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Standing Committee on Public Accounts

Wednesday, March 21, 2007

• (1530)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): Colleagues, I would like to call the meeting to order.

Welcome, Mr. Gladu.

Mr. André Gladu was the previous deputy minister of the department of regional economic development for the province of Quebec during the Place Victoria issue, which we have under investigation. We did have one or two hearings on this. It was decided by the committee to call in Mr. Gladu, as he was the deputy at the time.

This meeting has changed a little bit. We had originally scheduled it for longer. What I'd like to do is allocate up to an hour for this—we may not need an hour, but if we do—with Mr. Gladu. Then Dr. Ned Franks will give a presentation. As everyone is aware, Dr. Franks has been working with us for approximately six months now on the protocol. That is in its final stages, so we'll invite Dr. Franks to the table at 4:30.

I do want to remind committee members that the bells will be ringing at, I understand, 5:15. The meeting will adjourn then, or shortly after that.

Mr. Gladu, I certainly want to welcome you to the committee. I want to thank you very much for coming. I understand you're retired and are not part of the department right now.

Do you have an opening statement or anything you want to say prior to receiving questions from the committee members? [*Translation*]

Mr. André Gladu (As an Individual): You made reference to the role I played between 1999 and 2003. I believe it is important to mention a number of dates connected with the decision of the Economic Development Agency of Canada not to move to Place Bonaventure. You must remember that our lease ended on March 31, 2003 and that all discussions with Public Works Canada with respect to preparing the process had begun more than a year and a half earlier, starting in December of 2000.

I know that as part of the testimony received thus far, a number of questions were put to the person who succeeded me, Ms. Michelle d'Auray. I reread those statements, and I must say I was very comfortable with what had been said. Indeed, it covered all the facts that I was aware of at the time.

So, I really don't have any other comments to make for the time being; I will simply try to answer your questions. They could be questions that were not asked of the person who replaced me or questions for which she was unable to provide a complete answer.

• (1535)

[English]

The Chair: Thank you very much, Mr. Gladu. Merci beaucoup.

What I'm going to do, colleagues, is have one round of six minutes each, in this order: Liberal, Bloc Québécois, Conservative, New Democratic Party, Liberal, and Conservative. We might have another five minutes at the end, and we might not.

For the Liberals, who is going to start? Mr. Rodriguez, please.

[Translation]

Mr. Pablo Rodriguez (Honoré-Mercier, Lib.): Mr. Gladu, for the Committee's information, could you briefly give us your version of events with respect to the decision not to move? What exactly happened?

Mr. André Gladu: Well, what basically happened was this: the Economic Development Agency of Canada and all the departments that came before it, and which had responsibility at the federal level for economic development, have always had offices at Place Victoria, which is also called the Stock Exchange Tower. I believe employees have been working there for more than 30 years.

Every time that a lease is ending and there is talk of a move, it's important to realize that the prospect of moving does not always please the staff. I think that reality has to be considered here.

In December 2000 or January 2001, in accordance with established procedures, we began discussions with Public Works to see whether there was office space that could be meet our requirements at the end of our lease, which was up on March 31, 2003. That is how the whole tendering process began. As you know and heard through previous testimony, the least costly building that could meet our needs was Place Bonaventure.

As administrator and Deputy Minister of the Economic Development Agency of Canada, I was quite comfortable with the idea of moving to Place Bonaventure, even though I knew for a fact that it could be difficult to manage for the reason I mentioned earlier, which is that employees had been working there for more than 30 years and did not necessarily want to move. However, at the time, we believed that Place Bonaventure could fully meet our requirements, because we were beginning to need more space. In the course of that whole process, we also had to determine whether we would keep employees working at the office on the Island of Montreal—for example, the ones who look after SMEs on the Island of Montreal—in the same office space. We therefore informed Public Works in September of 2001 that it was possible employees working at the Economic Development Agency's regional office on the Island of Montreal would not move.

Mr. Pablo Rodriguez: How many people were involved?

Mr. André Gladu: About 30 people, as I recall.

Mr. Pablo Rodriguez: Originally, you needed more space. Is that correct?

Mr. André Gladu: Originally, we needed more space because we had been given additional responsibilities. As well, some employees who were in charge of the first infrastructure program were housed in another building. So, we needed extra space to repatriate those employees.

I don't want to go into too much technical and administrative detail, but as Deputy Minister, when I received my annual budget, there was some flexibility there in terms of the way I could use it. Because we had a very significant volume of work, we had already decided to increase our human resources and lower other types of expenditures. We were talking about 30 employees at most. In fact, when the move was to occur, more than 20 had already been hired and appointed to their positions.

I just want to quickly remind you of one fact. In September of 2001, Public Works was informed of the possibility that employees on the Island of Montreal might not move. On February 5, 2002, we officially informed Public Works that we did not want to move the Island of Montreal office and that we preferred it to be located on the actual Island of Montreal, and specifically in the eastern part of the city.

Mr. Pablo Rodriguez: That is where it is now.

Mr. André Gladu: As far as I know, yes.

Mr. Pablo Rodriguez: Fine.

All of that ended up with the decision not to move. Who made the decision not to move?

• (1540)

Mr. André Gladu: Initially, Public Work took responsibility for that decision. Following a letter from Mr. Claude Drouin, which you have read and heard about, Public Works began negotiations with the owners of Place Victoria, the Stock Exchange Tower. Because they had greatly reduced the cost of the space in relation to what they initially were asking for, Public Works felt that we could stay in the Stock Exchange Tower and that it would be able to rent the space it had already leased at Place Bonaventure.

[English]

The Chair: You have half a minute.

[Translation]

Mr. Pablo Rodriguez: In your opinion, was that decision relevant?

Mr. André Gladu: It depends on your viewpoint. For myself, as administrator of the Economic Development Agency of Canada, I

would have preferred to move because it would have given us more flexibility in terms of office space.

Furthermore, because our offices had been at the Stock Exchange Tower for a very long time already, and that terms of the negotiations between Public Works Canada and the owners of the Stock Exchange Tower, once the leased had been renewed for five years —which will be ending next year—we were unable to make the slightest improvement in terms of bringing down costs. As an administrator, that left me with less flexibility.

[English]

The Chair: Thank you very much, Monsieur Rodriguez.

Thank you very much, Monsieur Gladu.

Monsieur Laforest, you have six minutes.

[Translation]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Good afternoon, Mr. Gladu.

We held a meeting on January 31. Prior to the meeting, we had received a great deal of documentation from Public Works and from the Economic Development Agency of Canada. A document dated April 26, 2002 which was forwarded to Mr. Séguin by Mr. Patrick Dolan, of Public Works Canada, states that there were negotiations with the owners of Place Victoria. It says that the latter confirmed on Thursday by telephone that the gross rate of \$308 a square meter included upgrading of all base buildings.

In another document, which is actually a memo to the Minister of Public Works, Mr. Goodale, signed on June 18, 2002, it talks about a rate of \$308 a square meter excluding renovations. What exactly happened between the time a rate including improvements—which was therefore advantageous to the government—was successfully negotiated and the time when the Minister was advised to sign an agreement providing for a rate of \$308 a square meter excluding renovations?

Mr. André Gladu: I simply can't answer that question because you are only referring to memos and documents from employees of Public Works. I was in no way involved in the discussions that took place between the two dates you have referred to.

Mr. Jean-Yves Laforest: So, you are unable to answer anything relating to Public Works Canada.

Mr. André Gladu: We never were in any way involved in discussions, negotiations or talks between the Department of Public Works and owners, of either Place Bonaventure or the Stock Exchange Tower. That is perfectly normal. That is the usual process. The Department of Public Works is the one that does the negotiating.

Mr. Jean-Yves Laforest: The fact remains, however, that you had initially made certain requests. That is mentioned in a number of places. You were looking for certain fit-ups in order to facilitate access for the disabled, as well as improvements relating to computer equipment. In the end, you agreed to do without them.

Mr. André Gladu: As I recall, the only improvement to have been made related to handicapped access.

Mr. Jean-Yves Laforest: And that was at the owner's expense.

Mr. André Gladu: I honestly don't remember, since I wasn't involved in those discussions. However, it is true that during the term of that lease—for five years, in other words—the Economic Development Agency of Canada was unable to make any improvement whatsoever, so as to avoid any additional costs.

• (1545)

Mr. Jean-Yves Laforest: Ultimately, based on what you have said, it's mainly Public Works that is accountable for having agreed to sign this lease, even after learning that another building had been leased—in that case, Place Bonaventure.

Mr. André Gladu: Perhaps I could just give you a very simple summary of responsibilities in this area. Whenever a move, a lease negotiation or anything of that nature is involved, the client department is responsible for identifying all of its requirements and forwarding that information to the Department of Public Works, which is responsible for the tendering process, negotiating with owners, and so.

Now, obviously, the two departments talk to each other. Once the tendering process is completed, if Public Works were to propose office space that was completely inadequate, for example, the client department would try to have it change that decision. Ultimately, it is the Department of Public Works and Government Services that makes the business decision. Of course, they ask our opinion. In this particular case, following discussions with representatives of Place Victoria, at the very end of the process I agreed, administratively speaking, that the Agency would stay in the same place. The Minister also agreed to that.

