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—
Chair

The Honourable Diane Marleau

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• (0905)

[Translation]

The Chair (Hon. Diane Marleau (Sudbury, Lib.)): We have quorum.

Today we will be hearing from Tim McGrath, Assistant Deputy Minister, Real Property Branch, Public Works and Government Services Canada, and Ellen Stensholt, Senior General Counsel, Legal Services, Public Works and Government Services Canada.

You know how this works: we give you a few minutes for your presentation, and then we move on to questions and answers.

Mr. McGrath, you have the floor.

[English]

Mr. Tim McGrath (Assistant Deputy Minister, Real Property Branch, Department of Public Works and Government Services): Thank you very much, Madam Chair.

My name is Tim McGrath. I'm assistant deputy minister of the real property branch of the Department of Public Works and Government Services. With me, as you mentioned, is Ellen Stensholt, our department's senior legal counsel from the Department of Justice.

As members know, the crown is involved in a legal dispute with Rosdev over the management of L'Esplanade Laurier and Les Terrasses de la Chaudière complexes.

At the request of our minister's office, departmental officials were asked to brief representatives from the Prime Minister's Office on the file. At these briefings officials reviewed the chronology of key events with respect to the Government of Canada's involvement with the two complexes and explained the various areas of disagreement. These briefings were strictly informational in nature, in that officials provided factual information; there were no follow-up actions required. Let me assure the committee that we did not feel pressured in any way to take any action as a result of these meetings.

Madam Chair, my colleague and I would be pleased to answer your questions.

The Chair: Thank you, Mr. McGrath.

We'll go with Mr. Holland, for seven minutes.

Mr. Mark Holland (Ajax—Pickering, Lib.): Thank you, Madam Chair.

I apologize, I've been feeling quite sick today.

Thank you so much to the witnesses for appearing today.

As you know, the committee was concerned because there was a lot of attention with respect to Mr. Soudas and his setting up of meetings that were arranged with PMO staff and Department of Public Works officials. So the committee had some concerns and it's been having hearings on this.

I want to get a bit of information from you about these meetings—when they occurred, and some other details, if I could. Frédéric Loiselle, the former chief of staff to Public Works Minister Fortier, told this committee that he spoke with Mr. Soudas several times about the Rosdev file, prior to face-to-face meetings that took place in August 2006 in the office of the PMO. In addition to this meeting, Mr. Loiselle told the committee that two briefings took place with department officials to go over a property file and legal ramifications.

It is our understanding, Mr. McGrath, that you led these briefings. Is that correct?

Mr. Tim McGrath: I was in attendance at one of the briefings only.

Mr. Mark Holland: Can you tell us how many of these meetings took place and where they took place?

Mr. Tim McGrath: There were two briefings to the Prime Minister's Office, one in October, one in January. Then I recall a further briefing taking place in February. We don't believe there were any officials from the Prime Minister's Office, or I do not recall any officials from the Prime Minister's Office being in attendance at the February meeting.

Mr. Mark Holland: Who was in attendance? Do you recall who was at this meeting?

Mr. Tim McGrath: At the February meeting there was me, Madam Stensholt, members of the minister's office, and then members of my own staff.

Mr. Mark Holland: These meetings were arranged to discuss the Rosdev case, and specifically the lawsuit between the federal government and Rosdev. Can you elaborate specifically on what was discussed at those meetings, on what took place at these meetings?

• (0910)

Mr. Tim McGrath: At the meetings themselves we presented a factual document that had a summary of the various actions between ourselves and Rosdev. All we did was describe what those actions were. So it was just very much a fact-based briefing, where we provided information concerning the suits that were in front of us.

Mr. Mark Holland: What was the interest? Did Mr. Soudas, in the establishment of these meetings, indicate what the interest was in holding these meetings, or what the objective was?

Mr. Tim McGrath: No, it wasn't established in terms of what the meetings were for, other than to provide information regarding the files themselves.

Mr. Mark Holland: Was there a suggestion made at any time that you either drop the case or hold off on the case, or any suggestions with respect to the case at that point in time?

Mr. Tim McGrath: None at all.

Mr. Mark Holland: And you didn't feel that it was tacit by holding the meetings that there was an intention?

