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—
Chair

The Honourable Shawn Murphy

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• (1525)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): I'd like to call the meeting to order. I want to welcome everyone here. *Bienvenue à tous.*

I want to especially welcome four representatives from the Treasury Board Secretariat. Colleagues, we have with us today Wayne G. Wouters, the secretary. Accompanying Mr. Wouters is Alister Smith, the assistant secretary, corporate priorities and planning; Mr. David Moloney, senior assistant secretary; and Linda Lizotte-MacPherson, the associate secretary.

Members, as you'll notice from your agenda, we have broken today's session into two sections. In the first one, which will last approximately one hour, we'll hear from the Treasury Board Secretariat. Then in approximately one hour's time we'll hear from two representatives from the Privy Council Office, and then one representative from the Treasury Board Secretariat again.

This is the continuation of our study into the relationship between the public accounts committee and the Treasury Board Secretariat. We certainly operate with similar arms. They are the executive; we're the parliamentary arm of government, but our mandates are not that dissimilar. Again, we're doing this with the expectation of the enactment of the Federal Accountability Act—the need to develop a protocol for deputy ministers appearing before the public accounts committee; the need to develop a dispute settlement mechanism; and the need to clarify the roles of the individual departments and to strengthen the capacity of the departments, especially in the areas of financial administration, and of course, the oversight role of the Treasury Board Secretariat.

Again, I want to welcome you. I want to thank you very much for being here. I'm going to turn the floor over to you, Mr. Wouters.

Mr. Wayne Wouters (Secretary, Treasury Board Secretariat): Thank you, Mr. Chair.

I would like to make a short opening statement, and then we can move from there.

[Translation]

Mr. Chairman, I would like to begin by congratulating you undertaking a study on the roles and responsibilities of the Treasury Board Secretariat of Canada. Though I was not able to appear before you last week, I am very happy to do so today to present an overview of our roles and responsibilities.

Your comments will be appreciated in our preparation for royal assent of the Federal Accountability Act.

[English]

The Treasury Board portfolio includes the Treasury Board of Canada Secretariat, the Public Service Human Resources Management Agency of Canada, and the Canada School of Public Service. The Office of the Comptroller General exists as a distinct office within the secretariat.

The role of the Treasury Board is to ensure that government is well managed and accountable, and that resources are allocated to achieve measurable results.

As Secretary of the Treasury Board, I oversee the work of the secretariat in supporting the Treasury Board in its role and its two key sets of responsibilities. The first is management policy development and oversight. The second is expenditure management and financial oversight.

The Treasury Board also acts as the principal employer of the public service, particularly in regard to labour-management relations, compensation, and human resource management issues.

The senior associate secretary of the Treasury Board, Robert Fonberg, gave you a good outline of expenditure management system last week, so today I will focus on what we are doing to strengthen management accountability and oversight, and how we are preparing for the Federal Accountability Act.

The Treasury Board has the authority to set management policies that make clear the accountabilities of deputies for the full range of management functions. That includes responsibilities around HR, information, technology, financial resources, and the like. It is also responsible for dealing with cases of non-compliance, particularly where a department is unable to address a specific issue, or where the non-compliance introduces a broader risk to the government as a whole.

In those instances, the Treasury Board may impose conditions or constraints on the exercise of authority related to the management and administration of a department or take other measures, depending upon the circumstances. The powers of the Treasury Board are particularly effective with respect to spending authorities.

One of the key elements of the Federal Accountability Act is the designation of deputy heads as accounting officers for their respective organizations. To be clear, the bill, which is still before Parliament, proposes the codification of existing principles, practices, and responsibilities.

Specifically, the proposed accounting officer model will bring clarity by codifying the following responsibilities of deputies. First is ensuring that resources are organized to deliver departmental objectives in compliance with government policy and procedures. Second is to ensure that there are effective systems of internal control. Third is to sign the departmental accounts. The final one is to perform other specific duties assigned by law or regulation in relation to the administration of their organization.

In addition, when the bill becomes law, a requirement will be put in place to address unresolved disputes between a deputy and his or her minister in relation to the interpretation or application of a Treasury Board policy, directive, or standard. In the event of such a dispute, the deputy will first seek guidance from me. If the matter remains unresolved, the minister will go to the Treasury Board for a determination. The resulting decision will be shared with the Auditor General as a cabinet confidence.

The legislation also proposes to codify the long-standing practice of deputy heads appearing before parliamentary committees to answer questions pertaining to departmental management. It makes clear that the responsibilities of accounting officers exist within the framework of ministerial responsibility and accountability to Parliament. In other words, while deputies must appear before committees and answer questions on departmental management, ministers alone are accountable to Parliament.

As secretary, I will be held to account for supporting deputies in their roles as accounting officers. Specifically, I am responsible for providing deputies with the right tools to fulfill their responsibilities, including setting the expectations and standards across all management functions, from managing financial resources to managing IT, from HR management to contracting.

The Treasury Board management policies are the foundation for management accountability in government. They ensure a consistent approach to management across government, based on common standards that promote management excellence. They define clear responsibilities and accountabilities of deputies for the management of results, resources, and risks. They define incentives for management excellence, and negative consequences for inadequate performance.

• (1530)

Hard lessons learned over the past few years have demonstrated the need for clarity around roles and responsibilities, particularly in the area of management. As a result, we are currently undertaking a comprehensive renewal of the Treasury Board policy suite to ensure that management policies meet these objectives. In renewing the policies, we are ensuring that accountabilities are clear and that roles and controls are in place to address key areas of risk and to support the accounting officer model proposed by Bill C-2.

We are balancing the need for controls with the need to respect the accountabilities of deputies as accounting officers, to foster innovation and productivity within the public service, and to ensure efficient and effective program and service delivery to Canadians. As an example of an effort in this area, we are reviewing the financial management policy suite to ensure that the roles and responsibilities of deputies as accounting officers, their chief financial officers, and

of course the Comptroller General, who provides functional leadership in this area, are clearly set out.

One of the renewed policies that have already been approved by Treasury Board is the policy on internal audit. The new policy provides a comprehensive government-wide approach to the way internal audit activities are planned and conducted in departments. It also provides a clear, integrated assignment of responsibilities for internal audit activities between deputy heads and the Comptroller General. Also, as I mentioned earlier, Treasury Board has a role in addressing non-compliance, particularly when the non-compliance is systemic or creates whole-of-government risks.

As we committed in the federal accountability action plan, we are working on the establishment of a compliance framework that will accomplish three objectives: first, through effective training, to ensure that officials are aware of the rules and consequences when they are broken; second, through such mechanisms as the deputy ministers committee on discipline, to ensure that the right disciplinary measures are used at the right time; and finally, to ensure that both sides of compliance are addressed with preventive measures beforehand and appropriate restorative measures afterwards.

Finally, as secretary, I have the responsibility to provide formal input for the clerk's overall assessment of deputies by providing an assessment of management performance. To do this, I use a number of sources, such as our assessment under the management accountability framework. I look at ongoing Treasury Board submissions, the results of internal audits, and of course my ongoing dialogue and discussions with the deputy heads in departments.

The work I have described above is aimed at clarifying the accountabilities of deputies, including the consequences of non-compliance, providing deputies with the necessary capabilities and tools to help them discharge their responsibilities, strengthening management oversight by both deputies and Treasury Board, and setting clear expectations for management and for assessing management performance.

The work to renew our expenditure management system that Mr. Fonberg described last week will ensure that government programs focus on results, provide value for money, and are consistent with federal responsibilities. These initiatives are mutually reinforcing. Improvements in management accountability and oversight will translate into better expenditure management and vice versa. They will also provide a better focus on moving to a more strategic and risk-based approach to managing transactions.

Mr. Chairman, this concludes my remarks. We would be very happy to answer any questions that you may have.

• (1535)

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

I want to point out that in the copies of the opening remarks, I believe most members are missing pages 2, 4, and 6. We'll have those reproduced for them shortly, and we'll circulate them to you people so that you'll have them.

I want to point out also that, because of the time, we're going to have to reduce the questioning from eight minutes to seven minutes. We'll only have time for one round, so you may want to share time within caucuses here.

The first person on the list is Mr. Pacetti. You have seven minutes.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chairman. I won't take too much of my own time.

Just quickly, on the three pages of your brief that we have, Mr. Wouters, you talk about non-compliance and state, "as I mentioned earlier, Treasury Board has a role in addressing non-compliance, particularly where the non-compliance is systemic or creates whole-of-government risks." It's not like government just was created today or that the Federal Accountability Act is really going to change anything. In what situation where you have non-compliance does it create a whole bunch of risk? Am I misunderstanding something here? Can you give me an example of when that would happen?

Mr. Wayne Wouters: There are cases under the policies that we have. Of course, we have a significant number of policies, and there are times when a department may not be consistent with the policies that we have put in place. As a result, we would recommend to the Treasury Board that certain actions be taken in those particular situations. Perhaps a procurement project has not followed the appropriate policy.

Mr. Massimo Pacetti: I don't mean to interrupt, but we are on limited time.

Can you give me an example? Is it as a result of a new project that would have been undertaken by one of the departments? How would that happen? Does somebody all of a sudden wake up and say, well, we're non-compliant?

Mr. Wayne Wouters: For example, there could be certain conditions and terms of when they have to come back to the board to seek approval. They may have signed a contract that in fact was not within their authority. These kinds of issues can take place.

In those cases, we have a number of tools at our disposal. We can put in certain conditions to constrain the authority of the department in exercising its authority in this area, to ensure that it is consistent with policy. We can ensure that there is reporting back to the department on a regular basis when it comes to, in this case, specific procurement projects.

Those are the kinds of things we would look at.

Mr. Massimo Pacetti: Thank you.

That leads me to my next question in terms of departments. How are all the other departments structured? Are they all similar in terms of having a comptroller in charge of the financial aspect? I think we

mentioned it last week. The comptroller is in charge of the financial aspects and the secretary is in charge of expenditures. Is that the way your structure works presently?

Mr. Wayne Wouters: In departments, we are moving to a model in which all departments would have a chief financial officer who is responsible for the overall financial management within that department and reporting through to the—

Mr. Massimo Pacetti: And that's without exception in all departments?

Mr. Wayne Wouters: Again, some of the smaller agencies will not have a chief financial officer. They will have a financial capacity, but not a senior financial officer like in the larger departments.

Mr. Massimo Pacetti: And then there is an accounting officer as well. Is that the same thing as a financial officer?

• (1540)

Mr. Wayne Wouters: No. Under the new act, deputy ministers will be designated accounting officers. Basically, under the new act, they will be responsible for the day-to-day operations of their departments and for signing off the accounts of their departments. It basically codifies what's now in practice, but that is now specified in legislation as a role for the deputy heads.