Mr. Jean-Yves Laforest: In relation to the first question I asked, I would like you to tell us whether Public Works staff consulted you on all of this. Initially they had succeeded in negotiating a lease price of \$308 a square meter including renovations, but by the very end, they were recommending to the Minister that he sign an agreement providing for a lease cost of \$308 a square meter, not including renovations. Were you consulted on this?

It looks as though you completely abandoned a request that your office space be refitted and improved at no cost. How is it that you were not consulted about such an important matter?

Mr. André Gladu: Well, I mentioned that there was one improvement made with respect to handicapped access. That was done. If there were other consultations between Public Works staff and staff at my own Agency, I can only say that I was not directly involved in them.

I had a file manager. Mr. Drouin...

[English]

The Chair: Mr. Laforest, you have one more question.

[Translation]

Mr. Jean-Yves Laforest: Was Mr. Drouin...

Mr. André Gladu: My file manager was Mr. Pierre Bordeleau. He was in charge of Administrative and Financial Services at the Agency. He may have heard about this, but I was not directly consulted.

Mr. Jean-Yves Laforest: Thank you.

[English]

The Chair: Merci beaucoup, monsieur Laforest.

Monsieur Poilievre is next, for six minutes.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): There was a competitive process to ascertain the new location of your agency, and Place Victoria finished fourth. That process was initiated by your agency's desire to have more space. All the bureaucracy and officials within the federal public service indicated that Place Bonaventure would be the best location, given the outcome of that competitive process. I can't find any public service correspondence that says otherwise, so I'm asking who overturned the will of the public servants and the competitive process in order to stay in the more expensive Place Victoria facility.

Who was it? Who made the decision?

[Translation]

Mr. André Gladu: As part of previous proceedings, according to what I read, you were made aware of a letter sent by my Secretary of State, Mr. Claude Drouin, to Mr. Boudria who was the Minister of Public Works and Government Services at the time. On March 28, 2002, I confirmed to Mr. Norman Couture, who was the Regional Director of Public Works and Government Services in Montreal, that I had agreed to move to Place Bonaventure.

• (1550)

[English]

Mr. Pierre Poilievre: You agreed to move?

[Translation]

Mr. André Gladu: Yes.

On April 15 of that same year—in other words, a few weeks later —Mr. Claude Drouin wrote a letter, which you have as part of your documentation, asking the Minister of Public Works and Government Services whether it would be possible to stay at Place Victoria. [*English*]

Mr. Pierre Poilievre: The minister decided.

[Translation]

Mr. André Gladu: Subsequently, Public Works and Government Services staff decided to begin discussions with the managers of Place Victoria, the Stock Exchange Tower, which yielded the result that you are all aware of.

[English]

Mr. Pierre Poilievre: What you have just confirmed is that you wanted to move. You indicated that you would have liked to have more space; that there was an intervention by Monsieur Drouin to the public works minister, and that it was the Minister of Public Works who made the decision.

Somebody made the decision, right?

[Translation]

Mr. André Gladu: I would just like to make two brief comments.

[English]

Mr. Pierre Poilievre: If you're going to answer the question, is that right or is it wrong?

[Translation]

Mr. André Gladu: Indeed, following Mr. Drouin's letter, the Department of Public Works decided to begin discussions with people at Place Victoria. That is absolutely true. I should also say that Mr. Drouin's letter surprised me, but my explanation would be that Mr. Drouin had only held his position for a few weeks when these events occurred.

I informed him that it was possible the Agency would move. I told him exactly what I mentioned at the beginning of this meeting, which was that it would be difficult to manage, given that employees had been working there for a very long time.

[English]

Mr. Pierre Poilievre: Okay, but who actually decided? I guess you're giving me.... You're repeating yourself from earlier. Who decided? When there's a decision, there must be a decider. Who was the decider? Who decided?

Mr. André Gladu: Who decided what?

Mr. Pierre Poilievre: To stay at Place Victoria after it finished fourth in the competitive bid. Who decided?

[Translation]

Mr. André Gladu: I already answered that question.

[English]

Mr. Pierre Poilievre: No, you didn't. Who decided?

[Translation]

Mr. André Gladu: The Department of Public Works decided to begin discussions...

[English]

Mr. Pierre Poilievre: You don't have to defend your former ministers. Who decided?

[Translation]

Mr. André Gladu: I am not defending anyone, but I would like to be given a chance to answer.

Mr. Pierre Poilievre: Who decided?

Mr. André Gladu: I told you the Department of Public Works decided, after receiving Mr. Drouin's letter, to...

[English]

Mr. Pierre Poilievre: I'm not asking when they decided or what letters were written beforehand. I'm asking who decided to go against the competitive bidding process and incur an additional \$4.6 million in costs to the taxpayer. Who decided?

[Translation]

Mr. André Gladu: The Department of Public Works.

[English]

Mr. Pierre Poilievre: Yes, it's the Minister of Public Works. In fact, we have a signed letter to show that Ralph Goodale was the one who signed off on a transaction that cost taxpayers \$4.6 million in unnecessary costs.

[Translation]

Mr. André Gladu: The Minister of Public Works signed a letter.

[English]

Mr. Pierre Poilievre: That's right. You've confirmed that it is the Minister of Public Works who decided that we would incur an unnecessary \$4.6 million in costs to the taxpayer.

[Translation]

Mr. André Gladu: The only difference here is that at previous meetings, my former colleagues from Public Works cast doubt on those figures.

[English]

Mr. Pierre Poilievre: Well, the Auditor General has reported \$4.6 million in unnecessary costs.

Now, you decided you didn't need the extra space, all of a sudden. Why not move anyway, given that you were going to have to pay rent for the winning bidder?

[Translation]

Mr. André Gladu: We did not have to pay for the office space at Place Bonaventure. The Department of Public Works and people representing the Department told you at previous appearances that they believed they could easily lease that space.

[English]

Mr. Pierre Poilievre: But they didn't. It sat empty for a period.

[Translation]

Mr. André Gladu: They're the ones who could answer that question.

[English]

Mr. Pierre Poilievre: Okay. So that, again, goes back to the Minister of Public Works, who is responsible for what his department told you when they wrongly suggested that they could fill the building and rent it out: \$4.6 million in unnecessary costs, all signed off by the public works minister, Ralph Goodale.

Thank you.

The Chair: Thank you, Mr. Poilievre.

Mr. Christopherson, you have six minutes, please.

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

Thank you very much for your attendance today, sir.

I want to end up at the same place as the previous questioner, but I want to get this straight in my own mind. Let's go back through this. There was originally a need to move, primarily because there wasn't enough space to meet the current need, let alone the anticipated expansion of the department. That was the original desire for this to be done.

Then, this is where it gets complicated: talking about process. I keep coming back to these e-mails around June and July 2001. They refer to the staff doing the tender being advised by the minister's office that they should hold this project; that's in June, and it's repeated again in July, asking about this being held.

The best I can figure is that we have a situation where the agency said they had this need and put out the tender call. The office of the minister advised the staff in June that they had an interest and they ought to hold on this, that it's not necessarily going through. What I can't find is the paperwork that says to go ahead again. But then it restarts again, and the whole thing goes through, the minister's office having already once put it on hold.

Then it goes ahead, and then we find out that two weeks after the deal is signed—two weeks after—somebody.... This is what Pierre's trying to get to: who made that decision? At some point, two weeks after this deal is signed, there's a decision taken that this isn't the way we're going to go, and now we're out \$4.5 million.

I'm not understanding at all who got involved when, and who put a hold on, and what that means. At the end of day, who was the individual—it's a fair question—who said that even though we as a government have entered into this agreement, we're not going to go that way? Who made that decision two weeks later, and why did they reverse themselves, having already interjected themselves into the process beforehand to say hold off?

• (1555)

[Translation]

Mr. André Gladu: I'm certainly not able to comment on what was done or said inside the Department of Public Works or between people in the Minister's Office and public officials. I was not involved in those discussions.

The only thing I can say, insofar as I was concerned, is that the process that was to result in a call for tenders and a possible move did in fact continue, in my opinion. You are referring to discussions that took place in a department other than my own and in which I was never involved. That has nothing to do with me.

[English]

Mr. David Christopherson: So where would you suggest we go to get these answers? You clearly do not feel you have the answers we need. Where do we get these answers?

Chair, I'm not satisfied. I realize we're going to end this meeting very shortly, and we don't have the answers. But that's the problem: we still don't have the answers. Unless I'm missing something, there was a major intervention at some point within those two weeks that for some reason caused the elected people to order the staff to not follow through with the sign-off two weeks later.

This makes no sense, Chair. Somebody has to be held accountable for why a decision was made to change a decision two weeks after, when it's a process that takes months and months. It's not like saying, oh gee, I hadn't thought of that; I'd better quickly—

The Chair: If I may.

Mr. David Christopherson: Yes, please.

The Chair: Monsieur Gladu, could we try to get your testimony, with you trying as best you can to give us an explanation?

