on our budget.

The price of our having this unique budgetary system is complete transparency, which we've been doing since September of last year. The amount of information on our budget is on a monthly basis, and it's on the web.

Mr. David Tilson: Well, here we are, Mr. Chairman, and I have two lines in front of me. That's all I know. That's the material that's been presented to the committee, and that's all we have on it.

I'm going to move on to the topic of lawyers—it was raised by one of the opposition members. I do remember that you retained an outside law firm for the former Minister Sgro. I had a lot of trouble with that, quite frankly, as you may recall.

What's the size of the staff of lawyers that you have in the commission?

Mr. Bernard Shapiro: We have members of the staff who are lawyers in the sense that law is their educational background. We have no one on the staff—

Mr. David Tilson: No one is hired as a lawyer. No one is retained as a lawyer.

Mr. Bernard Shapiro: That's correct.

Mr. David Tilson: And the people who happen to be lawyers don't give legal advice.

Mr. Bernard Shapiro: Not generally speaking, no.

Mr. David Tilson: I guess I'm just looking at the issue of.... Let me proceed further on this issue of what you pay lawyers. What do you pay them? What did you pay them this past year?

Mr. Robert Benson: As of April 1, there has been \$44,000 spent just on obtaining legal opinions or legal advice.

• (1600)

Mr. David Tilson: Do these people do investigatory work?

Mr. Robert Benson: Not necessarily.

Mr. David Tilson: They did with the Sgro matter.

Mr. Robert Benson: Absolutely, they did, but we retained counsel.

Again, the office is a separate employer. We cannot get legal advice from the Department of Justice, and we do not get legal advice from counsel to Parliament. So we have to, on our own, get legal advice. Up to this point in time, as has been indicated, we've been retaining that from outside counsel. In certain respects, when we're dealing with parliamentary issues and parliamentary privilege, individuals who can provide that service are rather unique and specialized.

Mr. David Tilson: You also indicated that the lawyers do the interviews.

Mr. Robert Benson: I'm sorry...?

Mr. David Tilson: When you proceed with the investigations, Mr. Benson, do the lawyers interview the witnesses, or the people who are...?

Mr. Robert Benson: To this point in time, they have done only one interview, and that was during the Sgro inquiry. Subsequent to that, we've had individuals within our office conducting the interviews.

Mr. David Tilson: Okay, and what is the salary range of those people? What do you call those people?

Mr. Robert Benson: We have some senior managers who conduct them. I don't have it off the top of my head, but we've had a senior manager conduct interviews. I myself have conducted some interviews. We've had some people who are at the ET-05 level assist us and be able to conduct.... That position is our entry-level adviser.

As for the salary ranges, you have this document. It has our salary scale on there. As I indicated, we have an ET-05 we bring into the interviews on the training and to conduct.... I myself have conducted some interviews. As I said, there have been other senior managers who have been conducting interviews.

Mr. David Tilson: I want to be clear on this. When you did the Sgro investigation, there were lawyers who provided legal opinions and also did investigations. That was then. Is that going to happen again?

I seem to recall, Dr. Shapiro—and I don't want to put words in your mouth—your saying it was a new process and you wanted to be sure you were doing it right, so you retained a law firm.

Mr. Bernard Shapiro: That is correct, and that is why, since then, we haven't done that. I hate to promise that it will never happen in the future, because it depends on the context, how many investigations there are, and what our own personnel resources are. We have tried to keep the legal services limited, in a sense, to getting opinions about the legality of this, that, or the other thing, rather than conducting an investigation itself.

The Chair: Sorry, Mr. Tilson, it's already been ten minutes.

Just for the committee's information, attached to the letter of October 3 that the commissioner sent are some detailed breakdowns of the costs. There's a chart that, in great detail, breaks down the salaries and the vacation pay, and even shows that the average salary paid to employees was \$72,000. That was made available by the Ethics Commissioner. I hope that letter was in fact distributed. It's my information that it was.

In today's package, there is—and I must say, it's the first time I've ever seen it, in my experience—a breakdown of all of the salaries by category, not that I know what those darned initials mean. For example, it shows that SMG, whatever the heck that is, ranges from \$94,000 to \$288,000. And the number of FTEs in that category is seven, for a total of \$1,044,924.

I don't think the committee should be expected to go to the website. On the other hand, I think the committee has received some very detailed information from the commissioner, which is in front of us. We could, if we wish, “drill down”, to use the phrase—I guess it's a bureaucratic phrase—and perhaps we would strike oil, but that's up to the members of the committee.