Mr. Massimo Pacetti: Thank you.

Before I give the rest of my time to Ms. Ratansi, Mr. Chairman, I haven't been here, but is it possible to get an organization chart from these departments, before and after? Has that been requested?

The Chair: It has been done previously. We have it somewhere, Mr. Pacetti, and we can get you a copy. We will do that.

Mr. Massimo Pacetti: Great.

Are you ready? Go ahead.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Just to carry on the thought process of my colleague, you say it will quantify and ensure "that resources are organized to deliver departmental objectives". Does that mean that, at the moment, the deputy ministers are going helter-skelter and are not meeting departmental objectives, that they are not ensuring that there are effective systems of internal control, or that they are bypassing their signing authorities?

Mr. Wayne Wouters: No. Again, this is largely the role of the deputy in terms of the day-to-day management of the department, and it has largely developed through precedent. What we are doing now is codifying in the legislation the responsibility of the deputy head as the accounting officer. As a result of that, as I said, the model will clarify the responsibilities of the deputy to ensure that the resources are organized and deliver departmental objectives, and that there is a strong system of internal control.

Ms. Yasmin Ratansi: I know I have to share my one minute with Borys.

I have worked with governments and I have been on the bureaucratic side of it, so I know what my limit is. It is part of my job spec. So what are you trying to legislate?

Mr. Wayne Wouters: Basically, we're trying to legislate to ensure that the accountabilities are clear in terms of the role of the deputy head.

Ms. Yasmin Ratansi: Doesn't my contract have clear responsibilities in there?

Mr. Wayne Wouters: Well, there's no such thing as a contract—

Ms. Yasmin Ratansi: With the deputy minister, you don't have an employment contract?

Mr. Wayne Wouters: We don't have an employment contract. We don't have that model. The Australian government has that model, and in that model, deputies basically sign contracts. We're saying that under this model we've codified those roles in legislation in order to be very clear about the responsibility of the deputy head for the day-to-day management of his or her departments.

Ms. Yasmin Ratansi: What are the consequences for non-compliance? We have deputy ministers come here and give us the answer that they've just been appointed as a deputy, and then once there's trouble, they're moved away to another department. It's becoming a cat-and-mouse game. What really are the consequences you're going to bring about?

Mr. Wayne Wouters: There are different kinds of consequences. There are what we call the institutional consequences, in terms of certain principles or policies that we set out in the Treasury Board that we expect departments to comply with. We cannot police every single transaction—it's simply not possible—but we do try to monitor compliance, particularly in the areas in which there are significant risks to the government. We expect the departments to basically follow our policies.

Ms. Yasmin Ratansi: What happens if they don't? How would you spot-check? Do you do an audit of them?

Mr. Wayne Wouters: No. We have a number of different sources that we look at. As I said, we undertake an assessment of their overall competency in the department through our management accountability framework assessment, we review the Treasury Board submissions that come in, and we review internal audits, so we make a determination of whether these departments are in fact complying with the policies and directives and standards. If they fail to do so, we do have a number of measures we can take to address that.

Of course, it is essentially the role of the clerk to assess the overall performance of a deputy minister. I have been specifically asked by the clerk to provide, on an annual basis, my assessment of the performance of a deputy minister when it comes to management of the department. I do that on an annual basis, and that is fed into the overall process by which the clerk will undertake his performance assessment of a deputy minister.

• (1545)

Ms. Yasmin Ratansi: Thank you.

The Chair: Thank you very much, Ms. Ratansi.

Thank you, Mr. Wouters.

Monsieur Laforest, vous avez sept minutes.

[Translation]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you Mr. Chairman.

Good afternoon.

From the outset, you said that the two main tasks, i.e. management policy development and monitoring as well as expense management and financial oversight, apply to all departments or organizations managed by the Treasury Board.

When the Treasury Board develops management policies, these become unique standards of reference. On the other hand, as we look at these departments, we see that they also administer tremendous budgets. Even large companies often do not have budgets as extensive as those. There are surely organizational cultures within each of those departments or organizations.

Do contradictions not arise, occasionally if not often? Indeed, when we speak of organizational culture, we know we are dealing with the implementation of an internal management system. Does this not come into contradiction with what the Treasury Board Secretariat is putting forth? In addition, does this not cause a stir within the department? Don't certain departments give you more problems than others with regard to the Treasury Board's centralized policy?

[English]

Mr. Wayne Wouters: I'm going to let David Moloney speak to that.

[Translation]

Mr. David Moloney (Senior Assistant Secretary, Expenditure Management Sector, Treasury Board of Canada Secretariat): Yes, certainly.

What the Secretary mentioned concerns the deputy minister of each entity, department or other agency.

Each deputy minister is responsible for ensuring, and being prepared to insure, the minister and Parliament that policies will in fact be respected. Moreover, that is part of the Treasury Board Secretariat's oversight: in accordance with the framework of that analysis, we don't only review the policies but also departmental practices.

Mr. Jean-Yves Laforest: I will clarify my question further. With regard to the difficulties that you face in implementing new management policies — we know that Bill C-2 will be soon adopted and that it will generate other responsibilities —, do some departments pose more specific problems than others do? If so, what are these problems?

Mr. David Moloney: Some departments perform better, it's true. However, I cannot personally comment on their success in implementing or following-up on policies.

[English]

Mr. Wayne Wouters: Perhaps I could add to that. This is why departments over the past number of years have fully adopted our management accountability framework—which is nothing more than that. It's a framework by which they manage their departments. It's been built on modern comptrollership. It sort of takes many other approaches and brings them together as a management framework.

On an annual basis we undertake an assessment of overall management performance. Yes, some departments are much stronger in their performance in certain areas of management than other departments. I guess our objective is to try to ensure that overall management competency is increased in all departments so we can identify that and follow up with the departments, which we do.

[Translation]

Mr. Jean-Yves Laforest: Given what you have just said and your mandate for internal oversight, what powers have you been given in cases where you have found that things are not working properly in a particular department? Do you have the power to intervene? Can you explain?

[English]

Mr. Wayne Wouters: Under our system, which is going to be reinforced again by Bill C-2, at the end of the day the deputy head is responsible for the day-to-day management of the departments. We undertake assessments of the management competencies of the departments. We then identify them and work with them. We will say, over the next year these are three or four areas that we think you should work on; we'll work with you. Of course, part of my overall assessment of a deputy head will take that into consideration. We basically provide that oversight function with the deputy heads to ensure they follow through and address some of the deficiencies they have in their own departments.

• (1550)

[Translation]

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

Mr. Fitzpatrick, seven minutes.

[English]

Mr. Brian Fitzpatrick (Prince Albert, CPC): We've had an interesting experience with the two reports on the firearms issue here this fall. I'd like to direct some questions in that context to clarify it.

We had the unusual situation where the deputy minister of a department, along with other officials, decided to reject the directions and the legal opinion of the Acting Comptroller General. She got her own legal opinion and pursued her own course of action.

In the final analysis they must have checked with Jeffrey Skilling and Ken Lay of Enron to come up with something that was reported in public accounts as a recorded unrecorded liability. I'm not an accountant, but boy, it seemed awfully creative to me. I think this whole episode was bizarre, to say the least. It wasn't a proud day. Parliament was left in the dark about the whole episode, and this probably violated the Constitution of Canada and the Public Administration Act.

Our committee has recommended that in the future, if there are any disputes between a deputy minister and the Comptroller General, the Comptroller General's judgment is conclusive and final on the matter. They are the referee. They blow the whistle and call the shots, and the deputy minister takes their directions from that.

What is your reaction to that recommendation, sir?

Mr. Wayne Wouters: We'll want to look at that recommendation very carefully. It clearly is one approach.

I come back, in trying to assess the recommendation, to asking how does that recommendation align again with the accounting officer model that we're putting in place, which is, they are responsible and they must sign off the accounts for their department? So looking at how that model should work, it's that as an accounting officer I'm ultimately responsible for signing off the accounts of my department.

In doing so, I would seek the advice of the Comptroller General from this perspective. I think the Comptroller General's advice should weigh very heavily on my decision. So am I prepared to go as far as what you've proposed? I think we have to look at that very carefully in terms of what it means for the accounting officer model.

Mr. Brian Fitzpatrick: Sir, I think I have the gist of what you're saying, and we're waiting for the official response in due course.

Another area of concern with the firearms registry is that it was originally budgeted at, I forget what, \$80 million or \$50 million by Allan Rock, I think it was, and we all know where this thing has gone. It's \$1 billion. We've had some reports here, and we're scratching our heads, really wondering after all these years where we're actually at with this program.

In the Auditor General's report too, she basically made some observations about her concerns that maybe there wasn't a management cycle in this program. To me, that speaks to a lack of a management system in place, lacking in what management people call "continuous improvement processes", and so on. It would seem logical to me that our auditors, whether they're internal or the Comptroller General or whoever it is, if they're auditing a government program and they don't see a good system in place or they see something that may in fact be out of control, would see that some action takes place so that costs don't balloon from \$80 million to \$1 billion. Then we're all scratching our heads on the recorded unrecorded liability to try to package up this nonsense.

Would you see that being a legitimate area of pursuit by Treasury Board, to make sure that government programs do have a good management system in place, and that they aren't running off the rails, jumping from one computer programmer to another?

• (1555)

Mr. Wayne Wouters: I won't comment on the specifics of the firearms project, but to answer your question, yes, I think that is an important objective of the Treasury Board Secretariat. As well, as you know—and the Comptroller General has been here—we feel it's very important, and again it's consistent with the accounting officer model, that as we move to that model we must ensure that the deputy heads have very good oversight functions within their own organizations. So this is why we've already implemented the new internal audit policy, which significantly strengthens that function. It identifies where problems can arise.

At the same time, the chief financial officer model...all of those areas are absolutely critical, building the capacity, building the oversight in the departments—

Mr. Brian Fitzpatrick: Sir, if I could just make a comment, if we'd had a good system in place on that we may have saved ourselves a considerable amount of money in this case. To let the thing go on for year after year of excessive spending without getting things in place, and we still have all sorts of problems with this thing.... We went through it and we've identified a whole lot of problems with this registry, even after spending all the money. I find taxpayers in the country have a legitimate reason to be upset with the controls we have in place, and that this thing wasn't nipped in the bud and brought under control long ago.

I think Mr. Sweet had a question too, if I could just turn the limited time I have left over to him.

Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC): Mr. Wouters, thank you for being here.

Mr. Pacetti referred to it directly, Ms. Ratansi indirectly, and Monsieur Laforest, and also just taking into consideration Mr. Fitzpatrick's example of the mismanagement of the firearms registry, you've been asked directly here today to give us an idea about what kinds of corrective measures are taken when the Treasury Board policies are not followed. It would make me feel, with the very indirect answer we've had, that there's absolutely no consequence.