This thing was going down one road for at least an 18-month period—proposals, a feasibility analysis, etc.—and then it seemed to divert by quite a margin, originating from what looked to be a letter from the Minister of Economic Development of the Province of Quebec. This is where the committee is having the difficulty. Could you try to outline for the committee what was the basis of that? Why was it? Was it unusual? And were you involved?

[Translation]

Mr. André Gladu: Until the Secretary of State, Mr. Claude Drouin, forwarded a letter, I was perfectly in agreement with the idea of moving to Place Bonaventure. Indeed, I had confirmed that in writing to my colleague from the Department of Public Works and Government Services in Montreal, Mr. Normand Couture.

The April 15 letter from Mr. Claude Drouin came as a complete surprise. I did not know he had intended to send this kind of letter to his counterpart at Public Works and Government Services. I was only made aware that this letter had been sent a few days later. To be perfectly honest, I don't recall who told me. But, if memory serves me, it was someone from the Department of Public Works and Government Services.

As to what occurred between the office of the Minister of Public Works and Government Services and officials in Montreal, I cannot say. All I can say is that I knew they had been given a mandate to begin discussions with people at Place Victoria to see whether they could secure a considerable reduction in the price proposed during the tendering process.

After being made aware of Mr. Drouin's letter, I met him at a regular meeting. I told him that, in my opinion, it was a mistake to have sent that letter, because this was an administrative matter and he simply should not have got involved.

His answer was—and you will be able to relate this back to my initial comment—that because I had told him it would be difficult to manage—I'm talking about the move now—he wanted to ensure that we would have the option of staying there at a much lower cost and thereby mitigating the impact on staff.

And you know the rest of the story. Public Works and Government Services Canada started negotiations and decided at one point that we could stay at Place Bonaventure. They believed they could rent out the space they had leased at Place Bonaventure.

When they told me we could stay at Place Bonaventure, we revised our administrative plans. In late July, I told my counterpart at Public Works and Government Services Canada that we agreed to stay where we were.

So, that is the story.

• (1600)

[English]

The Chair: Mr. Christopherson, you have two and a half minutes left.

Mr. David Christopherson: Yes, and all I'm going to do, Chair, is read something into the record that we've dealt with before. I want it on the record for others to hear and think about too.

This is from Mario Arès, who was here. He's the regional director. He had that interesting e-mail of May 3, 2002, to Suzanne Cloutier. I quote:

Suzanne

It is not my intention to write a memorandum to the minister on this matter. Ever since we approved the lease of Place Victoria on April 2, 2002, for 5,790 square metres, the decisions on this file have been taken at the corporate level and are in opposition to our regional recommendations. The following points support my position.

Then there are five paragraphs. I will not read them, but there are two lines I would like to put on the record. One is:

It seems clear enough that the insistence on staying at Place Victoria in this case serves interests other than the sound management of public funds.

And last, there is another issue. Maybe we need to get a written response to this, but it seems pretty darn important:

Place Victoria never complied with our accessibility requirements for disabled persons and never showed any interest in doing so, and this won't change, which goes against our internal compliance policies.

I would like to know whether that still remains an outstanding issue vis-à-vis that public building, since it was identified earlier and would have been one of the reasons they moved.

With that, I'll say thanks, Chair.

[Translation]

Mr. André Gladu: I would simply like to make one comment with respect to the second part of your question. I already answered the first part. Access for disabled persons was improved. As for the rest, I was not in any way involved in what you have referred to in the note from Mr. Arès, an employee of Public Works and Government Services Canada.

[English]

Mr. David Christopherson: It wasn't really a question for you, sir. I was putting it on the record because these things still have to be answered.

If I can, I heard what you said about the accessibility being improved, but was it brought to standard? It certainly would have been under the other contract, I have to assume, because they were doing renovations.

[Translation]

Mr. André Gladu: You would probably have to check that with people who are there now because I left just when the lease was being renewed. However, to my knowledge, it met the standards.

• (1605)

[English]

Mr. David Christopherson: We're still left with the other outstanding statements by staff, clearly indicating that they had concerns about whether this was politically motivated or not.

Thanks.

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

Mr. Rodriguez.

[Translation]

Mr. Pablo Rodriguez: When did you say you left?

Mr. André Gladu: I left in April of 2003.

Mr. Pablo Rodriguez: So, that was just after the new lease came into effect.

Mr. André Gladu: That correct.

Mr. Pablo Rodriguez: You said earlier that you pointed out to the Minister that he should never have written that letter. Did I get that right?

Mr. André Gladu: Yes.

Mr. Pablo Rodriguez: Did you actually say that to him in person?

Mr. André Gladu: Yes.

Mr. Pablo Rodriguez: And what was his answer?

Mr. André Gladu: Well as I stated earlier, he explained that he did it because he wanted to...

Mr. Pablo Rodriguez: ... make people aware that it could be important to stay in the same place.

Mr. André Gladu: He told me that he did it because I had mentioned to him that moving our employees would be difficult to manage, considering that they had always worked at the same location. He said he simply wanted to ensure that it might be possible to stay there and thereby minimize that particular issue. That was his answer to me.

Mr. Pablo Rodriguez: There were fit-ups to improve accessibility, but can you tell me whether the building met the Agency's requirements?

Mr. André Gladu: People at the Agency did what was necessary to make it work over the five-year period of the lease. However, no improvement could be made during those five years. I know that because I discussed this with some ex-colleagues. Improvements that should have been made were not made.

For example, the carpeting was very dirty but was not able to be changed. Some computer upgrades were also not made. However, people at the Agency did what they had to do and were able to perform their work effectively despite that throughout the five-year period.

Mr. Pablo Rodriguez: Do we know whether they were satisfied or whether they still intend to move?

Mr. André Gladu: They will be moving at the end of the current lease.

Mr. Pablo Rodriguez: Do you know where they are moving to? Mr. André Gladu: No, I do not.

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But I was told they are moving.

Mr. Pablo Rodriguez: Did the Minister at no time seem to regret his decision or say you were right? In his opinion, everything was clear?

Mr. André Gladu: Well, if he did regret it, he never told me so.

[English]

The Chair: There are another three minutes for the Liberals. Is there anybody else who wants to fill in?

Mr. Pablo Rodriguez: You said three minutes.

The Chair: No, I said six minutes.

Mr. Borys Wrzesnewskyj (Etobicoke Centre, Lib.): I was curious. How many square metres did you have per employee at the Place Victoria?

[Translation]

Mr. André Gladu: I'm sorry, but I don't have that information with me.

I left four years ago; I'm sure you can understand that I don't have data with me today with respect to the number of square meters per employee.

[English]

Mr. Borys Wrzesnewskyj: What would have been the cost of relocation? I'm sure that must be a number you would have been familiar with.

[Translation]

Mr. André Gladu: I am very hesitant to give you a figure. To be perfectly honest, I am totally incapable of giving you a specific number. As I recall—and I want to emphasize that I am relying on my memory here—the figure that was mentioned was a cost of between \$500,000 and a million dollars.

[English]

Mr. Borys Wrzesnewskyj: And how would the actual relocation have affected the operations? What kind of disruption would have occurred?

[Translation]

Mr. André Gladu: Here we are talking about approximately 300 employees. As a general rule, when an office that size decides to move, operations are difficult to maintain, indeed almost nonexistent, for about a week, or whatever time is needed to get all the computer systems up and running again, for people to relocate, and so on. Basically, we're talking about four or five very difficult workdays.

I imagine that most of you have some experience with personnel management. If that is the case, you know that when employees who have been working at the same place for 15, 20 or 25 years are forced to move, that can sometimes affect their motivation. That phenomenon is obviously not something that can be translated into specific numbers, but it was a primary concern related to a possible move.

[English]

Mr. Borys Wrzesnewskyj: You have continuously referenced employees and the fact they have been there for 30 years and there were many long-standing employees. Were they active in expressing their concern about having to move from a place where they had been working for decades?

• (1610)

[Translation]

Mr. André Gladu: It was a small organization, and I was quite close to the employees. I never actually conducted a survey on that specific question, but during the tendering process, employees very often told me they wanted to stay in Place Victoria, rather than moving to some place they didn't know.

[English]

Mr. Borys Wrzesnewskyj: Thank you. Merci.

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

Mr. Poilievre, for six minutes.

Mr. Pierre Poilievre: I'll point to something that Mr. Christopherson mentioned, which is the letter of May 3 from Mr. Arès, who was the project director, in which he said that the decision to stay at Place Victoria was "difficult to justify" and that it seemed clear that it served "interests other than the sound management of public funds".

You said you would have preferred to move and not to stay in Place Victoria. You have also said there has been inappropriate interference from a political level, referring to Mr. Drouin's letter.

It seems to me that all the bureaucracy was of one mind on this and there was a desire to honour the competitive process, protect taxpayers, and move to the more affordable location, but only days after Mr. Arès made his warnings—the ones I just cited—Mr. Goodale intervened to sign off on the lease award to a more expensive location, a decision of Mr. Goodale that we have now learned has wasted \$4.6 million for Canadian taxpayers, according to the Auditor General.