Mr. Tim McGrath: No, I didn't get that sense at all from the meetings.

Mr. Mark Holland: Could you comment about this kind of inquiry and probing by PMO officials, and on specific relationships between the Department of Public Works and an individual contractor? It seems to me that somebody's contacting you from PMO is obviously going to carry a good deal of weight with respect to a very specific case. The individual involved was said to have strong political connections. Is that a normal occurrence? Is this something that happens regularly?

Mr. Tim McGrath: In fact we weren't contacted by PMO directly on the file; we were contacted by the minister's office to attend a briefing that the minister's office had arranged with our deputy minister's office.

It's not an everyday occurrence to brief people from the Prime Minister's Office in attendance; however, it's not unusual that we, as the real property experts in government, be asked from time to time to brief on different real estate files that are technical in nature. In this situation, because of the nature of the lawsuits, I guess there was a feeling that there was a requirement to brief on the technical aspects of the file.

Mr. Mark Holland: It may have been the minister's office that contacted you, but it was the PM's office that was setting them up, and then it was communicated to you by the minister's office that this meeting was to occur.

You say that it's unusual, and I'm wondering, did you not ask for the rationale and was none provided? This, as you say, isn't an everyday occurrence, and the Prime Minister's Office is showing a specific interest in this particular file. They gave you no rationale as to why this file and why these meetings?

Mr. Tim McGrath: No rationale was given to us as to why they wanted a specific briefing on this file.

Mr. Mark Holland: Do you know anything about Michael Rosenberg, the CEO of Rosdev? Did you know anything about him prior to these meetings taking place?

Mr. Tim McGrath: Yes, I had met with Mr. Rosenberg on a few occasions to discuss the files.

Mr. Mark Holland: Okay.

Thank you.

The Chair: Mr. Moore.

Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC): I've just walked into the room, so I'll let—

The Chair: Would you like me to go to Mr. Warkentin?

Mr. Chris Warkentin (Peace River, CPC): Thank you, Madam Chair.

The Chair: Just a second; I'm sorry. I'm getting all mixed up this morning. It's the Bloc's turn.

Because you just walked in, James, I saw you and thought you should be speaking now.

Mr. James Moore: I'm still acclimatizing myself.

[Translation]

The Chair: Pardon me.

Ms. Bourgeois, you have the floor.

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): But—

The Chair: The clerk wrote Mr. Moore's name and I saw Mr. Moore.

Ms. Diane Bourgeois: That's because he's late.

The Chair: You're not supposed to say that.

Ms. Diane Bourgeois: It's my turn. Thank you, Madame Chair.

Good day, Ms. Stensholt and Mr. McGrath.

Mr. McGrath, I would like to revisit some of your answers. If I understand correctly, Minister Fortier's office asked you to meet with officials from the Prime Minister's Office. Is that right?

[English]

Mr. Tim McGrath: I said I was called to a meeting that was arranged by the minister's office. I was not contacted by the Prime Minister's Office. And at those meetings—

[Translation]

Ms. Diane Bourgeois: That is not what I asked you. When you say the minister's office, you're talking about Mr. Fortier, the Minister of Public Works and Government Services, right?

[English]

Mr. Tim McGrath: Yes, the minister's office contacted us for a meeting.

[Translation]

Ms. Diane Bourgeois: Did people from Mr. Fortier's office ask you to meet with people from the Prime Minister's Office?

[English]

Mr. Tim McGrath: They didn't ask us to meet with members of the PMO; they asked us to come up and do a briefing to his office, at which time there were people from the Prime Minister's Office in attendance.

[Translation]

Ms. Diane Bourgeois: I was going to ask you why you were asked to meet with people from the Prime Minister's Office. I imagine you would say that it was to provide information. Is that right?

I would like to know with whom you met from the Prime Minister's Office then.

• (0915)

[English]

Mr. Tim McGrath: At the time, there were members of the PMO staff who were there in attendance: Jean-François Béland, and Dimitri Soudas was the other individual.

[Translation]

Ms. Diane Bourgeois: Was Mr. Loiselle there? I expect you have that in your notes.

[English]

Mr. Tim McGrath: No. At the briefing I attended, I don't recall Mr. Loiselle being there.