Could you give us, clearly, some practical examples of some corrective measures that have been taken if somebody's outside of the policies?

Ms. Linda Lizotte-MacPherson (Associate Secretary, Treasury Board Secretariat): Perhaps I could.

An example would be in the case of an IT initiative when a department is coming in for effective project approval and we start to see some budget overrun or some early warning signs. We'll look at the capacity of the department. That may be in the size and the complexity of the initiative.

Recently what we've done is identified that project as a major crown project; strengthened governance and oversight reporting into the secretariat; provided closer monitoring by ourselves, and more checks and balances where the department has to ask for additional authorities from ministers. That would be one example. Another one could simply be working with the department to look at how they may strengthen some of their training, working with the school there, if we're seeing a recurring problem in the department.

The Chair: Thank you, Mr. Sweet.

Thank you, Ms. Lizotte-MacPherson.

Mr. Christopherson, seven minutes.

Mr. David Christopherson (Hamilton Centre, NDP): Thank you very much, Chair.

And thank you for being here today.

The Auditor General said earlier she felt we needed better clarification from your end of things on how you see the roles and responsibilities of the relationship between you and the deputies. And then in your comments you've made reference to the relationship between the deputy heads and the Comptroller General in one sentence.

But I have to tell you that I'm still not clear, and what Mr. Fitzpatrick was offering is where we were heading. We need that teased out a little more in terms of how to answer that, this role of the Comptroller General and where he or she fits into the decision-making.

The firearms registry keeps being referenced. It's not all politics. Part of it is, let's understand that. But part of it is that if that had not happened, you'd be using a hypothetical. In my experience, you wouldn't dare use a hypothetical so outrageous, because one would say you'd have to stay within the real world. So we do have a real-world example of an outrageous situation.

So at the end of the day—and let me give you a heads-up—this committee is going to need to be satisfied that we have a process in place that will deal with that, because it was a real-world example of something that can never happen again, ever, under any party.

I'm still unclear—I'll speak for myself—as to how you envision this relationship between the Comptroller General, the Auditor General, the deputy head who is now an accounting officer, your role in that, and our role. That's what we're seeking. We've got some interesting comments from you, but we're far away from being able to dig in and get a sense of where this is going and find out where we agree or disagree.

My question to you is this. I can't find an organization chart. The closest thing I can find is on page 45 in our package, but it talks about your organization chart and not the organizational relationship we're looking for, so please start with the basics and let us know how you see this working.

And we're very interested in who gets the final say in these things. For instance, when you talk about a department head and the Comptroller General getting together, who has the final say? When it becomes you and the minister of a department, where does that go from there? This is what we want to get at.

• (1600)

Mr. Wayne Wouters: Thank you, Mr. Chair.

Those are very good questions, and unfortunately there's no simple answer to all of this. If I could start again with the department, at the end of the day, as I said, the deputy head has the overall responsibility.

Through the various mechanisms we're putting in place, we're trying to ensure that issues like those that have been raised here do not happen again. We're trying to ensure that, first and foremost, they have very good oversight capacity, whether that's in the area of financial management, procurement management, or HR management, and that they have in place solid internal audit functions, that they have in place a chief financial officer, and that the rules of the game for them are there, first and foremost.

Mr. David Christopherson: I'm sorry, I have such a short time that I'm going to be very rude and interrupt. And I apologize for being rude. But we had that before. That was the problem: the deputy had the final say, and we ended up with a political decision rather than an accounting decision. What we want to hear is that this is not going to happen again.

Mr. Wayne Wouters: Again, I know you've made certain recommendations in this area, and as I said, we will have to look at how that all will work. Clearly the way the model works at this point is that the Comptroller General provides functional leadership. He ensures the standards are put in place. He sets the financial management policies. He also ensures we have competent chief financial officers in place, so he assists the community in that way. At the end of the day, who signs off the accounts under our model? The deputy head signs off the accounts of the department and he must seek the views of the Comptroller General.

As for what happened in previous cases—were those views sought, how that happened—I don't want to comment. But the deputy head, if he or she is doing their job, should be seeking the views of the Comptroller General when it comes to any issues pertaining to financial management that may be seen to be difficult.

Mr. David Christopherson: Chair, with the greatest of respect—and it must be just the role you play, and I understand the line between the bureaucracy and the minister—this really is not getting us too far. At some point you have to get engaged with us and go back and forth and actually.... Maybe we need to go in camera so that you have a higher comfort level, but with the greatest of respect—and I'm not faulting you—Chair, this is not engagement. This is question and answer, and it's nice, it's helpful, but it's not what we're undertaking here.

We're trying to develop a whole new protocol. We need some ability to provide a comfort zone for the staff, so that they can interact with us in a way where we're going back and forth and working through problems and saying, "Okay, we see what you're saying. We identified that problem. The way we do it now is this, and Bill C-2 is going to affect it this way. What else can we do?" We have to have that engagement. Otherwise, Chair, this is helpful for a Q and A, but we're not developing protocol this way.

I'm not faulting you. Please don't take it that way at all; I didn't mean that. But this is a little frustrating. We're chasing our tails here, and at some point—it may be down the road that it is built in—we have to have more give and take if this is really going to be a joint project, or we're just going to be an island unto ourselves, doing what we think is best and throwing it out there, praying like hell that somebody cares enough to do something about it.

Thanks, Chair.

The Chair: Mr. Christopherson, we're probably not going to develop a protocol here today. But in fairness to the witness, and I've been listening very carefully to the questions and the answers, the witness did say that the deputy minister, under the new regime, will have the final say.

You're going back to the firearms problem. That case was a specific example where the deputy minister, who in that case was Mr. Baker, for some reason didn't feel he had the final say and that his final say—his role and duty—was usurped by another deputy minister who decided to get a legal opinion. It became a very convoluted kind of situation.

But in fairness to the dialogue here today, I honestly think we're accomplishing much. That's my own view.

•(1605)

Mr. David Christopherson: Okay. Well, Chair, I asked for your opinion and I got it. Time will tell. I appreciate the time.

Thank you very much for coming.

The Chair: Mr. Wrzesnewskij, you have seven minutes.

Mr. Borys Wrzesnewskij (Etobicoke Centre, Lib.): Thank you.

Mr. Wouters, you've been at Treasury Board for two years, and prior to that, at Fisheries and Oceans, you were the deputy minister for how long?

Mr. Wayne Wouters: I was there for five or five and a half years.

Mr. Borys Wrzesnewskij: So you had quite a level of comfort there as deputy minister?

Mr. Wayne Wouters: Yes. I was also deputy minister of HRDC/HRSDC in between there, for a period of two and a half years.

Mr. Borys Wrzesnewskij: So unfortunately you—not maybe to the same degree as some of the other deputy ministers, who just seemed to be revolved around and around—had the opportunity to at least stay in one position for a while. We've identified that as a problem, and the new Accountability Act would make the deputy ministers responsible.

At what point do you feel comfortable? You've been in this position. You arrive in a new department, and sometimes these departments deal with very different matters and are structured very differently—CIDA, Fisheries. How long would you estimate it would take you to establish enough comfort to sign off on reports?

Mr. Wayne Wouters: We have some colleagues from PCO, if you want to get into the tenure of deputy heads.

If I look back on my career as a deputy minister, I would argue that when I first became a deputy minister at Fisheries and Oceans, it took me a fair bit of time to get a good understanding of—

Mr. Borys Wrzesnewskij: I'm a rookie MP. I've been here for two and a half years and I'm still learning things. What's a "fair bit of time"? Is it six months; is it a year?

Mr. Wayne Wouters: I would say that when I first became a deputy, it was probably a good year to two years. I felt much more comfortable, because I knew how to ask the right questions, when I moved to the next department after five and a half years in the Department of Fisheries and Oceans, which was not the easiest department to manage. And so within six months I felt quite comfortable about the files I was managing. I had a fair bit of experience on social—

Mr. Borys Wrzesnewskij: I don't mean to be rude, but we are limited in our time.

When you first arrived it took two years, or two years plus; now there's a greater comfort level, so it's about six months.

How do we expect deputy ministers, if they've just arrived...? Is there going to be some sort of timeframe that says that during the first six months they will not be the person responsible to sign off?

Mr. Wayne Wouters: No, I think once you become a deputy, you take on the role. When I look at HRSDC.... In the Department of Fisheries, I had ADMs who had been there for 20 years in some cases. You rely on your assistant deputy ministers. In some departments there are associates who are basically equivalent to a deputy minister. I presume it would be the same, Mr. Chair, as the CEO going into a company. It takes them time, but they can't say they're not going to be responsible for six months. You take on the role.

Mr. Borys Wrzesnewskyj: Fortunately, companies have shareholders that they're accountable to, there are meetings, and the markets take care of things for them. Right now, what I'm worried about is that we have deputy ministers showing up in front of us here and they've only been around for a month or two. What you're basically telling me is that they're not really the ones, and their signature is symbolic in the first six months. That's worrisome when you have departments with billion-dollar budgets.

This committee has experienced that frustration. In fact, we had recommendations a couple of times saying that deputy ministers should be around for at least a period of three years. It really is fundamentally unfair to make people responsible for a department when they have no idea what's been going on in that department.

I understand that this committee's recommendations have been rejected by the Privy Council. What's the thinking there?

• (1610)

Mr. Wayne Wouters: I don't want to comment on the Privy Council Office. This is the prerogative of the Prime Minister. When it comes to the appointment of deputy ministers, under our system it's the Prime Minister who appoints deputies. I would leave you to raise those issues with the officials of the Privy Council Office.

Mr. Borys Wrzesnewskyj: I understand that Privy Council has said things like operational requirements—

Mr. Wayne Wouters: We have somebody here from PCO, if you'd like.

Mr. Borys Wrzesnewskyj: Okay.

I understand we've been told that operational requirements have prevented these recommendations from going forward. When I hear that phrase, "the need to be flexible", coming from the Privy Council as to why they are rejecting our recommendations, that tells me they need to have an out so they can avoid accountability. That's what we see over and over again here.

Mr. Wayne Wouters: Again, I think it varies. Speaking from personal experience, after 10 years of being a deputy, it depends very much on which department you're in. Some departments are very complex, and it does take a period of time to get a good understanding and be able to lead that department. For others, much less time.

I think another key issue in this area, and one of the most important aspects of the job, is the relationship between the deputy and the minister. You could be the best deputy head in the world, but if for whatever reason the relationship isn't good with your minister, is it productive to continue to try to operate in that environment? With a fixed tenure, you are potentially taking away that option of

saying this is not working as a team, what can we do about it? How do you deal with that under a system of fixed tenure?