This story gets more confusing when you look back further, because I have some documents here that seem to indicate that originally there was a decision not to move ahead with staying at Place Victoria. That was in 2001. But then that decision was reversed again to move forward, and then pulled back a third time. And that is where the additional costs came from, because the government decided to sign on with Place Bonaventure and, after having signed on, then aborted the move, which is why we ended up having to pay rent for Place Bonaventure without any need for that facility.

Why did that happen?

[Translation]

Mr. André Gladu: I can't answer that part of your question which related to what happened in the Department of Public Works. I've already said that a couple of times. I will not repeat everything I have said from the outset.

[English]

Mr. Pierre Poilievre: This is a new question, though. I haven't mentioned it before.

[Translation]

Mr. André Gladu: Well, to be perfectly honest, I really don't see what is new about your question. Could you repeat it, please?

[English]

Mr. Pierre Poilievre: Okay. I have here a memo to the regional director general for the Quebec region from the assistant deputy minister of the real property branch in which they talk about the fact that

At the June 12, 2001 meeting of the Investment Management Board (IMB), a request to approve a lease via public tender call was submitted for Canada Economic Development (CED) in downtown Montreal...

That's you. The project was for a 10-year term, etc.

Then later on, it says:

A few hours after the Board met, we were informed that the Minister's office had an interest in this project. It asked the region to put the project on hold. The understanding is that the region will have to monitor the situation and will be able to go ahead with the project only once this situation has been resolved.

Well, this situation never got resolved until taxpayers were stuck with an unnecessary \$4.5 million bill, did it? So can you explain the minister's intervention in this particular instance?

• (1615)

[Translation]

Mr. André Gladu: I have already said a few times that I cannot answer that, because you are referring to something that happened or may have happened at the Department of Public Works, between the Minister's Office and his officials. I do not know what happened. That did not concern me, I was not informed and I never sought additional information in that regard either, because it wasn't my responsibility. I was not in charge of managing that department.

[English]

Mr. Pierre Poilievre: I have another message here from a public servant, Luc Senécal. Do you know Mr. Senécal, an investment analyst in Ottawa?

Mr. André Gladu: No.

Mr. Pierre Poilievre: He said:

Sandy

Following discussion with François, he asked me to inform you that the Minister's office asked the region to put the DEC project on hold for the moment. We have been informed of this request yesterday. According to the region this delay should not jeopardize the project schedule. The region will do a follow-up of the situation.

So what we have here is that the minister's office intervened to say they wanted to put it on hold. They're not yet killing it, but they're putting it on hold. This seems to be the beginnings of ministerial intervention, initiated originally by Claude Drouin and later carried out by Minister Goodale, in 2002. Those seem to be the actions that led to this \$4.5 million boondoggle.

[Translation]

Mr. André Gladu: Mr. Drouin's one and only intervention, as far as I know, was the one dated April 15, 2002. However, your comments seem to refer to the Department of Public Works and to things that occurred prior to that date.

[English]

The Chair: Okay, then we have time for another very quick round of two minutes from each party. I'm going to go again to the Liberals.

Before I do that, I have one issue I want to clarify, Mr. Gladu. Who owned this Place Victoria? Do you know who owned the building? Was there ever any lobbying on behalf of that owner, whoever it was?

[Translation]

Mr. André Gladu: I want to emphasize that I, personally, was never pressured in any way by the owners of Place Victoria or Place Bonaventure, or, for that matter, the Minister of Public Works or staff working at the office of the Minister of Public Works. I was never pressured in any way to do one thing or another.

[English]

The Chair: We've had a lot of unpleasant experiences with lobbyists over the last number of years on certain files. Was any lobbyist involved, in any way, with this file? Did any lobbyist meet or attempt to meet with you?

[Translation]

Mr. André Gladu: Not with me. Never.

[English]

The Chair: Are you aware of any?

[Translation]

Mr. André Gladu: No.

[English]

The Chair: Okay, two minutes. And members, I'm going to be strict on my time.

Mr. Rodriguez, deux minutes.

[Translation]

Mr. Pablo Rodriguez: Is it usual for a minister to get involved in that way in changing a decision? In the course of your career, which was quite a long one, did you ever see that happening?

Mr. André Gladu: Personally, I have never seen that sort of thing.

Mr. Pablo Rodriguez: So, that was the one and only time that you saw it happen.

Mr. André Gladu: Yes.

Mr. Pablo Rodriguez: Generally speaking, how did employees react when they were advised they were staying?

Mr. André Gladu: That they were staying at Place Victoria?

Mr. Pablo Rodriguez: Yes, at Place Victoria.

Mr. André Gladu: Those who commented on it informally were pleased to be staying at Place Victoria.

Mr. Pablo Rodriguez: So, the employees were happy and satisfied.

Mr. André Gladu: Yes. I'm not sure whether if you asked them that now, they would still agree, for the reasons I mentioned previously—including the fact that there had been no improvements made whatsoever. But, initially, they were happy to stay there.

Mr. Pablo Rodriguez: I understand. Was it not when the Montreal Regional Office opened up on the east side of the city?

Mr. André Gladu: I'm sorry, I did not catch your question.

Mr. Pablo Rodriguez: Was that when the Montreal Regional Office opened?

Mr. André Gladu: When I left, a tendering process what about to begin to find accommodation for the Island of Montreal office on the east side. I am not aware of the date, but I know that the move occurred after I left—in other words, after April of 2003.

Mr. Pablo Rodriguez: Some employees whose work only involved the city of Montreal therefore left Place Victoria.

• (1620)

Mr. André Gladu: That's correct. There were about 30 of them.

Mr. Pablo Rodriguez: And how many offices does the Economic Development Agency of Canada have in Quebec?

M. André Gladu: At the time that I was there, as I recall, there were 14 offices across the regions of Quebec.

Mr. Pablo Rodriguez: Have you ever encountered this kind of situation when building leases for those 14 offices were being negotiated?

Mr. André Gladu: No. I had no involvement whatsoever in those discussions, because the regional offices are small entities. All the negotiations and discussions took place between managers at my office and Public Works. So, I never encountered that kind of situation.

[English]

The Chair: Mr. Fitzpatrick, you have two minutes.

Mr. Brian Fitzpatrick (Prince Albert, CPC): I know you weren't involved with Public Works, but I do want your opinion because you have many years of experience.

Mr. Arès, in his letter, stated that negotiations with Place Victoria were inconsistent with the six principles for renewing a lease on site. You'd be familiar with that, being in charge of a department. Do you agree with that comment by Mr. Arès that what transpired here was not consistent with the six principles for renewing a lease?

[Translation]

Mr. André Gladu: I would have agreed with Mr. Arès's comments had he been unable to bargain down the price with owners of Place Victoria. It's important to remember that they did lower the price from \$430 to \$308.

[English]

Mr. Brian Fitzpatrick: I have only two minutes, and I'd like to deal with a few other issues.

He also states in his letter that the Canadian Economic Development Agency had concurred and agreed with the move. I know employees sometimes don't like change, but you have to move sometimes. That's the way the world goes. I had to move from Prince Albert to this area when I became an MP. Maybe I don't like it, and we'll move Parliament there.

Would you agree with his point that the decision to move had been made by the Canadian Economic Development Agency?

[Translation]

Mr. André Gladu: Yes. I mentioned that I had personally signed a letter agreeing to move to Place Bonaventure.

[English]

Mr. Brian Fitzpatrick: He was very concerned that other interests had hijacked this process and that it wasn't in the interests of public management. You're under a duty of prudence and probity as a deputy minister when suspicions are raised.

I understand what happened here. You were involved in a process, with the specifications and the renewal, and all of a sudden you were out of the loop and Mr. Drouin's letter came. You were out of the loop, and from there on in you weren't involved with the process. Is that correct?

[Translation]

Mr. André Gladu: Once the negotiations between Public Works and the owners of Place Victoria were completed, I had to accept the fact that we were going to stay there. I became involved at the end of the process, but I did not take part in the negotiations. That was not my role.

[English]

Mr. Brian Fitzpatrick: But as the person in charge of the department, I think you should have gone after them.

The Chair: Monsieur Laforest, deux minutes.

I said two minutes. You are into three minutes here. I'm sorry, but that was the deal.

Mr. Brian Fitzpatrick: I know it's sensitive for some people.

[Translation]

Mr. Jean-Yves Laforest: Thank you, Mr. Chairman.

I want to come back to Mr. Drouin's letter. You said that you did not agree with the idea of his sending that letter to the Minister of Public Works. In the course of your subsequent conversation with Mr. Drouin, did you tell him that this would entail significant additional costs, given that negotiations with Place Bonaventure had already begun?

Mr. André Gladu: I told him there could possibly be additional costs. I presented it as a possibility.

Mr. Jean-Yves Laforest: Why did you present it as a possibility, though, when you knew that the process was already underway?

Mr. André Gladu: I was Chair of the Quebec Federal Council which brings together the administrators of federal departments in Quebec. Consequently, I knew that a number of departments needed office space. I assumed, rightly or wrongly, that a number of those departments could use that accommodation.

Mr. Jean-Yves Laforest: However, according to the information you have given us, Mr. Drouin decided not to correct the letter he had already sent.

• (1625)

Mr. André Gladu: That's correct.