[Translation]

Ms. Diane Bourgeois: Okay. You met with these people three times, right?

[English]

Mr. Tim McGrath: No. There were two meetings at which there were Prime Minister's Office staff. At the first meeting in October, from what I've been told, there was only one individual, Jean-François Béland. And there were only two members at the second meeting in January, as I've just mentioned.

[Translation]

Ms. Diane Bourgeois: Witnesses—Mr. Loiselle and Mr. Soudas—appeared before us and told us that there were three meetings with people from Public Works and Government Services. You are the deputy minister of that department. In theory, you should have participated in all three meetings. Is that how it works, or is someone else in charge of the Rosdev contracts?

[English]

Mr. Tim McGrath: I'll just answer that briefly and then turn it over to Ellen Stensholt.

I was at two meetings: one, as I mentioned, in January and another one in February.

I do not recall any members of the Prime Minister's staff being at the February briefing. I do recall the two members being there at the January briefing, and I've been told that a member of the Prime Minister's staff was at the October 27 meeting. That was Jean-François Béland.

[Translation]

Ms. Diane Bourgeois: Ms. Stensholt, what do you have to add?

[English]

Ms. Ellen Stensholt (Senior General Counsel, Legal Services Branch, Public Works and Government Services Canada): There are three meetings in my agenda where the topic was the Rosdev litigation. The first of these meetings was on October 27. The second was on January 12. The third was on February 7. I know I met with Jean-François Béland on two occasions. I believe the first was on January 27. We are all agreed that both Mr. Jean-François Béland and Dimitri Soudas were in a meeting with our minister's office and us on January 12.

I am not sure if there was anybody from the Prime Minister's Office at the meeting on February 7. In other words, I know I met

with Jean-François Béland twice. I met with Dimitri Soudas once. I'm not 100% sure if the first meeting was on October 27 and the second on January 25, or if the first was on January 12 and the second on February 7. We don't know for sure, but I can say that we were not pressured. They did not ask any questions.

[Translation]

Ms. Diane Bourgeois: That's not what I was asking about. I just want to know what meetings took place and when. During other meetings of the committee, other witnesses, including Mr. Loiselle, told us that there were meetings in August during which officials from Public Works and Government Services Canada provided information about the Rosdev case. Mr. McGrath, are you aware of that? Did such meetings take place?

[English]

Mr. Tim McGrath: I'm not aware of any August meeting. I'm only aware of the three meetings we described on October 27, January 12, and February 7.

[Translation]

Ms. Diane Bourgeois: Perfect.

During the meetings, you mainly discussed the Rosdev case. Is that correct?

[English]

Mr. Tim McGrath: That is correct.

[Translation]

Ms. Diane Bourgeois: It took three meetings to brief the people from the minister's office and the Prime Minister's Office?

[English]

Mr. Tim McGrath: As I stated earlier, I recall only two briefings of members from the Prime Minister's Office.

[Translation]

Ms. Diane Bourgeois: It took two meetings to brief them.

[English]

Mr. Tim McGrath: From what I understand, at the October 27 meeting there was a briefing about the file. Then further in January... These files are very technical in nature, in terms of being able to understand them in a short period of time. There was a second briefing on January 12 that included the two members from the Prime Minister's Office, and finally the one in February.

• (0920)

[Translation]

Ms. Diane Bourgeois: No need to repeat; I understood.

You are a lawyer, and I would like you to explain to us the nature of the lawsuit between the Rosdev Group and the government in two minutes, please.

Ms. Ellen Stensholt: I will try. I can do it in English, but not in French.

[English]

There are six files between us—the crown—and Rosdev. Three files are instituted by Rosdev; three files are instituted by us.

To understand the background, you have to know that in the case of both leases—for both L'Esplanade Laurier and Les Terrasses de la Chaudière—we do not control. We have leased from the owner less than 100% of the space. There is space remaining with the owner and there is some space that we leased that we have sublet back to the owner.

This has created a situation where we have shared operating costs. We have shared property taxes, shared hydro bills, shared water costs, sewage...all of these operating and maintenance costs are shared. There had already been some disputes with the old owner, with O&Y, on the calculation of the shared costs. These were largely resolved at the time that Rosdev purchased L'Esplanade Laurier.