We go to Mr. Dhaliwal.

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Thank you, Mr. Chair, and thank you, fellow members, for coming out here as well.

Dr. Shapiro, we were talking about the lawyers. You don't have legal advisers on staff, so you have to go to outside firms. Besides that, do you have any other shortcomings in the department, such that you don't have the resources to do your job?

•(1605)

Mr. Bernard Shapiro: No, I feel we're being adequately supported. I don't have any demands other than the ones I've presented.

Mr. Sukh Dhaliwal: Did you have any difficulties or any challenges that you want this committee to look into or consider when we go into these details?

Mr. Bernard Shapiro: No. I referred to this year as an anchor year simply because I feel the office has matured and has sufficient resources for its needs under the current legislation, so I'm quite satisfied.

Mr. Sukh Dhaliwal: So you don't foresee any problems in the future?

Mr. Bernard Shapiro: If they occur at all, the future problems will relate to the question of what is the end result of the Federal

Accountability Act. That, of course, has consequences for this and many other offices, and those will have to be dealt with when that time comes.

Mr. Sukh Dhaliwal: On a scale of one to ten, where would you say your department performed when it came to doing your job?

Mr. Bernard Shapiro: It's difficult for me to assess how successful my office has been. There are a number of aspects of the work that I think have been extremely well done. But it's like any new office: if you go about three years, you make mistakes as you go along and you learn from them, hopefully speaking, and then you move forward.

What I'm particularly proud of at the moment is that for the first time in many years, the office has completely cleared the backlog of cases to deal with in terms of both members and the public office holders. That's something we have not been able to do before, but we now have brought it about. I think that's important to remember, and it's helpful.

As far as investigations are concerned, that's impossible to predict. I have no idea how many there are going to be. It depends on what transpires.

Mr. Sukh Dhaliwal: Another question is on the current year's request for an 8% increase over last year. How would you rate that in terms of what happens to the other departments when it comes to their operating budgets?

Mrs. Lyne Robinson-Dalpé: Basically, in the table in the letter that we did provide earlier in the month of October, we rated our budget as compared to those of the other agents of Parliament. Our budget requirements were in the lower range when compared to the other agents of Parliament. Again, there are some reasons for their activities and our activities, but from the information we were able to obtain from the main estimates and the requests that other agents were seeking, we were able to come up with the numbers and clearly state that we are in the range of other organizations.

Mr. Bernard Shapiro: My own sense is that the 8% for next year is itself a high figure relative to the others at the moment, but it relates to two memoranda of understanding that we finally have negotiated with the House of Commons and the Library. That should put us in the right position for future years. I don't think we'll need additional requirements of that sort again. It's always dangerous to forecast, but that's my sense at the moment.

In terms of what we've done for next year, the only addition to the budget is for those two contracts. There are no increases asked for in terms of regular operating expenses.

Mr. Sukh Dhaliwal: Thank you.

The Chair: Thank you, Mr. Dhaliwal.

Just as a point of clarification, Commissioner, in your letter of October 3, you indicated that you had sought a 10% increase to cover costs associated with memoranda of understanding, yet in your remarks today, you said it was 8%.

Mr. Bernard Shapiro: That's how it has turned out.

The Chair: So in your letter of October 3, you anticipated about 10%, but it turns out it's 8%. Is that what your evidence is?

Mrs. Lyne Robinson-Dalpé: The total increase for this year is 8%, 10% of which is for the MOUs. We have a 2% overall reduction in operation costs, which brings our request down to an 8% increase and not a 10% increase.

The Chair: Are there any accountants on the committee? Maybe they could help me understand what the heck that was. It sounded good.

Mrs. Lyne Robinson-Dalpé: Basically, we were asking for an 8% increase. Had we maintained the same operational requirements, we would have had a 10% increase due to the MOUs. Instead of asking for a full 10% increase, what we ended up doing was to adjust our numbers for the operations. We reduced our operations by 2%, which brought the total percentage down to 8% instead of 10%.

•(1610)

The Chair: Thank you very much.

We'll go to Mr. Wallace.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chairman.

I'm going to ask you a number of questions, fairly quickly, because I'm new and I'm trying to learn how this works and to make sure I understand.

I understand the 8% you've gone up based on the numbers you've provided. Based on what you've provided to me, I have that the two memoranda of understanding added about \$470,000 to the cost, and my numbers show that that is about 10% of what you were spending previously.

You are showing a decrease in contributions to the employee benefits plan, and I've rarely seen a decrease in that. Is that because you renegotiated a better plan or because you have fewer employees?