Mr. Jean-Yves Laforest: You said that there might be additional costs, and Mr. Drouin still maintained his decision. I find that absolutely appalling, Mr. Chairman. We have not been given answers to these questions. Mr. Gladu said there could be additional costs. Despite that, a government official wrote a letter to the Minister of Public Works asking that employees be allowed to remain at Place Victoria, even though there could be additional costs. And the Minister did nothing.

We absolutely must hear from Mr. Drouin, because Mr. Gladu did not answer all of our questions.

That's it for me, Mr. Chairman.

[English]

The Chair: Thank you very much.

Mr. Christopherson, for two minutes, please.

Mr. David Christopherson: Thanks, Chair.

I have to say I don't really know where else to go in terms of questions here. I still have questions, but this is not the place where I'm going to get the answers, so I'll be seeking some kind of support from the committee that we take a next step. I don't want this to drag out forever, Chair, but the answers still aren't here, and we're left with a \$4.5 million goof-up that has to be accounted for by somebody.

With all due respect, sir, thank you for your time today. You've answered thoroughly and completely, but I have no more questions for you, sir.

I'm done, Chair. Thanks.

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

On behalf of the committee, I want to thank you for coming here today, Mr. Gladu, and for sharing your wisdom and insight on these events. I know these events occurred three or four years ago, so you had to do some work. You didn't come here cold. You obviously did some work for this.

Do you have any closing remarks, Mr. Gladu, or any closing comments?

[Translation]

Mr. André Gladu: No, I just want to say thank you.

[English]

The Chair: Thank you, Mr. Gladu.

Colleagues, we're going to move on. The next item I'd like to deal with before calling Dr. Franks, if I may, is the minutes of the subcommittee that have been circulated. There are only two paragraphs, the two items.

One item is that the subcommittee agreed to have the Library of Parliament examine the possibility of a study on statutory and delegated responsibilities and contracts that are made under statutory responsibilities. This will come back to the committee once we get it a little further along. We're going to get the Library of Parliament to probe the market, and then they'll come back to the committee.

Second, we also approved the draft schedule for the next five or six weeks. Of course we have the public corrections ombudsman issue next Monday, we have the RCMP issue next Wednesday, and then we go on a two-week break.

Mr. Williams.

Mr. John Williams (Edmonton—St. Albert, CPC): I apologize, but I came in late, Mr. Chairman. I'm not sure I have a copy of this report. We seem to be buried in paper here, with everything but the report.

The Chair: We can get you one, Mr. Williams.

Mr. John Williams: Thank you very much.

I have a problem with three-hour meetings, Mr. Chairman. Sometimes there will be votes after the meetings, and sometimes there won't be votes, so we can't plan a three-hour meeting. Two hours have been adequate for years and years. Every other committee gets by with two, normally. These ad hoc meetings that are sometimes three and sometimes two give the members and give me some concern, because I can't plan my day. Therefore, I would like to see us just get back to regular two-hour meetings. Perhaps there may be a rationale for having the odd three-hour meeting to deal with reports, although I don't know when that's coming along.

I'd just rather have more regularity in my life, Mr. Chairman, than be governed by the chair.

The Chair: Mr. Williams, I can't disagree with what you're saying. I have to say I agree with everything you're saying. With the unfortunate position the committee has found itself in, though, we are quite substantially behind on our agenda. We're behind by about six reports now. We have a fairly aggressive agenda, as you know. We're trying to do a number of things, and we're trying to get them done. We thought it would be helpful to give ourselves a little extra time when we're doing reports. We don't need to use the three hours if we get them done earlier.

I'm at the committee's disposal. We talked about it at the steering committee. We have agenda problems in terms of getting the reports done, because we are behind, at six.

Is it six now, Alex?

I'll take your comments under advisement, but I'm certainly not disagreeing with them. When I'm here for two hours, I like to go on to the next item of the day too.

Mrs. Sgro.

Hon. Judy Sgro (York West, Lib.): It's just a question. Are the six reports completed? Do they need us to go through them as a committee? Is that what you're referring to?

The Chair: There are four completed.

I'll let Alex answer the question.

Mr. Alex Smith (Committee Researcher): We have already started on two of those reports. One was on the leaks, and the other was on the performance report of the Auditor General.

^{• (1630)}

Brian has also prepared a report on the relocation issue with Public Works.

There is also the issue of Place Victoria, which we were just hearing about today. If the committee decides to have another hearing, it may take more time before a report is prepared.

There is the RCMP pension issue. We'll have a hearing next week. A report needs to be prepared and presented to the committee.

And then there's the Treasury Board Secretariat roles and responsibilities study, and the expenditure management system.

Hon. Judy Sgro: How many reports do you have that you require the committee to go through so that we can move them off our agenda here? How many are complete and ready for committee review?

Mr. Alex Smith: We have four reports that are complete and ready for the committee to review. A couple more are in the process of being prepared and will be ready shortly.

Hon. Judy Sgro: Mr. Chair, I know everybody on the committee works hard and they'd probably like things to be completed. Until you table them in the House, they're not complete. Given all this election talk around us, wouldn't it be important for us to table the reports that everybody has worked on and get them into the House?

The Chair: Ms. Sgro, they have to be approved by the committee, and they come to the committee—

Hon. Judy Sgro: I know, but I'm saying from a scheduling perspective—

The Chair: Once we schedule something and we get the witnesses lined up, like the corrections ombudsman next Monday, I can't bump that thing then. It's an important issue. The committee also did approve a motion to call another group before the end of March.

When we come back, we do have a couple of days for reports. Hopefully we will be able to get through them. But I point out again that there's a lot on the committee's agenda.

Monsieur Laforest.

[Translation]

Mr. Jean-Yves Laforest: I don't know exactly what you're intending to do today. On the other hand, I do know we have to leave by 5:15 p.m. Is it your intention to come back afterwards?

[English]

The Chair: No, that's out of the question.

I would like to put this to a vote, if I may.

[Translation]

Mr. Jean-Yves Laforest: Since there will be votes in the House tomorrow around 5:30 p.m., have you considered asking Committee members to meet at 3:30 p.m.? Everyone may not be able to, but I thought I should raise it. If we sat tomorrow from 3:30 to 5:00 p.m., we would at least have an hour and a half to try and make some headway.

[English]

The Chair: My experience, Mr. Laforest, is that people have other committees and they have other engagements. A lot of members are on two committees. I appreciate the suggestion, but unless everyone here puts up their hand and is agreeable, it isn't going to happen.

I'd like to put this to a question. Somebody please make the motion that the steering committee minutes be approved, as circulated.

Mr. John Williams: I so move.

(Motion agreed to)

• (1635)

The Chair: I'm now going to invite to the table Dr. Ned Franks, and we're going to talk about the protocol that this committee has been working on for the last four or five months.

Just by way of background, colleagues, there has been a development recently that I find a little disconcerting. Dr. Franks can speak to it better than I can, but when we started this, we attempted to develop a joint protocol for working with Treasury Board Secretariat, because we have very similar roles. Over the last two or three months, we've attempted to get some dialogue going with Treasury Board Secretariat. You people were all here when I questioned Mr. Wouters on this issue and just pleaded with him to talk to us.

We did finally get a response last week that Mr. Wouters is not interested in pursuing the joint protocol at all. In fact, what they've done is post on their website their own protocol—this would be the protocol from the executive—as to the appearance of accounting officers before them.

Their protocol actually deals with all committees, not only this committee. In my humble consideration, it falls far short of my understanding of the provisions of the Federal Accountability Act. The issue is not personal to the accountability issues involving previous accounting officers. In this case, as you know, in most of the instances this committee deals with, we're talking about the previous accounting officer, because of the way they switch deputies in Ottawa.

Colleagues, we're down to a classic fight between the executive arm of government and Parliament. In my view, it's up to us, as a committee of Parliament, to develop our own protocol. However, we have to be very careful that we do not have in our protocol anything that's contrary to the law, anything that's contrary to the Financial Administration Act—or any other law, for that matter—so we've had the staff working very carefully over the last number of weeks.

Dr. Franks can comment much better and with much more wisdom on the executive protocol, and he can comment on his own protocol, for which I want to thank him very much for putting so much time and effort and energy into doing. That has been circulated to members.

Without having to say anything further, I turn the floor over to Dr. Franks, and I want to thank him for being here today.

Mr. Brian Fitzpatrick: If I may, before we start, I have a point of order or a comment about the procedure on the points of disagreement between the protocol of the Treasury Board and Mr. Franks' issues.

I got that during question period today. I think it's very difficult. These are not easy issues to grapple with. Unless there's somebody here who's a lot smarter than I am, these are not easy issues to come to grips with. I would have really liked to have that information well in advance so I could come before committee and make better judgments than I am right now.

I'm registering a protest about making decisions today without having had that in my hands in advance so I could think through these issues. It was my understanding that we were going to have that in advance.

The Chair: You're quite right, it is nice to get these documents as early as possible. Your point is well taken. However, we only got the Wouters response last week. Dr. Franks, to his great credit, did do it, and we did get it a couple of days ago. We had to get it translated. Until we got it translated, we were unable to circulate it.

But your point is well taken.

Dr. Franks, I turn the floor over to you.