Our first file was filed by Rosdev in 2003, and this is for \$24 million. It is with respect to the appropriate division of those operating costs. They claim that we owe them \$24 million. We dispute that amount.

The Department of Public Works filed the second claim for damages of \$2.7 million. We filed this in August 2004. This is when the caulking work was not, in our view, properly completed. I have to say these issues are all before the court, and I'm just giving you fact. I'm not going to comment on my view of the merits. But caulking, in the crown's view, was not properly completed.

The third claim relates to the option to purchase, which I believe you've already been informed about. There are two possible interpretations. We interpreted the lease provision. It gives the crown an option. There are two option periods, 2000-2005 and 2005-2010. If we exercise the option in the first option period, 2000-2005, everyone agrees the option price would be zero. What the crown did was give notice of its intention to exercise that option in 2004, but told Rosdev it would close on the option in 2010 at zero dollars. Rosdev said no, and we went to the court for an interpretation.

At trial we were told.... It was decided more or less on a summary application. The judge said that there were no issues; there were no facts in dispute. We couldn't exercise it in 2010 for zero; we could exercise it in 2010 for \$18 million. That decision was appealed on procedural grounds that there were factual issues in dispute—that it was not appropriately decided in a preliminary matter—and the court of appeal sent that whole thing to trial and we are hoping for an early trial date.

The fourth claim was filed in April 2005 by Rosdev for damages it alleges it suffered out of the crown's termination of its property management agreements of both of those complexes. It says that it suffered damages; they've now amended their claim to \$9.8 million, and they're also suing for reinstatement of the management agreements.

The fifth claim was filed in October 2005 by Rosdev with respect to Les Terrasses de la Chaudière and includes a counterclaim by PWGSC. This one is complicated. There are a whole lot of issues here. Rosdev at one point collected double rent from us through a clerical error on our part. We set off that rent against money we otherwise owed to Rosdev. Rosdev is now suing to collect that double payment. That's one item. That's a small item, but there are about six different items in the claim concerning Les Terrasses de la Chaudière.

The sixth and final claim was filed in July 2006 by PWGSC for amounts owed to PWGSC arising out of the sublease. Remember, I said we sublet some of it back to Rosdev. Well, Rosdev, under that agreement, owes us a share of their net profit. There's commercial space in L'Esplanade Laurier, and they owe us a share, and it is our position that that share has not been paid.

So these are fundamentally the issues at dispute between us.

• (0925)

The Chair: I hope you don't mind, I let her go through and explain it all so that we wouldn't interrupt and then come back to it.

Mr. Warkentin, go ahead.

Mr. Chris Warkentin: Thank you, Madam Chair.

I think that brief outline would suggest to me that it would take more than three meetings for you to come and bring clarity to this committee with regard to these matters. There's no question that these are obviously complicated issues, and there are multiple issues, not just a single issue.

Mr. McGrath, you've been in your position for some time. I'm wondering if you could just give me some understanding of how this would have worked in previous experiences. Have you ever briefed the Prime Minister's staff before, in previous administrations?

Mr. Tim McGrath: Yes, I have. I have provided briefings, as I said, on technical real estate transactions. JDS Uniphase, for example, was one in which I provided technical advice. The long-term vision plan for Parliament Hill was another; I briefed the Prime Minister's staff on that particular file.

Mr. Chris Warkentin: So you've briefed prime ministers as well?

Mr. Tim McGrath: That's right.

Mr. Chris Warkentin: I'm wondering if you could give me some understanding. In comparison to normal practice, was there anything out of the ordinary in terms of the way you were asked to bring this briefing?

Mr. Tim McGrath: No. The consistent practice is always that through the minister's office and the deputy minister's office we get a request to brief the minister's office. At that time we're advised as to whether there will be Prime Minister's office staff at the meeting.

Mr. Chris Warkentin: With regard to these cases that are being discussed, could you give us a timeline in terms of when this legal action began, the number of days? Maybe you can just clarify—has anything started in the last two years? Has anything changed since these pre-briefings?