Mrs. Lyne Robinson-Dalpé: Basically what happens is that the employment benefits plan is based on the actual salary you forecast. As well, it's also based on a percentage that's pre-established by Treasury Board. In previous years it was 20%. This year it went down to 19%, so it's an adjustment.

Mr. Mike Wallace: Okay, so there was an internal adjustment for that.

And I'm voting today on what you spent in this budget year, or what you're planning to spend up to the end of March. Is that correct?

Mrs. Lyne Robinson-Dalpé: Yes.

Mr. Mike Wallace: That's correct. Okay.

You've highlighted the two things, the two memoranda of understanding. What I don't understand—and it's not really a budget question, in a sense—is whether you were paying another source for those services you're getting from the Library or from the House of Commons prior to your signing these memoranda of understanding.

Mrs. Lyne Robinson-Dalpé: Last year we had some flexibility in our budgets. We didn't use up all the salary dollars we were

allocated. Therefore, what we ended up doing instead of doing supplementary estimates to cover these agreements was use the flexibility we had within our budget.

Mr. Mike Wallace: Okay, that wasn't my question, though. Prior to these memoranda of understanding, were you paying somewhere else for these services that they actually provide?

Mr. Robert Benson: If I may, that was in our initial year—our transition year—and a bit into the second. We were getting services from Industry Canada, where the old office was housed, for information technology and so on.

Mr. Mike Wallace: Okay, and was there an internal transfer of the costs for those, or did you have to actually pay for them?

Mr. Robert Benson: We had to pay for those services.

Mr. Mike Wallace: You paid for them. And is that included in the \$4 million—whatever it was—the \$4.6 million?

Mrs. Lyne Robinson-Dalpé: Actually, for Industry Canada there was only a \$60,000 payment last year, but most of the chunk was paid out of the 2004-2005 budget.

Mr. Mike Wallace: So with regard to the additional 10% you've added this year for these two services you're getting—and Dr. Shapiro indicated that it has been good value—how were you able to do the work before you bought those services?

Mrs. Lyne Robinson-Dalpé: In the previous years, in 2004-2005, we were included within Industry Canada, because before its creation, the organization was within Industry Canada. We maintained those service levels. We did the work internally, but basically, Industry Canada was our contact with Public Works, for example, because on a monthly basis we have to submit trial balances and so on.

Mr. Mike Wallace: You don't consider this additional 10% new services, then. These are just transferred to a different source.

Mrs. Lyne Robinson-Dalpé: Yes.

Mr. Mike Wallace: Have you started working on next year's budget for your program?

Mrs. Lyne Robinson-Dalpé: Yes, we have.

Mr. Mike Wallace: Does that include Bill C-2 passing?

Mrs. Lyne Robinson-Dalpé: No. Once again, our 2007-2008 main estimates will be based on our operational requirements of the moment. If Bill C-2 passes, we will have to go for supplementary estimates at that point in time.

Mr. Mike Wallace: But supplementaries—well, maybe because of the election I may be wrong—come in the fall, do they not?

Mrs. Lyne Robinson-Dalpé: Exactly, but unfortunately, because the main estimates for 2007-2008 are due to Treasury Board in the middle of November and haven't passed, we cannot anticipate the costs.

Mr. Mike Wallace: Right. So you submit your budget requests, or estimates as we call them here, in November of this year for April 1 of next year. You submit those to the Treasury Board, and they then get filtered to the House, because the House pays you. Is that not how it works?

•(1615)

Mrs. Lyne Robinson-Dalpé: It goes through Milliken, the Speaker of the House, and then to Treasury Board.

Mr. Mike Wallace: Wouldn't it be wise to have in advance of supplementaries next fall at least an idea of what it will do to your budgets if that legislation happens to pass?

Mr. Bernard Shapiro: The answer is yes.

Mr. Mike Wallace: So why don't you do it?

Mr. Bernard Shapiro: Internally, we have begun to develop some idea of this. We started on it quite seriously a few months ago. Then, when the form in which this legislation would pass became less clear, along with the time when it would be passed, we put the matter aside for the moment.

It's my understanding that Treasury Board has set aside a sum of money for the implementation of Bill C-2—not just for our office, but for all affected offices—and we'll have to request funds from that source when the time comes.

The Chair: Monsieur Laforest.

[Translation]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): I'd like to say hello to the whole team.

My question is somewhat similar to that of Mr. Wallace.