Again, I think you should talk to the PCO officials about all the issues around it. They are much better positioned to talk about that than I am.

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

Thank you, Mr. Wouters.

Mr. Williams, for seven minutes.

Mr. John Williams (Edmonton—St. Albert, CPC): Thank you, Mr. Chairman.

I share Mr. Christopherson's feelings about the obfuscation that we're getting here this afternoon. This is not an investigation into some serious problem at the Treasury Board. This is time for us to understand the roles and responsibilities of the Treasury Board Secretariat and review them. Yet we seem to find this lack of direct dialogue that we thought would be helpful in this particular situation.

Talking about the accounting officers, which is this new thing we have brought into the Canadian model, the ninth report of the public accounts committee in the last Parliament said that the accounting officers would be responsible for the administration of the department on an ongoing basis. We brought that from the U.K., which I understand has had it for about 125 years. Yet I've heard nothing from you telling us that the accounting officers are going to have ongoing accountability for problems that arise in the department after they're long gone. Am I correct in saying that there is no ongoing accountability?

I think of our investigation into the sponsorship scandal, where the deputy said "I wasn't in the loop, don't look to me for the answer." Then the minister saying, "I only handle policy, don't look to me, it wasn't my problem." We were left with a huge gap and we couldn't point the finger at anybody. Now, it seems to me there's a huge hole in this model where, if the minister moves on and the deputy moves on, that's it, nothing. We can't point a finger or hold anybody accountable.

Am I correct? If so, why is that?

Mr. Wayne Wouters: Well, I think under our system, the minister of the day... If a minister moves to another portfolio and another minister becomes minister of that department, then the minister overall is accountable to Parliament.

Mr. John Williams: No, ministers are not accountable; they're only answerable.

Mr. Wayne Wouters: Well, we can get into a lot of terminology about accountability, answerability, being accountable before, and being accountable to. I guess all I'm saying is that under our system, ministers are accountable to Parliament. We, as accounting officers, will be accountable before Parliament, which means appearing before committees like this and answering.

• (1615)

Mr. John Williams: I appreciate that. I appreciate that very much. Ministers are accountable to Parliament for the policies of their departments, and their accountability for administration has long since gone.

I pointed out the sponsorship scandal, where the deputy said, "I wasn't in the loop, don't look to me," and we were trying to find out, and we made a recommendation saying that somebody is going to carry ongoing accountability, not answerability. You can't discipline a minister who says it didn't happen under his or her watch; it happened under somebody else's watch. But if a deputy goes on to some other department and it happened under his watch, he must still be held accountable. That is what the accounting officer model was supposed to do, and you're telling me that if a deputy gets transferred, he's out of the loop, he's no longer accountable, and nothing can be done. Is that what you're telling me?

Mr. Wayne Wouters: What I'm saying is that the current deputy is only accountable—

Mr. John Williams: I'm not worried about the current deputy. I mean to say, if a deputy moves on, and a problem happened on his watch, and he is now somewhere else, is he still accountable?

Mr. Wayne Wouters: At the end of the day, if I could just complete my sentence, the current deputy is accountable for the operations of that department while he or she is the deputy.

Now, we know that the precedent has been the case that when issues have arisen in departments, former deputies have been asked to come and appear and answer before a parliamentary committee for activities that took place while he or she was deputy. This has taken place in a number of committees. So that precedent is there now, and you saw situations, I think in the case of the sponsorship scandal, when former deputies did come forward, and they came forward to answer before the committee.

Mr. John Williams: Well, unfortunately, Mr. Wouters, I just can't agree with you. You cannot hold a current deputy minister accountable and discipline him for something that his predecessor did. He may even have been sent in to clean up the mess. How can you hold him accountable under these circumstances?

Mr. Wayne Wouters: I'm sorry if I led you to that conclusion. I said the current deputy is accountable for the operations of the department while he is the deputy. So if something happened that preceded that, of course he's not responsible for that.

Mr. John Williams: That is my point precisely. So who do we hang out to dry when there's a problem?

Mr. Wayne Wouters: Well, as I said, in terms of committees, it's been the case when these situations have arisen that the committees have called previous deputies and officials to explain what happened.

Mr. John Williams: I just have to say, Mr. Chairman, I think that when we're reviewing the roles and responsibilities of the Treasury Board, we have to address these issues, because we're not really getting any acknowledgement that there's a problem. Mr. Christopherson and Mr. Fitzpatrick are dealing with legal opinions, and now this one.

So let me move on to something else. We're talking here about the deputies being in charge and being responsible for the whole department, which is an ongoing concept, and yet internal audit is their responsibility. And we saw how internal audit worked under the sponsorship scandal. It just basically didn't. I've advocated for a long time that it should be under the Treasury Board—under your management—and under the Comptroller General.

The DPRs—the departmental performance reports—I've called self-serving fluff for years. And yet we can't seem to get the real issues that we could hold deputies accountable for.

You mentioned earlier that if they sign, for example, a contract that is outside their authority, you would deal with that at Treasury Board, but presumably through voluntary disclosure by the department. Now, that seems to be a fairly wishy-washy system of accountability here. Do you intend to strengthen it at all?

Mr. Wayne Wouters: Mr. Chair, we do intend to strengthen the accountability, and this is why one of the key initiatives that we've been undertaking is a review of all of our policies. There are a number of objectives that we want to achieve, but one of the key objectives is to ensure that the accountabilities between the deputy minister and the Treasury Board are clear. I would agree with you that over the last number of years, as a result of a number of events, we've added more policies and more directives and more standards, and I think that has created some confusion.

We are now going back over every one of these policies, directives, and standards, and we're beginning with the policies and we're saying, okay, in the case of IT management, clearly we're going to define what is the accountability and responsibility of the deputy minister, what is the accountability and responsibility of the chief information officer who resides in my organization, and what is the accountability of the Treasury Board Secretariat overall. That will be expressed in every policy. The same will hold with financial management policies—what is the responsibility of the chief financial officer versus the deputy head versus the Comptroller General versus the Treasury Board Secretariat.

I agree with you. I think it's absolutely critical that those policies clearly articulate the responsibilities and division of responsibilities. And from there, I think we'll be in a much better position to ensure, therefore, that we understand respective roles and follow through to ensure that those policies are adhered to.

• (1620)

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

Thank you very much, Mr. Wouters.

Mr. Wouters, I have a couple of questions, just following up with Mr. Williams' line of thinking.

I think it would assist this committee greatly if you would have your department file with us shortly your definition of the role of the accounting officer, your definition of the role of the Comptroller General, and your definition of the role of the chief financial officer. If we had that in front of us, because there is a lot of fuzzification here, I think it would help in this study terrifically.

Two areas I do want to question you on, Mr. Wouters—

Mr. Massimo Pacetti: Mr. Chairman, I'm sorry to interrupt, but I think it would also help if we had an organization chart. That would help.

The Chair: We'll get that too.

One other area I want to talk about, Mr. Wouters, is the management accountability framework, and you talked about that. Again, this is modern comptrollership. It was adopted in 2003 and it's being used presently by the Treasury Board Secretariat with the individual departments.

When that first came in, my understanding was that it was supposed to be used also by Parliament. It was supposed to be transparent. In fact, it was supposed to be on the departmental websites, and I understand it's not. Is there any plan to put it on the departmental websites or to disclose this publicly to parliamentarians?

Mr. Wayne Wouters: Is this the second part of the agenda? I didn't know we were going to get into MAF. But let me respond to that.

On your first point, we can look at submitting to you those respective roles. That's based on the current policy. As you know, we're undertaking a review of all the policies, including all the financial management policies, to ensure that we have clearly articulated the role of the Comptroller General.

The Chair: If I can interrupt you, I'd like the current roles, but I'd also like your draft of how you see the roles with the expected enactment of the Federal Accountability Act. I think it would be very helpful for us to get both, Mr. Wouters.

Mr. Wayne Wouters: The Federal Accountability Act will not affect directly those respective roles. It will be any changes that we make to the financial management policies that will do so.

But we can provide that to you, based on what the current policies are. I just want to make sure the committee is aware that those policies are now under review.

On MAF, of course, we have been undertaking the assessments for the past number of years. MAF, as a tool, has been in place now for at least three years and it has been generally accepted by departments. Our role is to undertake those assessments—I think that's what you're talking about—of overall management performance.

For us it's been very much a work in progress. It's been a learning process for us as to how we do this. We've had to establish the indicators by which we can assess. We've had to ensure that we're comfortable with that. We've had to ensure that we could get the evidence, so it's evidence-based. We've been working our way through this, so we've been somewhat reluctant to release this, because we are doing assessments in the department.

There are a number of access to information requests now that we are at the point to say that, based on the last round of assessments, which was the third year, we have moved far enough along that we could begin to make this available publicly, with the caveat that the last round of assessments was done about a year and a half ago. It's a snapshot and requires the recognition that we still have a way to go in terms of our abilities within the secretariat to undertake some

assessments. There will be certain areas where we did an assessment and we said, if we did it over again, we'd probably do it somewhat differently.

I just want to make those points as we go to release this. It is a work in progress.

• (1625)

The Chair: If I may conclude, Mr. Wouters, my understanding at the time this was adopted, in 2003, was that this would be a tool for parliamentarians. I didn't think then that by 2007—two months from now—we wouldn't have this. Now, if there's been a change in policy, please disclose it. I think it's incumbent upon you to do that.

There is one last issue I'd like your views on, Mr. Wouters. I make this comment on the premise that 99.99% of public servants are honest and hard-working, that they give Canadian taxpayers good value for their money. However, as you're aware, we do run into problems now and then. When you have 450,000 employees, you're always going to get problems. But I've been on this committee for six years, and I have never seen a situation where any person was ever sanctioned by the government. It hasn't happened in my lifetime.

I always have asked two questions in those situations. One, was any sanctioning imposed? To that question the answer has always been no. And two, was any consideration given to sanctioning this individual? Again, the answer to that question has always been no. That includes Guité and a whole litany of individuals.

Again, I'm not trying to categorize any group of individuals, and I hope I'm not doing so, but that is not the system you see in the private sector. I know that government is not the private sector, but I would have thought there would be more policy emanating from Treasury Board imposing sanctions in certain cases. If it is there, it doesn't seem to be implemented.

I'd ask you for your response.

Mr. Wayne Wouters: There are personal consequences if somebody misappropriates funds or something like that—

The Chair: It violates Treasury Board guidelines.

Mr. Wayne Wouters: I would say there are two kinds of issues when you talk about consequences. If we talk about personal consequences, under the Financial Administration Act we do have all the tools available, from writing a letter of reprimand to firing people.