Prof. Ned Franks (Professor Emeritus of Political Science, Queen's University, As an Individual): Thank you.

As far as I know, the protocol, which is now on the PCO website, was not put there until late last Friday, and I did not have it to comment on until then. My great regret in doing the protocol is that I did not have the cooperation of Treasury Board, and it would be a better product if I had. I made every effort, as the committee did, to invite them to cooperate and collaborate, and they showed no interest whatsoever. So I have to live with the best job I could do, which is what I did for you.

I found the Privy Council Office's "Accounting Officers: Guidance on Roles, Responsibilities and Appearances Before Parliamentary Committees, 2007"—the document they posted late last week—to be disturbing because it seemed to me to fail to recognize what the statutes involved dictate.

The intention of the accounting officer approach as proposed by the public accounts committee, the Gomery commission, academics, and the Conservative Party and now embodied in the Financial Administration Act is, first, to identify the sphere of management that deputy ministers and heads of agencies—the accounting officers—hold in their own right; and second, to establish the principle that as accounting officers these very senior public servants are accountable before parliamentary committees, and particularly the public accounts committee, for their stewardship of their management responsibilities.

The Privy Council Office's document construes the accounting officer provisions of the Financial Administration Act so narrowly as to trivialize the very real and important management responsibilities of accounting officers and to deny that they are accountable in their own right.

The document also dictates a role for parliamentary committees in the accountability processes so limited as to make it doubtful whether, if the public accounts committee were to adhere to it, the committee could effectively hold the government to account for its stewardship of the public purse.

The Privy Council Office's document correctly states that the accounting officer provisions do not create new management responsibilities, but it is incorrect in stating that the accounting officers appear before the public accounts committee only in support of the minister's accountability to Parliament. Accounting officers cannot possibly appear in support of their ministers when they, as accounting officers and not the minister, hold the responsibility.

Responsibility means the authority to act. Accountability means being held to account for the use of that authority. Where ministers do not have the power to act, they cannot be accountable. Where accounting officers hold the power to act, they are the responsible and accountable officials. Accounting officers hold formidable management responsibilities in their own right. Powers delegated to them under the Public Service Employment Act and the Financial Administration Act give them, not ministers, most responsibilities for human resources management.

The Financial Administration Act assigns powers both directly and by delegation to deputy heads, the accounting officers. Neither act permits powers to be delegated to ministers, only to deputy heads. Parliament has assigned these powers to non-partisan public servants in order to maintain the neutrality of the public service and to protect the public purse from abuse by politicians.

The Financial Administration Act gives deputy heads, and deputy heads alone, statutory responsibility for ensuring that payments under contracts meet standards of compliance and propriety.

The Treasury Board's contracting policy demands that public servants who have been delegated authority to negotiate and conclude contractual arrangements on behalf of the Crown must exercise this authority with prudence and probity. The accounting officer is responsible for ensuring that these activities meet these standards, unless his or her advice has been overruled by the Secretary of the Treasury Board or the board itself. Failure of the Deputy Minister of Public Works to meet his statutory obligations and ensure that his department adhered to these standards allowed the problems in the sponsorship affair to occur.

• (1640)

The Privy Council Office's accounting officer document acknowledges that ministers may not give specific direction to accounting officers if they have been assigned management responsibilities or authorities by statute. But it maintains that the accounting officer is still accountable to the minister for the exercise of these authorities. The PCO misses the point here. Parliament has assigned the responsibility to accounting officers, not to ministers. The accounting officers appear before parliamentary committees to explain and defend their use of powers they hold in their own right. They do not appear to support the accountability of their ministers.

The Privy Council Office claims that the accounting officer is not accounting to the committee for his or her personal performance. This is not what the laws say. The provision of the relevant statutes makes it clear that the accounting officer is accountable before the committee for his or her personal performance. Where accounting officers hold the responsibility, they are responsible and accountable.

The Privy Council Office argues that former office holders should not appear before the public accounts committee because they cannot appear to commit to action. But a parliamentary committee cannot demand action of any official, minister, or accounting officer. Half the corps of deputy ministers were appointed to their current office since March 2006. If the committee were to do as the Privy Council Office instructs and only hear testimony from current office holders, much of the time it would not hear from the official who actually made the decisions under investigation. The committee would not be able to demand accountability from the officials whose actions they are examining.

Like all parliamentary committees, the public accounts committee cannot discipline or direct officials, whether those be ministers or public servants. The committee's powers are limited to hearing the testimony of witnesses, investigating issues and producing reports. The committee's work begins after something has gone wrong and has been reported on by the Auditor General. The committee's only real power is the power to examine and report. Its power is that essential component of parliamentary government to identify and expose, to enforce the deterrent effect of bad publicity. Responsible parliamentary government's great strength is that it clearly identifies who has responsibility and then holds them accountable.

Over the centuries, Parliament, against opposition by the Crown and government, insisted that it and it alone had the right to determine who was accountable before it, and how they should be held accountable for their use of the powers Parliament grants to officials. Parliament won. It still has this right. The Privy Council Office appears to have forgotten this fundamental constitutional principle.

Thank you.

• (1645)

The Chair: We can go to approximately four minutes, if people want.

Ms. Sgro, have you any comments or questions? Ms. Sgro, you have four minutes.

Hon. Judy Sgro: I received this just this morning, and frankly I think you've done a very good job of trying to assist the committee with the whole issue of accountability.

I find it's still troubling, because if anything goes wrong, we go after the minister. The minister is the minister, and it's your head on the chopping block—that's about as simply as I can put it—if anything goes wrong in your department. Yet we all clearly know that you're talking about accountability through all your deputies. If a deputy—as you said, the accounting officer—were to receive direction from a minister with which he did not agree, what avenue would he have?

Prof. Ned Franks: First of all, I have some sympathy with going after ministers, because I think that in the partisan aspects of parliamentary politics, which are a crucial part of democracy, politicians normally like to go after big game rather than little game—tigers rather than rabbits. So they want to go after the ministers rather than the public servants, the deputy ministers.

Hon. Judy Sgro: It makes for better media coverage.

Prof. Ned Franks: You can also draw more blood if you succeed. That's on the first hand. That's a natural tendency.

On the other hand, as I have tried to emphasize, there's a statutory framework that gives responsibility to deputy ministers. Now we call them accounting officers because of their managerial responsibilities. They have recourse under the Financial Administration Act, as amended by the Federal Accountability Act. If they are given an improper instruction, they can appeal to the Secretary of the Treasury Board, and the Treasury Board secretary can issue an opinion. If that answer is, "No, Minister", the minister can appeal to the Treasury Board itself, and the Treasury Board can give an opinion.

There is also an avenue of recourse of a deputy minister to the Clerk of the Privy Council, and that, as I understand, is used once or twice a year by deputy ministers. Now, there are areas in which there could be a profound disagreement not within the managerial responsibilities of an accounting officer, and presumably that would be used there.

Hon. Judy Sgro: The accounting officers meet with PCO, and so on, fairly regularly to discuss areas in that department, as to how things are going, where some of the issues are, and so on. So the idea that someone can go off on their own and make these decisions about moving, changing a direction of something or other, without any consultation, just because I happen to be the minister and I'm telling you I want you to go and make some major changes—those things don't happen in isolation. That's the point I'm trying to make. **Prof. Ned Franks:** With the sponsorship issue, a huge number of the problems that came up were payments that were made under contracts when they shouldn't have been. That is clearly the statutory responsibility of the deputy minister, and the only thing you can say about that is that the deputy minister failed in his duty. I think the public accounts committee's entitled to say that sort of thing in a report, which is not something the Privy Council Office agrees with.

If you get to the issue you've been looking at more recently of the contract for space in Montreal, the contract is actually the responsibility of the minister. The minister can delegate contracting responsibilities, but the contract is the responsibility of the minister. Under the contracting policy of the Treasury Board, the deputy head, the deputy minister, now the accounting officer, has the responsibility to inform the minister when a contract does not meet the standards of prudence and probity.

Under the accounting officer approach, it is the duty of the deputy head, the accounting officer, to do that. If the minister still disregards it, the deputy minister could presumably appeal to the Secretary of the Treasury Board.

• (1650)

Hon. Judy Sgro: Thank you very much.

The Chair: Thank you, Ms. Sgro.

Monsieur Laforest, you have four minutes.

[Translation]

Mr. Jean-Yves Laforest: Mr. Franks, in your introduction, you said that you had not received any cooperation from the Treasury Board in terms of developing the protocol you were to submit to us in accordance with the mandate you were given by the Standing Committee on Public Accounts. After that, when discussing the document itself, you said that the Privy Council Office trivialized the responsibilities laid out in the Federal Accountability Act. That is what I understood you to say. You also said that, in a way, this document minimizes the powers of parliamentary committees, and you cited the example of the Standing Committee on Public Accounts.

It seems to me that those comments are quite significant. You are describing a situation which I see as extremely problematic. You even said that over the centuries, Parliament has always won. So, this is not the first time there have been conflicting interpretations of the powers of parliamentarians, as opposed to those of the government. That is what I understood.

Finally, referring to this Committee, you said that its only real power is to examine issues. When you talk about its only real power, are you saying that it should have additional ones?