Mr. Tim McGrath: No. The only thing that has changed since the pre-briefings is that actions have been taken by the court. There's been no change in our strategy in terms of how we're dealing with the particular files. The files started as early as 2003 and come right up to more recent filings by the department in 2006, but in terms of overall strategy nothing has changed. The only thing that has changed in the file is as a result of court actions that have taken place.

Mr. Chris Warkentin: I'm just trying to answer a couple of questions here. I think it will make it obvious to all who are listening that in fact there seems to be absolutely no change in terms of the action as far as the federal government is concerned. There's no change in terms of the actions that you as public servants have been asked to be engaged in.

I'm wondering if you could give us some understanding. There are three meetings. There is maybe a suggestion that three meetings.... I think we maybe clearly understand the necessity to have three meetings. Could you give us some idea of the duration of these meetings?

Ms. Ellen Stensholt: They were less than an hour. They were maybe 45 minutes or an hour, or in that time range.

Mr. Tim McGrath: I should clarify that the meeting of February 7 was extremely short, and it was only to explain the court decision of January 30. We had received a court decision on January 30, 2007, and then we were asked to provide a briefing as to what that decision meant.

Mr. Chris Warkentin: Which meeting was that?

Mr. Tim McGrath: It was on February 7. That was the last meeting.

Mr. Chris Warkentin: I'm sure Mr. Soudas and Mr. Bédard wouldn't be offended that you don't remember their being or not being at the meeting. Obviously they didn't leave an impression on you. I think that would maybe suggest, at least to me, that there wasn't a lot of engagement between yourselves and these gentlemen.

Mr. Tim McGrath: That's correct. It was passive in nature, to be quite honest.

Mr. Chris Warkentin: It's really becoming obvious and very clear to, I think, everybody at this meeting that obviously there was.... I suppose the allegation is that there's some kind of political manoeuvring with regard to these people from the PMO. Obviously it is a regular practice for ministers to request meetings at PMO at which even prime ministers in the past would attend. Obviously these meetings weren't lengthy; they were 45 minutes at best.

With regard to these gentlemen who claim to have some type of political intervention or some manipulation of the facts, you don't even hardly remember them at the meetings in terms of their.... I'm wondering if there's anything further we should know about these meetings, anything that you felt to be out of the ordinary or that we should investigate further.

• (0930)

Mr. Tim McGrath: I'll let Ellen speak as well.

I didn't find anything unusual. It was, again, a fact-based briefing. We provide the ministers' offices with fact-based briefings all the time. We presented a note; the note was discussed, and there were no take-away items from that in terms of follow-up actions required or anything. It was just a normal briefing that we do on a regular basis for any minister's office.

Ms. Ellen Stensholt: We brief regularly. I was thinking that I've been briefing ministers for 20 years. I've been briefing through different governments. It is not day to day, every day, that the Prime Minister's Office attends, but it has happened before.

I had nothing to do. For me the telling thing is that I walked away from that meeting without being asked to get back on any particular issue, without being asked if I would look into this or find out about that or decide whether something else was possible. There was nothing like that. It was simply that I explained in more detail than I just gave you in what was supposed to be two minutes. It was just about that straightforward, and I walked away from it with no follow-up.

Mr. Chris Warkentin: I really appreciate it. I think even your two minutes, or what was supposed to be two minutes, adds clarity to the questions that many of us have had with regard to what's going on. We have a former minister here at the table as well who probably would have received briefing on these matters, so she maybe would be more educated on this matter. But I'm certain that there are many around this table who would be appreciative of maybe even a similar briefing.

We do appreciate your coming in. Obviously nothing has changed in terms of this file since these meetings, so we appreciate your coming. I think that brings closure. Thank you.

The Chair: Thank you.

Did you want to say something? No? Okay.

Mr. Angus.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you very much for coming today. This has been very enlightening for us.

I think it is obviously to be expected that the Prime Minister's Office will ask to be briefed on certain files at certain times. Certainly there are issues that develop in the media that are politically sensitive, and the Prime Minister's Office will need to know the details. The only politically sensitive thing I could see in the Rosdev file was that it was about building a base in Montreal. It wasn't really on anybody's agenda. Anybody else might have seen this as simply an issue between the landlord and the federal government.