I guess I take exception, Mr. Chair, to the suggestion that we've never put in place any sanctions. As a deputy minister, I know that I have fired public servants in cases where there was a misappropriation of funds.

So we have used all the tools at our disposal. In my opening statement, I did indicate what we need to do, and are doing; we've created this deputy ministers committee on discipline. One of the issues, I think, is the lack of understanding of exactly what we do and don't do. I also think there's a lack of consistency in terms of how it's done across the public service. Where one deputy may decide not to fire a certain individual, another deputy may decide, yes, it warrants firing, or it warrants other discipline.

We want to have punishment that's consistent with the crime, I guess, and we think it needs to be more consistent across the public service. But we have taken steps and we have taken action, particularly in the area of the misappropriation of funds. I personally did that when I was a deputy head.

The Chair: Thank you, Mr. Wouters.

Ms. Lizotte-MacPherson, did you have a comment?

Ms. Linda Lizotte-MacPherson: I just want to mention that in terms of the policies that we're currently renewing and that Mr. Wouters mentioned, we are also including explicit consequences as part of each policy, so looking at the institutional sanctions down to individual consequences for non-compliance. That is a big change.

Mr. Wayne Wouters: Can I comment on this, Mr. Chair?

Lots of concerns have been raised around the table here about the lack of clarity and accountability. I just want to point out that I think we are trying to address that through the review of our policies. There always are concerns raised about the lack of consequences if you don't comply with the policies. And some of our policies are not clear on that. That's why in our review, bringing forward to Treasury Board the new policies, we want to, one, ensure that the accountabilities are clear; two, ensure what is required of each party; and three, outline the consequences in the event those policies aren't complied with.

That is our objective in the policy review. Some of those policies are very good at that. Others, I would argue, don't meet the grade.

● (1630)

The Chair: Thank you very much, Mr. Wouters, and thank you as well to Mr. Moloney, Mr. Smith, and Ms. Lizotte-MacPherson.

Right now, colleagues, a new panel is coming forward. I think the best thing to do is suspend for a few minutes.

● (1630)

_____ (Pause) _____

● (1630)

The Chair: I'd like to resume the meeting.

I want to welcome to the meeting Mr. Marc O'Sullivan, assistant secretary to the cabinet, senior personnel and special projects secretariat. He is accompanied by Mr. Karl Salgo. From the Treasury Board Secretariat, we have Mr. Ivan Blake, the executive director. I want to welcome each and every one of you, and I want to thank you very much for your attendance here today.

I understand, Mr. O'Sullivan, that you have opening remarks.

Mr. Marc O'Sullivan (Assistant Secretary to the Cabinet, Senior Personnel and Special Projects Secretariat, Privy Council Office): Yes, I have a very short opening remark. I'm sure there's interest in being able to canvass the questions the members will have.

Good afternoon. I'm pleased to be here today to talk about performance management for deputy ministers, as well as their tenure. Before going on to your questions, I'll just take a few moments to give a broad overview of these two matters.

The performance management program is designed to encourage superior performance directly through monetary rewards related to

annual goals. Through the PMP, deputies can be assessed and receive feedback on their performance to assist them in their future development.

Performance agreements are established annually between deputy ministers and the Clerk of the Privy Council. These agreements have three parts: policy and program commitments, management commitments, and personal or leadership commitments.

[*Translation*]

Program and policy results represent each organization's main sectors of responsibility according to its business plan. They are in accordance with the government's program and are reflected in the department's RPP.

Management results are a key responsibility of deputy ministers with regard to organization and management, as prescribed in the TBS Management Accountability Framework. Those are generic commitments that apply to all deputy ministers.

Finally, personal results or results relating to leadership reflect key leadership abilities that deputy ministers must master. Those are also generic commitments.

The appraisal of deputy ministers is based on: the deputy minister's self appraisal; comments from the relevant minister; the point of view of the Privy Council Office; comments from the Treasury Board Secretariat and from the Public Service Human Resources Management Agency of Canada; the point of view of the Public Service Commission and a few other agencies; as well as comments from the Clerk of the Privy Council and the Committee of Senior Officials.

The Clerk studies all comments before suggesting a performance rating. The Prime Minister receives the Clerk's advice in order to establish each deputy minister's final performance rating and set remuneration according to performance.

● (1635)

[*English*]

I would now like to make a few points respecting tenure of deputy ministers, which I know is a matter of interest to this committee.

As was indicated in the government's response to the 10th report of the public accounts committee in the last Parliament, the average tenure of deputy ministers over the last 10 years was nearly 3.5 years per assignment.

There are a variety of reasons deputy ministers are moved to new assignments, but essentially it boils down to ensuring that the operational and policy needs of the government can be met. The most obvious example is that if a deputy minister retires or passes away, this will necessitate the appointment of a new DM, and there's a domino effect that has repercussions on other portfolios. Also, moves can be necessitated by larger contextual changes, such as government reorganization or major changes in government priorities or policies, which in turn require changes in the deputy minister community.

Deputy ministers are managed as a population, and very often deputies are moved as part of the larger objective of developing the overall population. As they become more seasoned, deputies progress to the tougher DM jobs in which they can be of greater use. This also allows newer deputies to move into the less demanding portfolios wherein they can pursue their development.

To conclude, the government must balance, on the one hand, the desire—and everyone recognizes the need—to maintain deputies in their positions as long as possible in order to maintain continuity and stability in the organization against, on the other hand, the competing need to be flexible and to respond to the changing environment, as described above.

At this point, Mr. Chairman, I'd like to make myself available to answer questions.

Merci.

The Chair: I want to thank you very much, Mr. O'Sullivan.

We're going to go to Mr. Wrzesnewskyj for seven minutes.

Mr. Borys Wrzesnewskyj: Minister, you were just here when Mr. Wouters was before us. When we talked about tenure, he highlighted that ministers may not be comfortable with a deputy minister when governments or ministers change, and so the deputy minister has to be changed. How do you feel about that comment?

Mr. Marc O'Sullivan: There's a working relationship that has to be effective in order for the government's policies to be able to move forward.

What Mr. Wouters was mentioning was that the deputy could be a very able and seasoned deputy, and the minister could be a very able and experienced minister, but they just can't work together. There are some conflicts. It happens in all workplaces. A CEO and the chairman of the board could simply not agree and not work together effectively. That happens, and that's one reason there may be a need for a change.

Mr. Borys Wrzesnewskyj: Do you think it would be helpful in circumstances of that sort? It's terrible. We just heard from Mr. Wouters that in his particular case it took over two years when he first became a deputy minister. It took him a significant amount of time to feel comfortable with his particular department. Ministers are politicians, and they can be somewhat finicky about things, whereas you would look towards the deputy ministers for some stability.

It's quite worrisome, because when I look here in your notes, you talk about evaluating deputies, and the first thing is self-evaluation of a deputy minister, so they evaluate themselves. That's a little worrisome.

Next you have the views of the responsible minister noted. We've seen in the past that there is a problem with that particular culture. A minister may not necessarily like, not so much the deputy minister, but the deputy minister's way of running things. Perhaps there is a threat there that a deputy minister feels, and maybe at that point there is a feeling that perhaps that deputy minister should be changed. I think that's the type of culture we're looking to change.

Do you think it would be helpful to have some sort of protocol in that set of circumstances, when a minister, at his or her whim or because of, as you've stated here, their views about a deputy minister, decides to have a deputy minister moved? Should there be a protocol that clearly spells out why that sort of move is taking place?

• (1640)

Mr. Marc O'Sullivan: The minister's input into the overall evaluation of a deputy minister is one input among many. Ultimately the Clerk of the Privy Council advises the Prime Minister on the assessment of the deputies and will convey the views of the minister but will also comment on whether that's justified in the circumstances, whether that's a fair assessment.

I think you're alluding to a case where there is an improper attempt by the minister to influence, or to intimidate, or to get back at a deputy. That seems to be the hypothesis of your question. In that case, the clerk, in advising the Prime Minister, is in a position to say, well, the minister says this; however, take into consideration the following matter as well, to balance it out. The minister's input is but one.

Under our system of responsible government, it would be difficult not to get the minister's input. I think you need the minister's input into the assessment of how that deputy minister is performing. Absent that input, you would have an incomplete picture.

Mr. Borys Wrzesnewskyj: Don't you feel that it would be beneficial? First of all, experience is beneficial. We've heard from Mr. Wouters, and I think you'd hear it over and over from deputy ministers, that there's a learning curve, and after a certain point in time you become more proficient in running that department.

In your notes here, you reference flexibility. Too often we've seen that flexibility translate into avoiding accountability. I'm a rookie MP; I mentioned it earlier. But I've seen several deputy ministers, in my short period here, in the same department, and they tend to be those departments that have the greatest number of problems. It still appears that there's no clear protocol for how to go about establishing accountability.

One of the things that our committee came up with, which we thought was eminently rational, was that there be at least a three-year term. Of course circumstances might arise that would absolutely necessitate a change of deputy minister, but then those sets of circumstances could very clearly be laid out and there could be a check list. Why would the Privy Council reject those recommendations?

Mr. Marc O'Sullivan: Establishing a fixed term, let's say a minimum of three years, takes away from the Prime Minister—and from the clerk in advising the Prime Minister—an important aspect of managing that deputy minister community.

Mr. Borys Wrzesnewskyj: Are you in fact then saying it was the Prime Minister's decision to reject that recommendation from the public accounts committee, or is this the advice of the Privy Council to the Prime Minister?

Mr. Marc O'Sullivan: It is the advice of the Privy Council Office—from the public servants in the Privy Council Office.

The point I want to make essentially is that you have all sorts of circumstances calling for a need to make a change in the deputy minister ranks. There was one example given about the inability of the deputy and the minister to function together effectively. There are unforeseen circumstances, such as retirements; and this fall Jack Stagg passed away. There are different circumstances leading to a need to make changes.

There have been some examples of too much turnover, and everyone recognizes the need to have as much stability as possible. There are other extremes, such as with Mr. Fellegi at Statistics Canada, who has been there for some 20 years. So you have the extremes and you have the average, which is just a bit more than three years. Is that average high enough? Ideally it should be a bit higher, and we're striving to achieve as much continuity and stability as we can in the ranks of deputy ministers, but it's also affected by changes of government that bring about changes in structure. The 1993 reorganization was a massive restructuring that led to huge changes in the ranks of deputy ministers. You have circumstances that are out of the control of the government of the day, and to say there would be some requirement of a minimum three-year term would hamper the ability to deal with those changing circumstances.

An hon. member: [*Inaudible—Editor*]

Mr. Marc O'Sullivan: Well, it's not an attempt to avoid accountability. As Mr. Wouters mentioned earlier, there is work being done at ensuring accountability and ensuring that framework is there for deputy ministers.