[English]

Prof. Ned Franks: No, there are two powers. First there's the power to call for persons and papers. Then there is the power to investigate, to examine. Then there is the power to report. But committees do not have the power to direct or discipline ministers or officials. In fact, that power is so rarely used by Parliament itself that it almost doesn't exist there.

The whole of parliamentary democracy works on the basis of publicity and casting a light on the dirty corners of government. The thrust of the Privy Council Office document, when it gets to the area of what the committee can do to investigate, makes it sound more like a meeting of boy scouts than an investigation into things that have gone wrong.

[Translation]

Mr. Jean-Yves Laforest: You talk about parliamentary democracy. Based on your analysis, is the Privy Council document tantamount to an attack or, at the very least, an attempt to reduce the powers vested in parliamentarians through this Committee?

[English]

Prof. Ned Franks: I believe the Privy Council Office feels entitled to direct Parliament, tell Parliament what it should and shouldn't do, in a way that it does not feel Parliament should tell the Privy Council Office what it should and shouldn't do.

Forgive me, sir, I will use an analogy. As I read that document, that's what the lawyers call "construing" something. They have construed the powers of accounting officers and the powers of Parliament as narrowly as possible. To give you an analogy, it is like the old definition of a platonic lover: someone who holds the eggshells while someone else eats the omelette. Well, what has happened here is that the Privy Council Office is eating the omelette and leaving Parliament with the eggshells, and I think that's the wrong way to go.

• (1655)

The Chair: Mr. Poilievre, four minutes.

Mr. Pierre Poilievre: Thank you.

I'm still trying to wrap my head around that. It's good to have you back, Dr. Franks.

I worry that if we don't have agreement between the executive and this committee on what constitutes an accounting officer, then when the executive meets with the committee, nothing will be accomplished because no one will agree on what the meeting actually constitutes. If the accounting officer is instructed by the executive branch to represent only the accountability of the minister, but the committee believes that the accounting officer operates within his or her own sphere, then the expectations that the committee has in its questions will not be fulfilled in the accounting officer's answers.

It is my belief that we have to continue to work to find some sort of consensus on what constitutes an accounting officer for the purposes of this committee, or this entire undertaking will have been a colossal waste of time.

I have to say, as a member of the government-

An hon. member: The governing party.

Mr. Pierre Poilievre: Of the governing party, that's right. I would be thrilled to see many of the accountabilities passed down to the top public servant in every department. In fact, for a minister it makes life easier. He has less explaining to do, and it becomes the public servant's job to do the explaining and to take the blame for him.

Let me just state that as a political party that's in power, we have an interest in supporting your interpretation, but as a government that wants to adhere to sound practices of public administration, we do not. If you separate the sphere of responsibility and isolate it around the accounting officer, you undermine the centuries-old tradition of ministerial responsibility. In numerous matters we have faced before this committee, we have learned that the problem has not been a lack of accountability by the senior bureaucracy, but a lack of accountability by the minister.

I believe this proposal you put forward risks exacerbating that problem by extending more responsibilities for the function of government to the bureaucracy, and taking that responsibility away from the minister. It gives the minister a great scapegoat when he comes before this committee. He can simply say he's not responsible anymore, because the protocol says it's actually the bureaucrat who's to blame here.

I'm wondering how you reconcile those two principles: ministerial responsibility with this new interpretation of the accounting officer.

Prof. Ned Franks: Thank you, sir.

The first answer is that as I emphasized in the protocol and in my remarks today—and as the Privy Council Office does, this being one of those things we agree on—the accounting officer provisions of the Financial Administration Act give no new powers to deputy ministers. This protocol, working within the existing statutes, attempts to establish a means of holding accountable the heads of departments and heads of agencies, the accounting officers, for responsibilities that they already have and that ministers do not have. And I emphasize that; there's no point in pretending that ministers have them, because they don't, and if this is something that affects question period, then question period is going to have to get changed.

For instance, there's a perfectly straightforward answer for a minister if a decision is clearly the responsibility of the accounting officer. He can give information, and then, if the question comes up again—if it's something being investigated by, say, the public accounts committee—the minister can say, I have given an answer to this and it is now the responsibility of the public accounts committee.

An answer in Parliament has to meet two criteria. One, it has to be in parliamentary language, and two, it has to be relevant to the question. No answer meets those criteria, and that has been used in the past very effectively by ministers when they were not responsible for an issue. There are many ways of handling that problem.

On the second problem, to use the omelette analogy again, can you disentangle the whites from the yolks in the mixture of functions of minister and deputy minister? The answer is yes. I was talking to one lawyer about what we were doing here, and his response was that it's not really an omelette, it's a soft-boiled egg; it's gooey, but you can still distinguish the white from the yolk. To go back in history, the British Parliament in 1862 established a public accounts committee. In 1865 the comptroller and auditor general act was passed. By 1867 the British public accounts committee was wrestling with the question of who it should hold accountable, the ministers or the permanent heads, that being the deputy ministers. It decided to hold the deputy ministers accountable, not the ministers. Britain has followed that path since then.

All I'm saying is let's carry that one step further. The British North America Act—the Constitution Act, 1867, as it's now called—says that Canada shall have a constitution like the British. The British Constitution in 1867 contained in it the possibility, and the beginning of the reality, of a division of powers between ministers and accounting officers. So it's perfectly legitimate, within our Constitution, to create something that was already existing in the British Constitution in 1867. Simply because it's taken us 140 years longer than the Brits to get there doesn't mean it isn't something worth doing. And the provisions of the accounting act are an effort to do it.

I have very little sympathy with the complaint or the feeling that this is a problem because this is only one side. I was the person who produced the protocol, and I consulted with a great many people. The ones I wanted to consult with, the government, refused to consult. Even when the last invitation was offered, after my last attendance before the committee in February, the government did not make any effort to consult. It simply produced its own document. I don't consider that a serious, honest effort on their part to cooperate with the committee.

• (1700)

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

Thank you, Dr. Franks.

Mr. Christopherson, four minutes.

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

Thank you again, Dr. Franks.

This situation, Chair, cannot stand. This is impossible, to have this situation where we are.

Let's remember how we got here. In large part, Mr. Williams pushed this as one of his priorities as the chair, but it flowed from the sponsorship scandal. I mean, it has been going on forever. I experienced it at Queen's Park, trying to get answers. The simple matter is that with the sponsorship scandal, which is the one everybody knows, deputy ministers or ministers rolled in, they were asked questions, and they said, "I can't answer that because it wasn't my responsibility. The deputy did it." That was the answer over and over again, on all kinds of questions. Then the deputy was brought in—as if that was going to solve things—and said, "I can't answer that. The minister runs the ministry and makes all those decisions. I can tell you what we did and I can produce the documents, but in terms of why we did it and anything to do behind that, you have to see the minister. I can only speak to what the minister speaks to and support that."

There you are chasing your tail, and who do you call? The whole point of this exercise was to say, "No, Deputy, you are now personally in that role and you are responsible for all the actions you take on behalf of the minister, the government, and the department. You personally have to account for why things were done this way." There's no deferring to a minister or to anybody else. That person is on the hook.

I disagree entirely with Mr. Poilievre in terms of his concern that we're pushing too much away from the ministers. Not at all. I liked his earlier comment that it makes more sense for a minister.... Ms. Sgro has been one, and there may be others. I have been a provincial minister. From a government point of view, I like the idea that you roll in, you're asked a question about the policy behind why you spent money, why contracts were let, and you answer, as the minister, that the policy of our government is blah, blah, blah, and we did this—blah, blah.

In terms of whether there were problems with that contract—did the process not go the right way, are there questionable activities taking place?—that's not the minister's responsibility; that is the deputy's responsibility. Ultimately the minister becomes responsible for their deputy if they're inept, incompetent, or they're not doing their job.

Anyway, I like it. I think it would be better for a minister. I think it makes things crystal clear. More than anything, without it, this committee and Parliament can't work the way they're supposed to.

I think all of us are open as to where we go, but I think the important thing here.... Certainly I am very comfortable with where Dr. Franks is suggesting we are, policy-wise. I've read the document carefully twice now; I'm very comfortable with that. On the politics of the PCO telling us...I don't know how the point could be better made than what Dr. Franks has in his last paragraph.

I mean, it's not unlike some of the battles they're going through in the States with executive privilege, where Bush is saying, "I can do this and I'll do it alone." The rest of Congress is saying, "Well, wait a minute, we've got a role here." This speaks very much to who is in control of things.

I don't want to be unfair, but I think it really matters to this committee what Mr. Williams thinks.

I don't mean to put you on the spot. You obviously don't have to speak if you don't choose to, but in large part your leadership got us to this point. Chair Murphy is doing an excellent job of keeping it moving, but the weight of your opinion would matter on this, Mr. Williams. I will respect you if you choose not to say a word, but there's certainly a vacuum for that word to be placed.

Thanks, Chair.

• (1705)

The Chair: Thank you very much, Mr. Christopherson. I don't detect any questions there.

We only have about six or seven minutes left. I invite Mr. Williams to comment if he wants. He doesn't have to, of course.