It appears you're doing a kind of operational planning for next year, based on both last year's operations and those planned for the future.

Has your planning taken into account the additional responsibilities you will have to take on under Bill C-2? Can you translate that into figures? Earlier you talked about a supplementary budget, and you answered Mr. Wallace that the Treasury Board seemed to have set aside funding for that purpose. I imagine that people at your office are able to tell us what your estimates are in that area.

[English]

Mr. Bernard Shapiro: Yes, we have done that. Assuming the bill passes in the form in which the House passed it in the first place, our estimates are that it would be somewhere between \$2 million and \$3 million.

[Translation]

Mr. Jean-Yves Laforest: So we're talking about supplementary funding. That represents 50% more.

[English]

Mr. Bernard Shapiro: Yes, that figure included the notion that there would be one office to cover public office holders, the

members, and the Senate. If the Senate were not included—I'm referring to one of the amendments—that number would go down.

[Translation]

Mr. Jean-Yves Laforest: The employees of your office aren't federal public servants. Are you in a position to tell us whether work force turnover there is significant? Will having to increase the budget by 50% as a result of the responsibilities related to Bill C-2 also require you to increase your staff by 50%? If there's already significant work force turnover, won't that cause problems?

[English]

Mr. Bernard Shapiro: As I said in response to Mr. Peterson, we're not having problems recruiting at the moment. There's a potential issue, but Bill C-2 will make that far easier than it has been up till now. I'm not prepared to say whether there'd be much of an increase in personnel.

I'll try to give you some idea of why the costs are high, other than the inclusion of the Senate, which may or may not occur. The bill gives the code legal status, as legislation. It will require legal services to be developed inside the office itself. The bill requires much more data to be collected, kept, and produced. This in turn will generate a whole range of IT problems. Our estimates may be overestimates. It's not possible to say. We'll wait and see what the bill actually produces. I think we'll be ready. We've discussed it a lot and I think we'll be ready.

[Translation]

Mr. Jean-Yves Laforest: Thank you.

[English]

The Chair: Mr. Stanton.

Mr. Bruce Stanton (Simcoe North, CPC): I have a couple of short questions.

The plans for next year include \$25,000 in capital. What would that be for?

Mrs. Lyne Robinson-Dalpé: Every three years, we have to start changing our computer hardware. That's the standard for the House of Commons. So this year we're replacing one-third of our computers.

•(1620)

Mr. Bruce Stanton: One-third each year, then?

Mrs. Lyne Robinson-Dalpé: Yes.

Mr. Bruce Stanton: I'm looking at the preamble. Of the three principal activity areas—communications, operations, and policy—operations is the big section. Under operations, you talk about three principal areas of activity: compliance, providing advice and opinion, and investigation. You mentioned that there were eight investigations—one on one side and seven on the other. In the other two areas, I wonder if you could give us some idea of the volume of work. How many inquiries, compliance files, is your office of 30-odd employees dealing with in a given year?

Mr. Bernard Shapiro: I'm going to ask Mr. Benson to respond. I think I have the number of cases we deal with each year, but I want to be sure.

Mr. Robert Benson: I can't say off the top of my head, although it is in the annual report. I believe we handled 1,149 cases in the reporting year.

If I may, looking at it another way, we have 1,350 full-time public office holders—clients, if you like—plus you, the 308 members of Parliament. So we have a total client base of 1,658 individuals that we look after, individual files.

In any given year, if there's an election and if there's a changeover of government, then the volume of business is higher. But our client base has averaged, over a twelve...the old office, and the new one now. There's been an average of 755 cases handled a year. The previous year it was 1,400, I believe, and this year I think it's...for the 2006-07 report...so I think it's about 1,400 cases that we've handled.

Mr. Bruce Stanton: Thank you.

That's all I had, Mr. Chair.

The Chair: Thank you.

Anybody on this side? Mr. Tilson.

Mr. David Tilson: We recently had someone from the Treasury Board come and speak to us on the new funding formula. I'd like you to provide some details on what you do.

You go to the Speaker, the Speaker sends the estimates to the Treasury Board, and that's it. Is that the process?

Mr. Bernard Shapiro: That is the process for us. That's in the legislation itself.

Mr. David Tilson: Yes.

Can you give me some details on your discussions with the Speaker?

Mr. Bernard Shapiro: As far as my own experience is concerned, these discussions have been really quite brief and not very detailed. We try to provide the maximum amount of detail for him. I can't be sure who the Speaker talks to about it. I don't know about that.

Mr. David Tilson: How many meetings do you have with the Speaker?