• (1645)

The Chair: Thank you very much, Mr. O'Sullivan.

Monsieur Nadeau, sept minutes.

[*Translation*]

Mr. Richard Nadeau (Gatineau, BQ): Thank you, Mr. Chairman.

If we drew up a table, how many deputy ministers would we have?

Mr. Marc O'Sullivan: There are 29 deputy ministers heading the ministries.

Mr. Richard Nadeau: There are therefore 29 deputy ministers at this time. That is what I wanted to know.

If I understand correctly, deputy ministers are nominated by the Privy Council, is that right?

Mr. Marc O'Sullivan: The Clerk of the Privy Council makes recommendations to the Prime Minister on the appointment of deputy ministers; appointments are made by the Governor in Council upon recommendation by the Prime Minister.

Mr. Richard Nadeau: Alright.

When there is a change in government, are deputy ministers automatically changed?

Mr. Marc O'Sullivan: No.

Contrary to other systems of government elsewhere in the world, Canada's Public Service is non-partisan and apolitical so as to ensure continuity when there is a change in government.

When there is a change in government, the transition becomes a major challenge for the Public Service.

Mr. Richard Nadeau: Alright.

Let's talk about the round of musical chairs among the deputy ministers. I have been a Member of Parliament since January. Earlier during testimony, we heard that deputy ministers would be changing departments, etc. How do we get to that? Is it the minister who removes one deputy minister to replace him or her with someone else? How does this work?

Mr. Marc O'Sullivan: There is a variety of reasons. A change of structure within the government can happen in such a way that certain departments need to be reorganized. A deputy minister may retire and that can create a domino effect: he is replaced by someone and another vacant post must therefore be filled. In effect, a change to one deputy minister post generates other changes.

Changes can also occur because the government modifies its priorities and/or policies. A deputy minister may be deemed to have the required qualities and abilities to make the new issues progress or the new priority requires the hand of a different deputy minister, who is then appointed to shepherd the cause.

There is a variety of reasons.

Mr. Richard Nadeau: Alright.

Within this framework, how do we determine whether someone can become deputy minister? What are the criteria? You spoke earlier about the Privy Council.

Does the appointment of a deputy minister result from a political direction or is it based solely on abilities?

Mr. Marc O'Sullivan: It is completely apolitical. There is no political influence related to this issue. The Privy Council Office is constantly developing lists of persons with a demonstrated aptitude for becoming deputy minister someday.

Mr. Richard Nadeau: Where are these people mainly recruited from?

Mr. Marc O'Sullivan: Mainly from among assistant deputy ministers in the Public Service. There are also exceptional cases where people are recruited from other levels of government, from the private sector or from the volunteer sector.

• (1650)

Mr. Richard Nadeau: That is indeed a substantial range, and they also come from civil society as well as from the Public Service.

Mr. Marc O'Sullivan: Not as much, it is exceptional for us to recruit from civil society; we recruit mainly from the Public Service.

Mr. Richard Nadeau: Do deputy ministers, for one reason or another or because of decisions they may have made, end up either teaching university towards the end of their career before retirement or holding a post other than that of deputy minister?

Mr. Marc O'Sullivan: Yes. For various reasons, deputy ministers sometimes take a sabbatical. This can be done in international organizations such as the World Bank or the International Monetary Fund. There is also the Skelton-Clark program at Queen's University.

These are programs or posts that are sometimes used for a deputy minister's sabbatical or during a period of transition. And the Skelton-Clark post is such an example at Queen's.

Mr. Richard Nadeau: It could also be at Ottawa University, or whatever the means that—

Mr. Marc O'Sullivan: It can be at university. Indeed, there are sometimes arrangements made with universities.

Mr. Richard Nadeau: In such a case, are they still paid by the State or are they considered to be on leave without pay when they go to teach or work elsewhere?

Mr. Marc O'Sullivan: It depends on the circumstances. In the Skelton-Clark example, the government continues to pay their salaries. In the case of international organizations such as the World Bank, that organization pays the salary. It depends.

Mr. Richard Nadeau: I yield the floor to my colleague.

Mr. Jean-Yves Laforest: You spoke of the domino effect. I suppose that the filling of some deputy minister posts is planned. Other than evaluating the various incumbents already on the job, are these people consulted on their interest in continuing in the same position or being assigned to another department or somewhere else?

In such a case, is their preference considered?

Mr. Marc O'Sullivan: Yes. There is a feedback process during annual appraisal. The comments are passed on to the deputy and that is also the occasion for the deputy minister to discuss his or her future projects with the Clerk.

Most of these people are in their fifties. The number of years they wish to continue working before taking retirement is thus a consideration. They indicate whether they wish to continue working in their department or if they would like to move onto other things at some point. They also indicate what fields interest them. This discussion takes place every year with each deputy minister.

Mr. Jean-Yves Laforest: Are these wishes generally acted upon? Sometimes?

Mr. Marc O'Sullivan: We take them into account wherever practicable.

Mr. Jean-Yves Laforest: I understand.

Mr. Marc O'Sullivan: Other needs must be weighed.

Mr. Jean-Yves Laforest: Of course.

Thank you.

[English]

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

Mr. Williams, for seven minutes.

Mr. John Williams: Thank you, Mr. Chairman.

On the evaluation of deputies, you mentioned all these different people you consult. Do you read the Auditor General's reports, too, to see what criticisms she has of a department when you talk to deputies?

Mr. Marc O'Sullivan: Yes, that's taken into account. The assessment made on the basis of performance with respect to management issues is covered, first and foremost, by the input provided by the Secretary of the Treasury Board and covers issues such as that.

Mr. John Williams: But you do take the Auditor General's reports and the failures that she's identified into consideration?

Mr. Marc O'Sullivan: Obviously, yes, if there's been an issue raised, that's one issue on the table.

Mr. John Williams: You mention the policy that there's basically three areas of examination: policy and program commitments, management commitments, and personal leadership. I think every taxpayer in the country knows that there are always missing billions in Ottawa. The question is, I ask them, tell me where it is and we'll find it and stop the leakage.

When you're doing an assessment of deputy ministers, does efficiency and economy of program management come into your discussions, and how do you apply it if it does?

Mr. Marc O'Sullivan: Well, there again, it's the input provided by the Treasury Board Secretariat that is key. That's the input we—

• (1655)

Mr. John Williams: They don't do very much. We know that.

Mr. Marc O'Sullivan: Looking at the different sources of input for the assessment of deputies, that's the key one on the management issues. It is done on the basis of, on the one hand, the priority areas that are identified by the secretariat for each deputy minister and then, more generally, in terms of the application of the MAF and the department's performance vis-à-vis the MAF.

Mr. John Williams: I am thinking back to the program of the heating fuel rebates, and it cost the taxpayer \$1.4 billion. It was a short program; it only lasted six or eight months, or whatever. The Auditor General pointed out that while it cost \$1.4 billion, only \$400 million went to the people who deserved it, by the government's own criteria. A billion dollars went somewhere else, and 90,000 Canadians who should have had some money didn't see a dime.

Was anybody held accountable for that?

Mr. Marc O'Sullivan: I'd have to go back and look at the specifics of that situation.

Mr. John Williams: That was \$1 billion down the drain, by the report of the Auditor General.

Program evaluation seems to be, in my opinion, a way to identify efficiency and economy. How well do you use program evaluation reports in your assessment of deputy ministers?

Mr. Marc O'Sullivan: Once again, it's part of the assessment made by the Treasury Board Secretariat in providing the input on the deputy's performance vis-à-vis the management priorities for that department and that department's performance vis-à-vis the MAF.

Mr. John Williams: But that doesn't tell me anything. Does the Treasury Board point out failures, weaknesses, shortcomings? What happens in these program evaluations?

Mr. Alister Smith (Assistant Secretary, Corporate Priorities and Planning, Treasury Board Secretariat): The Treasury Board does have an evaluation policy, which in fact is undergoing some strengthening at the moment, and departments are held to account for that under the MAF assessments.

Mr. John Williams: It still doesn't tell me anything, but I'll defer the next question, Mr. Chair, to Mr. Fitzpatrick.

Mr. Brian Fitzpatrick: I think I'll have Mr. Sweet go here.

Mr. David Sweet: Over the last decade, because we've been trying to really zero in on corrective measures—and Mr. Williams has talked about a number of very serious situations—how many deputy ministers have been fired, have been let go from the public service?

Mr. Marc O'Sullivan: I can't tell you off the top of my head. I'll have to look into that and get back to the committee.

Mr. David Sweet: Is there anybody who can remember?

Mr. Marc O'Sullivan: Well, I'd have to look at the cases where there have been terminations of appointments. These appointments are made at pleasure and they could be ended either by resignation or because the appointment can be terminated. So I'd have to look back at the instances where appointments of deputy ministers have been terminated, which would be the closest to what you would call firing, unless there's someone who resigned under a cloud in those circumstances.

I'll have to get back to you on that. I don't know that off the top of my head.

Mr. David Sweet: The last witnesses mentioned there were three areas in policy right now: resources, effective organization systems, and departmental accountability. They mentioned this was already policy, but what's happening is that it's been codified. What exactly will change, then, from now, from it being policy to it being codified in law?

Mr. Karl Salgo (Senior Officer, Machinery of Government, Privy Council Office): Implicit in the codification of anything is a certain underscoring of its importance publicly. The context of this is that, while it has been practice for many years for deputy ministers to appear and other public servants to appear before parliamentary committees and to speak to issues such as departmental management, they've not in fact had a legal obligation to do so. It's always been the position of government, consistent with our constitutional principles, that they appear on behalf of their ministers. In principle, it's the minister's decision who to send to a committee to speak on his or her behalf. In this case, you now have, in fact, a legal requirement on the part of deputy ministers and other deputy heads of agencies to appear before committees and to answer questions that the committees put to them. It's no longer a matter for ministers to determine what questions are appropriate for officials to answer versus themselves. Deputy ministers have to answer questions

pertaining to an explicit list of things. The other part of it is very important culturally, I think, within government and publicly, as I say, to underscore the importance of management responsibilities.

Finally, I would simply say that we've heard often that any ambiguity in the responsibility of deputy ministers to appear in these matters is not helpful. This eliminates any ambiguity both of their obligation to appear and of the scope of what they are to discuss under that obligation.

• (1700)

Mr. David Sweet: One of the big concerns is whistle-blowing legislation, and from the opening remarks I noticed one thing that was missing. In performance reviews, you actually don't have input from those who answer to the deputy minister. Is there any reason for that? It's been going on in the public sector now for the last 15 years as far as human resource management is concerned.

Mr. Marc O'Sullivan: Once again, that's part of the scoping that Treasury Board Secretariat does vis-à-vis the management responsibilities. Managing of staff, managing of the department, including the HR management responsibilities of the deputy, is an important part of that assessment.