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

I've been here for almost 14 years and I consider myself a parliamentarian, first and foremost—a democrat, in the fact that I believe in democracy and the power of Parliament to hold the government accountable. That's where I come from. Most of the time I was on the other side of the table while acting in your position, Mr. Chair, and it was important that Parliament held government accountable. That's the fundamental thing about democracy.

I was a little bit taken aback by the Treasury Board response here—or maybe it's PCO that wrote it. Two examples really stand out when they talk about—under V.8, former accounting officers questions predating tenure, and they basically say that we can only ask the current incumbent a question regarding administration of the department.

Now, everybody around this table and many others know that we can ask any question of any Canadian that we feel appropriate, period, with no limitations of any kind; and if they don't want to come and answer the question, we can subpoen them, as we did; and if they don't want to answer before the committee, we can hold them in contempt of Parliament. So for the Treasury Board or the PCO to tell us that for the government that we are supposed to collectively hold accountable, we are precluded from talking to people who may have made the mess-up because they've now been promoted or transferred to somewhere else and are therefore off limits, I think, is an insult to this institution. It shouldn't be this way.

Then continuing on, under V.9, they actually try to tell parliamentarians how to behave themselves and that they should act nicely to the witnesses who are before them to try to explain why they messed up in their department. It's your responsibility, Mr. Chair, to keep us in order. It's not for the PCO or the Treasury Board to tell us how we're going to behave around this table. This patronizing attitude by the government to the institution of Parliament really bothers me a lot. Seriously, it does bother me a lot.

As you may know, I chair an organization called the Global Organization of Parliamentarians Against Corruption, GOPAC, for short. Fundamentally, Mr. Chairman, that organization says let's educate parliamentarians so they can understand their constitutional responsibility in order that they may hold government accountable. If we are to capitulate to this document by the government saying we can only hold them accountable on their terms, we're doing a serious disservice to the people who elected every one of us.

• (1710)

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

We only have two minutes.

Mr. Sweet.

Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC): Because I think we agree on the nature of the response we got from the PCO or Treasury Board on this, I would like to ask that, just as we've done in past cases, you write a letter and demand they meet with Dr. Franks. I don't think this should go any further.

The Chair: If I may respond, this has been going on for several months, and I think we have to bear in mind that this document could be a work in progress. I would like to move forward with it, and it might be that, on further reflection, we decide we want to change it.

We can meet with them, but you were here when I talked to Mr. Wouters. I've pleaded with him. I've asked for meetings myself, and he won't meet with me. We've written him letters. Dr. Franks has attempted on many occasions to meet with him, and last week we got a response. So I honestly think we should just.... Mr. Williams is quite correct, it's up to Parliament to define and set the parameters of the range of accountability within the legislative confines of the Federal Accountability Act and other legal instruments.

I'm in the hands of the committee, of course, but I would like to either do it now or reserve 15 minutes at one of the meetings next week and put the question to a vote as to this particular document.

But I have a couple of questions for Dr. Franks, and I want to get it clearly on the record—

Mr. David Sweet: I just want to clarify something. I was suggesting that you write to the President of the Treasury Board, not the public service. Write to the minister and demand a meeting. This is absolutely ridiculous. I agree that you haven't had any response from Wouters, and we should have the minister accountable in this.

The Chair: I can do that, but I'm not prepared.... I'm totally in the hands of the committee and take my instructions from the committee. But I would urge against just delaying it further for another month or two so I can have an audience with the minister to discuss this. The minister's intentions, views, and position are set out on the website of the Treasury Board, so if he's not in agreement with that document, he has a very serious situation on his hands. I assume they have come forward with this protocol and have put it on the website after reflection, deliberation, and discussion.

I want to ask one other question. I think it's important to get this on the record.

Dr. Franks, I have two items I want you to address very briefly. In your opinion, is anything in your protocol contrary to the provisions of the Federal Accountability Act? Do you recommend to this committee that we adopt the report you presented?

Prof. Ned Franks: My answer to the first question is no. I've run this past several lawyers, political scientists, and various officials in Ottawa. Nobody has suggested it's contrary to the provisions of the Federal Accountability Act or any other act.

What was your second question?

• (1715)

The Chair: Are you recommending to the committee that we adopt the protocol?

Prof. Ned Franks: I am recommending that, with the proviso you made in the protocol, that it's a work in progress. And once you've adopted it, if the Privy Council Office and the Treasury Board want to talk to the committee, they should, and you would welcome hearing from them.

I wanted to say earlier that the reason offered by the Treasury Board for not discussing it with me was that they required political direction from the minister before they could respond. I think the only way you can read what the Privy Council Office put out is that they got that as a result of their discussions with the ministers.

The Chair: Mr. Christopherson.

Mr. David Christopherson: If we don't resolve this, then clearly we're going to adopt this document, or something very close to it, and then we'll invite a deputy in here; the deputy will come in and follow the PCO rules, and we'll be asking questions based on our protocol, and then we'll be at loggerheads.

So first, is that going to happen? Second, in any attempt to avoid this, we need to kick it out of the staff arena and get it totally into the political arena. That's why I would support it, notwithstanding that I think you're right, Chair, that it may not get us anywhere and we might lose a bit of time. But if we get into a constitutional gridlock here at the end of the table, it's going to be pretty big. The first thing the rest of the House will want to know is what procedures we followed. Did we make every effort to try to come to a resolution, particularly in a minority government? We need to have solid answers to that. This would provide us with that. At no point have you, on our behalf, talked to the political people, who would be the ministers in this case.

Secondly, I would just feel more comfortable, if we're going to start getting into any kind of situation like this, let's do it between politicians and politicians, not politicians and staff. That's always problematic.

So that's another good reason for sending the letter. It kicks it out of the staff level and puts it into the political arena. Then we can deal with it in a political way—nice-nice at first, and then if we don't get the cooperation we need, believe me, it's going to be hard-ass all the way.

A voice: How do you translate that?

Mr. Christopherson: I don't know. I can barely get it out in English.

The Chair: Mr. Fitzpatrick is next, then Mr. Sweet.

Mr. Brian Fitzpatrick: I totally agree with Mr. Christopherson. I think there's probably a lot of fear among public servants about this whole idea of accounting officers. The minister was talking about how the ministers are supposed to know everything all the time, but maybe that isn't always the case. Maybe there is some really good merit in trying to get that dialogue going on this situation. We may find out we really don't have a big problem.

The Chair: Mr. Sweet.

Mr. David Sweet: In light of Mr. Franks' testimony on the political direction, let's test him on that, send a letter, and demand that meeting between Mr. Franks and the President of the Treasury Board.

Mr. David Christopherson: It may have to be technically a meeting between the minister or the minister's designate and the chair, and the chair can bring along Dr. Franks. But if we're going to have this at the political-to-political level, then that meeting has to at least connect at the political level, and then others can continue. If the political people waive their being there, and they want to meet at a staff level, then fine, but I'm trying to get total control into the hands of two politicians: the chair of our committee as our representative, and the appropriate minister at the other side.

The Chair: I'd be scared that we're off the rails. We could meet in two or three months' time and we'd have to stop....

Mr. Williams.

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

We can't ask Dr. Franks to go to the Treasury Board or the PCO and negotiate and come back. We cannot do that.

We cannot do that, because he is an academic with first class credentials, and for him to come back and say, "I stand, and they agree with everything I say"...or if he capitulates and changes, then what happens to his credibility as an intellectual academic presenting a report to Parliament? Therefore, to put him in this totally impossible situation cannot be.

He has presented his best work to us. We accept that or we don't accept that. We listen to the Treasury Board, and it's up to us to make our decision. It is not for us to ask Dr. Franks to go and negotiate, and massage, and do whatever it is with the government.

• (1720)

The Chair: Mr. Wrzesnewskyj, I'm sorry.

Mr. Borys Wrzesnewskyj: Mr. Chair, I'd like to suggest that we actually accommodate both points of view, that we move to accept the report that's been produced by Mr. Franks and accept, as he made clear, that it is a work in progress. I think it's a tremendously useful tool. However, at the same time, we should extend an invitation to the minister, the President of the Treasury Board, to come here before us and explain a different point of view that they may have. This is the right arena in which to do this. I believe we can do both of these at the same time.

The Chair: Just to make this clear, you're moving to adopt the report? We're not going to vote on it today, by the way.

Mr. Borys Wrzesnewskyj: That's correct.

The Chair: We'll set a time at some future date, and again it will come back to the steering committee—

Mr. Pablo Rodriguez: Why can't we move it today?

The Chair: The bells are ringing.

I will immediately contact the.... We have the bell going.

Very briefly, Mr. Laforest, because I do want to adjourn.

[Translation]

Mr. Jean-Yves Laforest: Mr. Chairman, I fully agree with Mr. Wrzesnewskyj. I think we should adopt this report because we have been working on it for some time. If we don't, the meetings we want to have, as well as those with people from the Privy Council, simply won't happen. We have to take one step forward, and the rest will follow.

[English]

The Chair: Okay. We have the motion on the floor. It's certainly not going to be discussed any further right now, but we'll put it on an agenda very soon, at the next meeting.

The meeting is adjourned.

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