Mr. Bernard Shapiro: Generally, on this issue, one.

Mr. David Tilson: How long does the meeting last?

Mr. Bernard Shapiro: I don't know. Not long.

Mr. David Tilson: Does he challenge you?

Mr. Bernard Shapiro: A number of times he's asked me about this, that, or the next particular thing—why this, why that, why something else—and I've responded as best I can.

We do provide quite an enormous amount of detail.

Mr. David Tilson: Do you meet with him—and when I say “you”, I mean the commission, you or your staff—at any other time to discuss estimates or budgeting or financing of the commission?

Mr. Bernard Shapiro: Not generally.

Mr. David Tilson: So it's just this one brief meeting.

Thank you.

The Chair: That's interesting.

Any other questions?

Mr. Van Kesteren, and then I have a couple of questions, if I may.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Mr. Chair.

First, thank you very much for coming.

I want to just understand something. So 755, the numbers—correct, sir?

Mr. Robert Benson: Well, 755 cases is a 12-year average.

Mr. Dave Van Kesteren: All cases. Okay.

I just did the math on that. It's about \$6,600 per case, correct?

Mr. Robert Benson: That's a 12-year average. In the last two years, it hasn't been that. It's been about double that. One year it was 1,400, and last year it was about 1,100.

• (1625)

Mr. Dave Van Kesteren: Okay. I just needed clarification on that.

Thank you.

The Chair: Commissioner, the Auditor General has recently begun examining the financial statements of several small organizations, including officers of Parliament. Has your office filed annual financial statements for the Auditor General's review?

Mrs. Lyne Robinson-Dalpé: No, Mr. Chair. Basically, we are not at the same level as small agencies. We are considered an officer of Parliament under the Parliament of Canada Act, and therefore of the same status as the House of Commons and the Library of Parliament.

The Auditor General does not have any oversight of the House of Commons, Library of Parliament, or Senate budgets, and therefore does not have any oversight of our financial statements either.

The Chair: Right. That was just on the front page of the paper a little while ago.

Do you have any concerns in general with that? Are you comfortable with that? Would you like the Auditor General to review your budgets? Or do you have any comment on that?

Mr. Bernard Shapiro: I would certainly be comfortable if that were the case.

The Chair: But you're not actively soliciting it.

Mr. Bernard Shapiro: No. We actively did the two things I mentioned earlier. Because we're not part of that program I felt it was necessary to do something so we weren't just relying on ourselves. In addition to the ordinary audit of our financial statements, we contracted for an operational review, the results of which we're now implementing.

The Chair: Do you want to add something?

Mrs. Lyne Robinson-Dalpé: Our financial statements are done by the Library of Parliament, so they're actually done by a third party that questions some of the transactions that have occurred throughout the year. The Library of Parliament has been taking a challenging role with our budget—even our budget requirements and our financial statements. So it's not solely done internally. It's being done by a third party, the Library of Parliament, which does all our financial statements and main estimates as well.

The Chair: Thank you.

I understand there is a statute that you have to follow. I must admit I don't have the statute in front of me, but when you say “the Speaker” is that what the statute says, or is it the Board of Internal Economy? Okay, so it's strictly the Speaker himself. Then the Speaker can either rubber stamp what you give, inquire, hand it off to somebody, call Treasury Board, or do none of the above. Is that right?

Mr. Bernard Shapiro: That's correct. It's entirely up to him.

The Chair: Do you get any feedback from the Speaker as to whether or not he has done any of those things, or do you have no idea what the Speaker does prior to...?

Mr. Bernard Shapiro: I personally have not. I don't know if Lyne has.

Mrs. Lyne Robinson-Dalpé: We receive a letter from the Speaker stating that he has transferred our estimates to Treasury Board. But the details as to whether or not he sought outside advice are not provided.

I know that when we provide our main estimates to him we have detailed notes on every increase or change within our budget requirements. We sometimes have two or three pages of information notes attached to our main estimates to explain some of the issues being raised. He makes his decision on that.

The Chair: Under the statute, could the Speaker then communicate your request to Treasury Board at 10% less than you requested and offer you no explanation? Is that your understanding?

Mrs. Lyne Robinson-Dalpé: He could, but normally if he is considering a 10% decrease he would come back to us and say, “Why are you asking for this? I'm considering that.” Then there would be an exchange of information at that level.

The Chair: Understood. Thank you very much. I didn't want to belabour it, but it's an odd way of doing things and is certainly not the way the others operate. That's why I'm asking the questions.