Mr. David Sweet: That's happening, but it wasn't in your remarks.

Mr. Marc O'Sullivan: I was keeping my remarks as short as I could because I knew there would be questions.

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

Mr. Christopherson, seven minutes.

Mr. David Christopherson: Thank you very much, Chair.

Thank you, gentlemen, for your presentation.

PMP, as you've stated here, is the system you have in place to decide how much bonus a deputy minister gets for doing or not doing their job. Is that correct? How long has that been in place now?

Mr. Marc O'Sullivan: I believe since 1999. There was an advisory committee on the retention and remuneration for senior officials, which is now chaired by Carol Stephenson, that made a recommendation that there be at-risk pay as part of the compensation package for senior executives in the public service, including deputy ministers.

Mr. David Christopherson: What does that mean exactly, "at-risk pay"?

Mr. Marc O'Sullivan: There are different levels of deputy ministers, but there is a portion for a deputy minister, for example, at the first level, DM-1. Up to 10% of the pay is basically held aside for the purposes of ascertaining whether that deputy has reached the objectives that have been set in the person's performance agreement. If that person attains those objectives, the person is entitled to that 10%. If the person surpasses those objectives, then there's the possibility of an additional bonus, which for a deputy at the DM-1 level represents an additional 5%.

Mr. David Christopherson: What about other levels?

Mr. Marc O'Sullivan: For DM-2 and DM-3, it's up to 13% at-risk pay, with a potential 7% bonus, and for DM-4—there are only two of those, the Clerk of the Privy Council and the Deputy Minister of Finance—it's up to 17% with a potential of 8% bonus for surpassing the objectives.

Mr. David Christopherson: This, of course, is based on a pretty decent pay to start with. What's the range for deputy ministers?

Mr. Marc O'Sullivan: Perhaps you'll bear with me.

Mr. David Christopherson: You'll need a calculator.

Mr. Marc O'Sullivan: It's my BlackBerry. I forgot to bring it with me, and so I asked someone—

Mr. David Christopherson: It's a big number. It's hard to carry around.

Mr. Marc O'Sullivan: Effective April 1, the salary range of a DM-1 is \$170,000 to \$200,000. For a DM-2, it's \$195,500 to \$230,000. For a DM-3, it's \$218,800 to \$257,500. And for a DM-4, it's \$245,100 to \$288,400.

Mr. David Christopherson: I'm curious—is the Auditor General's role similar, and the Comptroller General's? Do they come under this also, or does anybody in their departments?

Mr. Marc O'Sullivan: We get feedback in terms of the assessment of the deputy ministers from the Treasury Board Secretariat, so they would have, among other things, the feedback from the Comptroller General. The Auditor General doesn't have a direct link to this, but as I mentioned—

Mr. David Christopherson: I'm sorry, I meant their actual jobs. Is their pay in this program—either one of them?

• (1705)

Mr. Marc O'Sullivan: The Auditor General is done separately from deputy ministers. The Comptroller General is part of the performance management for deputy ministers. I'll have to verify the Auditor General; can you just bear with me?

Because of her status, I don't think there's performance pay for the Auditor General.

Mr. David Christopherson: You see, that's where I was going, and if you'd answered differently, I would have gone in a different direction, but you said it right there. My concern is that we're trying to get people to stay to certain standards whether they like it or not; whether the minister wants to hear it, whether the department wants to do it, we want them to stay within certain reporting parameters. You know why; you've heard us commenting on it. We've got this example. We're not beating a political dead horse here, but we're using that as a real example to prevent it in the future.

I would understand that with the Auditor General; you wouldn't want to have anything about her role to reflect on whether she gets her pay or not.

As for deputies, it says to me that there's more opportunity now for an accounting officer, being human, to perhaps think about themselves in a way that they otherwise wouldn't if their pay wasn't reflected. MPs can have angry constituents or someone offside or whatever, but it's not going to affect your ability to pay your mortgage. It's a political issue, and it's separate and apart from your income.

Here I have some concerns about how that plays into this, so why don't you talk to me and alleviate some of my concerns that this is not happening? It is a worry; I have this worry about...just human nature. It's not bad people, but human nature. You know—the idea that I'm not only going to make a stink, but I'm also going to affect my career, and I'm also going to affect \$10,000, \$20,000, \$30,000 of real cash that I was looking forward to this year.

Talk to me. Raise my comfort level, please.

Mr. Marc O'Sullivan: I'll try.

When you look at any compensation regime for any large employer, there's an acknowledgement that you want to have a portion of that salary based on performance—not guaranteed absolutely, but based on performance. My colleague is just confirming that because of the Auditor General's status as an agent of Parliament, there is no such performance pay for her because of that independence. The same thing happens, for example, for heads of quasi-judicial tribunals. There is no performance pay for heads of quasi-judicial tribunals, because it could be seen as an attempt by the government to influence their decision-making.

Mr. David Christopherson: The Comptroller General is. If I can just take a little sidestep here, on the Comptroller General, I have to tell you that that we keep building up that role, and everybody who rolls in here downplays it. We're really going in two very different directions, so I'll leave that with you. You tell me we don't want to do that with the Auditor General because that's a unique, special role, but it's okay to fold the Comptroller General into the deputy world when we're looking at this comptroller as being one of our key safety measures.

Mr. Marc O'Sullivan: Right now, under the current structure, the Comptroller General is within the deputy minister community and so is assessed as all the other deputies. The recommendation by the Advisory Committee on Senior Level Retention and Compensation to include at-risk pay within the compensation for deputies was recognition that this was the overall trend in compensation. There has to be one element of the salary that's a reflection of the person's ability to attain their objectives.

Mr. David Christopherson: How many people don't get their bonuses? How many actually get their pay cut, as a quick percentage? Please give us just a thumbnail sketch.

Mr. Marc O'Sullivan: Overall, when you look at all the deputy ministers and heads of agencies who could have received performance pay in 2004-05, 7% did not receive any at-risk pay; 46% received some of their at-risk pay; 27.8% received the maximum of at-risk pay; and 19% received their bonus. The guideline from the Conference Board of Canada is saying that when you have an at-risk pay compensation regime, roughly at least 5% should not receive anything, and 20% at most should receive the bonus, so this falls within these parameters.

• (1710)

Mr. David Christopherson: I have more questions, but I have no more time.

Thank you very much.

The Chair: Thank you very much, Mr. Christopherson. Thank you, Mr. O'Sullivan.

Mr. Pacetti, for seven minutes.

Mr. Massimo Pacetti: Thank you, Mr. Chairman. Thank you to the witnesses for appearing.

Regarding the Privy Council, is your responsibility only for the deputy ministers, or are you responsible for other appointments in the departments?

Mr. Marc O'Sullivan: We're responsible for those who are appointed by the Governor in Council, so that's the deputy ministers. We don't have a direct role vis-à-vis all the other public servants within departments.

Mr. Massimo Pacetti: How is your role going to change in the Accountability Act? Are you not going to be appointing the comptrollers, because the comptrollers will almost have the same role as the deputy ministers, if I'm understanding what's going to happen. Is that correct?

Mr. Marc O'Sullivan: I'm sorry, the comptrollers—?

Mr. Massimo Pacetti: The comptrollers in every department are going to have just as much power as the—

A voice: Chief financial officer.

Mr. Pacetti: Sorry, it's the chief financial officers.

Mr. Marc O'Sullivan: They would be public servants, and they would be appointed under the Public Service Employment Act.

Mr. Massimo Pacetti: So would you have no influence over them on those things?

Mr. Marc O'Sullivan: No.

Mr. Massimo Pacetti: In response to one of your questions, I don't want to put words in your mouth, but you state that the deputy ministers don't have a fixed term, and you don't have a problem with this because there's no lack of accountability. But I don't see it that way.

What would you do? How would you give it accountability? Deputy ministers are changing all the time. So how do we put accountability in there, because as soon as the problem comes about, you just transfer them out? Then there's nobody who's going to be accountable? So I have no problem with deputy ministers being fixed, because they're going to be accountable. I can't see any other solution.

Now, I understand that things happen where sometimes there is incompatibility with a minister; that's life. There are certain times people do pass away, or personal events happen, but we can probably put those in a disclaimer or some type of a condition that will allow deputy ministers to be transferred. I don't see any other way for you to avoid the accountability aspect.

Mr. Marc O'Sullivan: I think that irrespective of the length of term, you'll always have former DMs and DMs currently in office, so the issue of accountability is the—

Mr. Massimo Pacetti: I'm sorry to interrupt, but from what I understand, the recommendation of this committee is a fixed term, so nobody can really decide; it's fate. If we keep it the way it is now, the PMO or the Privy Council decides when to shift the deputy ministers. You can decide, or you can make the decision of why you

want to do it, but the majority of the time, or some of the time, it'll be because there's a lack of accountability.

Mr. Marc O'Sullivan: I understand the perception, but let me assure you that shuffles are not made to help someone evade responsibility. There are instances where a more experienced DM is brought in to help resolve a long-standing issue within a department, and you want to get somebody with the right background, or simply somebody with more experience and the ability to drive through solutions for that type of problem. But it's never for the purpose of avoiding responsibility.

Mr. Massimo Pacetti: Thank you.

Yasmin.

Ms. Yasmin Ratansi: I have two quick questions. How many long-serving deputy ministers do you have, and how long have they been there?

Mr. Marc O'Sullivan: I'm pretty confident that Mr. Fellegi is the longest serving. I believe it's been for 21 years at Statistics Canada. That's exceptional. I would have to get back to the committee in terms of who the others are down that list.

Ms. Yasmin Ratansi: Do you consider their time served as ADMs to be part of that long serving, because ADMs get promoted to DM?

Mr. Marc O'Sullivan: No. When we talked about the 3.5-year average, this was calculated from the moment DMs were appointed as the deputy minister of the department to the moment when they were shuffled out.

• (1715)

Ms. Yasmin Ratansi: Do they have a mandatory retirement age, or is there a tenure after which they have to retire?

Mr. Marc O'Sullivan: No, there isn't a mandatory retirement age, although after someone is eligible for their full pension, you would have to wonder why they would stay much longer.

Ms. Yasmin Ratansi: I have a question for you in regard to bonuses. Has there been any time when the deputy ministers have had no bonus, or had their pay cut for non-performance?

My question comes back to the issue I had at public accounts during the gun registry. The deputy ministers who gave orders to bypass the Comptroller General got promoted and we were left holding the bag. Could you tell me how you reconcile those two in your performance management?

Mr. Marc O'Sullivan: I'm sorry, I can't comment on the specifics of that case. In terms of deputies who do not get performance pay overall, of both deputies and deputy heads of agencies in 2003-04, 8% didn't receive any at-risk pay.

Ms. Yasmin Ratansi: No, that's not what I meant. I meant sanctions.

When you talk about deputy ministers getting bonuses, it's for performance. But when they do not perform, what happens to them?

Mr. Marc O'Sullivan: A portion of their salary is dependent on their performance. If they haven't performed well, if they haven't achieved objectives, then they don't get that salary.

Ms. Yasmin Ratansi: But they get the base salary anyway.

Mr. Marc O'Sullivan: Yes, they do.

Ms. Yasmin Ratansi: They don't get a bonus, but they get the base salary.

Mr. Marc O'Sullivan: There are consequences for their careers.

Ms. Yasmin Ratansi: Do they get demoted?

Mr. Marc O'Sullivan: I'd have to get back to you on whether there's been an instance where someone has been appointed downward.

Ms. Yasmin Ratansi: Chair, if I may, when I look at your performance management PMPs...could you give us a Gantt chart of the checks and balances you do? I think there was a question about whether you take the AG's report. What do you mean by management accountability? How do you want to justify that qualification will bring about accountability or efficiency? I don't have the time, but if you could give us a Gantt chart and give us some analysis of it, that would help.

Thank you.

The Chair: Thank you very much, Ms. Ratansi.

Mr. Fitzpatrick, for seven minutes.

Mr. Brian Fitzpatrick: I'm going to make a couple of observations and then I have some questions.

Sometimes I wonder about this whole process. The Auditor General reviews things and comes here, and we review it and go through it, and we come up with reports and send out directives and so on. It seems to me the cumulative effect over the years of all this thing is faulty. Regulations, the statutes, the directives, the rules get more and more and more, and to me the Income Tax Act is a product of probably 100 years of this sort of thing. It's only the very wealthy who have the ability to work their way through this maze of rules to benefit themselves, the rest of the people are at the mercy of the monster we create. There are so many rules in place in government that you can't see the trees for the forest. And I'd hate to think a manager would be trying to manage on the basis of a massive rule book rather than just being a good manager.

But that's an observation on my part. Maybe all politicians could take a deep breath and figure out how they can simplify things rather than complicate things. We'll leave it at that.

I'm a big fan of a guy called W. Edwards Deming, who in management schools throughout North America would be perceived as the guru of modern management and how you get things done. The Toyota people would probably tell you he's the best thing that came along in the last century.

I recall his saying that to try to order or command or wish results is never going to work, but it seems to me that's what we do. We try to command or order results, and I'm not sure the record is all that great. That's the nature of politicians and bureaucrats, to try to order results through legislation or regulation or dictates.

I want to raise this issue about deputy ministers. I'm sure Mr. Baker, when he left the firearms registry, was very happy to get out of that quagmire. I have to admire the guy for trying to straighten out something that was maybe not humanly possible to straighten out,

but he did his best with that situation, and he's probably a pretty good guy.

The real context was Indian and Northern Affairs. Quite frankly, I could not keep track of the deputy ministers we've had in that department. They come and go and they come and go, and there's no end of problems in the department.

I remember what Deming said. One of his seven bedrock principles of sound management was constancy of purpose. My goodness gracious, Indian and Northern Affairs is full of major problems that need to be fixed, and there is absolutely no constancy of purpose in that department. The deputy ministers are constantly being switched around, and I'm sure everyone, when they leave, must be glad to be out of that department. To get appointed to that department must be almost like being appointed to purgatory in the bureaucracy. All the other deputy ministers must say they wonder what that person did to get that job.

Notwithstanding that, constancy of purpose is a very important principle. I understand the prerogative of Prime Ministers and why they might have something like that, but surely the Privy Council Office must understand we shouldn't be trying to mandate a rule that says it must be three years.

In the departments that have lots of problems, surely the Privy Council Office must see the purpose of putting a strong person in charge, and telling this person they're going to be there for a fairly long time, they want these problems sorted out, and the revolving doors are going to stop.

So I'd like your reaction to that, because that's our intent.

• (1720)

The Chair: You have 2 minutes and 20 seconds to answer the 4 minute and 40 second question.

Mr. Marc O'Sullivan: Michael Wernick is probably going to rue the day I say this, but for Michael Wernick, who was appointed Deputy Minister of Indian Affairs and Northern Development, I can say that one of the factors was his young age, which will hopefully allow for continuity, without any of the events that ruin the best laid plans. One of Michael Wernick's qualities, other than how highly he has performed in his career, is that within the deputy minister community he is young, and therefore there is room for continuity there. That is one factor that was taken into consideration.

We don't disagree with the objective. The objective of ensuring continuity is there. The objective of trying to have as much constancy within the leadership of the departments is an objective that we share with this committee. Where we disagree may be in terms of how to achieve that. We try to achieve that 3.5-year average. We could do better than that, but I'm just not sure that imposing a strict minimum term of three years is the answer because of the flexibility that it would take away. That's been said back and forth in this committee already.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): I want to follow up on one of David Sweet's questions. Earlier he asked you about the number of people who have actually been terminated, to use your words. I will reword that a little differently. Has there been anybody, in your recollection, over the last 10 years at the deputy minister level who has been terminated?

Mr. Marc O'Sullivan: I can't think of an example, but I don't have the institutional memory between my ears. I'll have to check the records on that and get back to the committee.

Mr. Mike Lake: Following up on Ms. Ratansi's earlier question about negative consequences, is there a consequence at all if someone repeatedly, year after year, over different departments, doesn't meet their objectives? Is there a consequence other than not getting their bump in pay? They still make a lot of money to do what they do. Is there a consequence?

• (1725)

Mr. Marc O'Sullivan: Deputy ministers are all ambitious and are all trying to keep moving ahead in their careers, and someone who is a poor performer doesn't. That's the number one sanction, in addition to the consequences for their at-risk pay.

Mr. Mike Lake: Where would they move ahead to once they reached deputy minister status? It seems that it's almost like saying in the real world that if someone doesn't perform as the vice-president of marketing, we move them to be a vice-president of accounting, and if they don't perform there, we move them to be a vice-president of human resources. We have 29 different departments to move them to. It doesn't seem that there is ever a consequence. No company would ever do that. What is the rationale?

Mr. Marc O'Sullivan: That's tied to your colleague Mr. Sweet's question, and that's what I will endeavour to get back to the committee on: that ultimate sanction that you are referring to.

The Chair: I have a couple of questions, Mr. O'Sullivan.

The question on the tenure of deputy ministers has been asked by most of my colleagues. Mr. Fitzpatrick mentioned that at Indian Affairs and Northern Development we've had about seven or eight deputies over the last ten years, and a lot of unfavourable reports from the Auditor General's office. We are really in a difficult position, in that we cannot blame any one deputy because they've been there for probably only 14 months or 16 months, and they don't even know where the washrooms are by the time they're ushered out. You're saying Mr. Wernick is a young man. Mr. Horrigan was not an old man either, and he came before us about 18 months ago and said he was going to clean the department up, and now he's gone.

It is my premise that if Privy Council wants to churn the deputy ministers so often in one department, especially a department that according to the Auditor General is having some problems, then the Privy Council Office has to accept full responsibility for the mismanagement of that department.

My question to you is, in dealing with this specific department, does the office of the Clerk of the Privy Council accept responsibility for the problems that we see in this department? You can't blame the deputy ministers, because you've had seven of them. There's no one deputy minister you can point to. You've had seven deputy ministers there, so my question is, does the office assume responsibility for the problems?

Mr. Marc O'Sullivan: The Clerk of the Privy Council advises the Prime Minister on the management of the deputy minister community. The clerk is responsible to the Prime Minister on that. Your question falls within the ambit of that responsibility to the Prime Minister for how the deputy minister community is managed.

The Chair: Now, to my last question, Mr. O'Sullivan. With the expected enactment of the Federal Accountability Act, is the office of the clerk doing much work to clarify certain roles with the deputy ministers, with the Comptroller General, and with the chief financial officers? Is there any work being done on that particular issue?

Mr. Marc O'Sullivan: Well, it is in line with the work of the Treasury Board Secretariat, which Mr. Wouters referred to in his appearance. We're in line with that, because as I mentioned, the information we have in terms of the performance of deputy ministers vis-à-vis their management responsibilities comes from the Treasury Board Secretariat.

The Chair: Mr. Williams.

Mr. John Williams: I just have an observation. They've been crowing about this almost three-and-a-half-year average for deputy ministers, but it came out that one deputy minister over at Statistics Canada has been on the job for about 21 years. That is going to add about one year to this average, just his being there. Apart from him, the average is closer to two and a half years, not three and a half years. But they found it quite convenient not to mention that until it was brought up.

The Chair: Yes, and I think, Mr. Williams, there's been a lot of shuffling lately, so you're probably going to find that it's less than two years if you take that high number out. Again, there are probably departments that have long-serving deputy ministers, but we've seen departments here that seem to churn them after eight or nine months. I mentioned one.

Mr. Christopherson.

Mr. David Christopherson: I have a really, really short one on this.

Given the examples we found in Indian and Northern Affairs—you've heard the story and know the issue—and with the process you have, would the criticisms contained in the Auditor General's report find their way to a deputy minister's evaluation even if they had long left? Is there a linkage? This ties in with something Mr. Williams asked, but where there's been that kind of criticism, and where you can identify a deputy, does that ever get factored in? He's not there now, but the report covers that time period.

That's the sort of accountability we're talking about, that somebody has underperformed, but because they've been shuffled along, deliberately or otherwise—let's say otherwise—they manage to skirt and avoid the whole issue of responsibility. Yet we have this outrageous circumstance in this one department that has been amplified, at least, because of all the different ministers, and clearly none of them really has their arms around it. Does it follow? Do you actually take that Auditor General report and say we need to keep this in mind when we're evaluating?

Your report just came out now, but it does affect who they are and the work they've been doing for our government, even if they aren't there at this moment.

• (1730)

Mr. Marc O'Sullivan: The government's appraisal is over the previous fiscal year, right? We're doing it for the previous fiscal year, but if there's a deputy who is consistently singled out for problem areas vis-à-vis their management responsibilities, as pointed out in AG reports, then that's obviously something being discussed when their assessment is made.

Mr. David Christopherson: Will it find its way there, or is it just

—

The Chair: Okay, thank you very much, Mr. Christopherson.

Thank you, Mr. O'Sullivan.

Do you have any closing comments, Mr. O'Sullivan or Mr. Blake? Be brief, because the bells are ringing.

Mr. Marc O'Sullivan: I'll endeavour to follow up on some of the questions, as I mentioned, and I'll provide that to the clerk.

Thank you very much.

The Chair: We appreciate that and your attendance here today. Thank you very much.

This meeting is adjourned.

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