Mr. Wallace.

Mr. Mike Wallace: My next questions are really my own, just for edification. They do not reflect the party or the government. I just want to put that on the record.

I want to follow up on what you just said. It was very interesting to me, being new here. How many years have you been coming to this committee for supplementary requests, approximately?

Mr. Bernard Shapiro: I think this is the second year.

Mr. Mike Wallace: Okay, so you don't have a lot of experience.

You're coming now in late October or early November to make it for March of this year. So you're looking for supplements for this year. You may not be surprised that I have a fair amount of—

• (1630)

The Chair: Sorry, this isn't supplements; this is the main estimates.

Mr. Mike Wallace: Yes, but in my world if you ask for something in March you get it for March and spend it. If you are out of money you don't have an opportunity to come back and ask for more. But that's not the world I live in here.

I've had a fair amount of push-back—another word I've learned since I've come here—on our making a cut of one-half of one percent to programs that added up to \$1 billion or so a year. Has this committee ever said “I've heard from lots of constituents. Instead of cutting programs, why don't we cut government spending by half of one percent? So I'm cutting you \$25,000 today.” Do you know if that's ever happened? Is it actually possible? Can you give me your response to that option?

Mr. Bernard Shapiro: I have no idea if it has ever happened. I assume that it has, but I don't know. If it happened, one would behave accordingly. You get the services you pay for.

Mr. Mike Wallace: It hasn't happened to the Ethics Commissioner's position, as far as you know?

Mr. Bernard Shapiro: I should point out that even with our current request for this year, which is about \$5 million, you're still well under the estimate of what was going to be needed, the estimate done before the office began.

Mr. Mike Wallace: I understand that. I know you're new, so it's not really fair, but this may be a question I'll ask everybody at all my committees. I'm sorry you're the first victim.

The Chair: Mr. Wallace, just for your information, the committee has the power to approve the estimates, lower them, or say nothing about them, in which case they're deemed to be approved.

Mr. Mike Wallace: I wasn't sure if we could lower them or not.

The Chair: We can, and that has happened in the past. In the last Parliament, the transport committee reduced the budget. The usual practice would be for the government, particularly in a majority situation, to simply move in the House to overrule the committee.

Anyone else want to ask the commissioner about his estimates today?

Commissioner, thank you very much.

Mr. Benson.

Mr. Robert Benson: I want to raise one point related to Mr. Tilson's question. There was one case subsequent to Ms. Sgro in which we retained counsel to conduct an interview, but it was outside the country. So there was one case. If you drill down in our website, there is one contract we issued to a lawyer outside the country to conduct an interview.

The Chair: The lawyer was outside the country?

Mr. Robert Benson: That's correct.

Mr. David Tilson: I want to voice my objection to the process. I ask if this is all there is, and you refer me to a web page. I have a lot of difficulty with that.

I'm not addressing the witnesses, Mr. Chairman; I'm just expressing my frustration. I come here to look at estimates, and I see two lines. Then I'm told that if I want more details either I or my staff should go to a web page. I find that very strange. I'm not asking for any response from you or the witnesses. I just find it a very difficult and strange process. Somewhere along the line, we're going to have a meeting to vote on these estimates, and I don't think we have appropriately reviewed them. That's my personal view.

Mr. Bernard Shapiro: I must say something.

The Chair: Please respond. We still have an hour.

Mr. Bernard Shapiro: I did not say to go and look at the website. I said the website provides all kinds of information. We provided all of the detailed information in the main estimates. Next time we come before the committee, it would help if you would let us know what you have and what you don't. We can't tell what has been distributed, or not been distributed, or how. We would be glad to provide information on every single budget line, and I can understand why you would want it. It makes sense to me.

The Chair: Mr. Shapiro, the next time you come, we'll be sure to canvass the members in advance to ensure that whatever information we want is in front of us when you appear. Thank you for that comment.

Hon. Jim Peterson: All the information is in the estimates, and all of it is posted on an ongoing basis, so it's a very transparent system.

• (1635)

The Chair: That may be, but speaking for myself, I don't like the computers. It's nice if the researchers give it to me in a package.

Hon. Jim Peterson: We have the estimates in hard print.

The Chair: Yes, we do. Those we have, absolutely.

Any other questions of the commissioner or his staff?

Commissioner and staff, thank you so much for appearing. We appreciate it. Thank you for your previous letter as well.

I'm going to suspend for two to three minutes, after which time we will go in camera to continue discussion of our draft report—members and staff only.

[Proceedings continue in camera]

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