I'm trying to get a sense of what it was that set off this series of meetings. Mr. Housakos is quoted—I think the *Toronto Star* said he had approached Minister Fortier's chief of staff—as saying, “I told Fred, 'if we can help someone who is powerful, who is important in a riding like Outremont, why not help him?’” Out of that came the request for Minister Fortier's office to then set up a meeting with the Prime Minister's communications team and senior bureaucrats. Was Minister Fortier apprised of how these meetings were to proceed and the results of these meetings?

Mr. Tim McGrath: Madam Chair, I can't comment on that. All I know is just what I explained earlier. We were asked to attend a meeting—which is normal—something set up by the minister's office and the deputy minister's office. In terms of how those other items came about, it's not that I offer no comment, but I'm not aware of anything that would affect the bureaucracy as a result of that.

Mr. Charlie Angus: You said it was Minister Fortier's office that initiated the series of meetings?

Mr. Tim McGrath: Yes. Minister Fortier's office and the deputy minister's office usually work together to call regular briefings that take place.

Mr. Charlie Angus: Are there any particular protocols in place when a political staffer from the Prime Minister's Office asks to attend a meeting?

Mr. Tim McGrath: I would suggest it's the same protocol as if we were briefing the minister's office. We provide fact-based briefings. That was the same and consistent in this situation as well.

Mr. Charlie Angus: I was just thinking in terms of my own experience as a member of Parliament. I've dealt with various departments, asked for various briefings. In fact I was heading to a briefing once with a first nation community dealing with a health crisis, and when we got to the meeting the bureaucrats told us that they couldn't meet with me even in the room, because suddenly, according to the Conservative protocol, that would make that immediately a political meeting. Yet a communications officer for the Prime Minister attends the meeting, and you don't have any protocols in place, nothing? It's just that that's common practice?

• (0935)

Mr. Tim McGrath: Let me clarify that. When we meet with politicians or staff from political offices, normally—and I would say in my own experience in 99% of the cases—there is always somebody from the minister's office in attendance with us. It's rare for us to meet with an elected official or a member of another minister's staff without having a member from our own minister's staff in attendance in the meeting.

Mr. Charlie Angus: What was the line of questioning in those meetings? You had three meetings. It's sort of being portrayed here as that they sat dumbly and listened. Why would they need three meetings? What did the Prime Minister's staff ask, and what was their line of questioning?

Ms. Ellen Stensholt: I don't recall being asked a single question by either Mr. Soudas or Jean-François Béland. For example, I tried to remember whether... I'd been asked whether the briefing happened in English or French, for example.

Mr. Charlie Angus: Didn't you have notes?

Ms. Ellen Stensholt: I did not. I have a recollection that I walked into that meeting, and the others were already there. It was the minister's office that conducted the meeting.

Mr. Charlie Angus: But don't you have notes that you would have checked before you came to the meeting today? I'm sorry to interrupt.

Ms. Ellen Stensholt: We presented at the January 25 meeting. We tabled a list of the legal actions. Yes, we had that. But I didn't make my own notes, because I was doing the presenting. I cannot both speak and write notes.

So I don't have my own notes of the meeting. Normally, when I walk into a meeting I have two minutes to take note of who's chairing it and who's there. In both of these cases, when these other people were there they were already on the other side of the table. There is a protocol for these things. The minister's office sits on one side, the departmental officials come in and sit on the other side. We didn't all come in together. They were already there.

Mr. Charlie Angus: You don't have someone taking notes of what was—

Ms. Ellen Stensholt: We did not have someone taking notes. That varies. In my long experience of briefing ministers, it varies with the

practice of the various deputy ministers' offices. I've worked with four different deputies at the Department of Public Works alone. Each of them has a different practice with respect to note-taking, meetings, minutes, etc. In my experience, at least, it's individual.

Mr. Charlie Angus: I'm just trying to get a sense here, because both *The Globe and Mail* and Radio-Canada said that at those meetings Mr. Soudas raised the possibility of dropping the lawsuit against the real estate firm and going to mediation. This was a meeting with political staffers, yet no notes were taken to keep a record of what was said?

Mr. Tim McGrath: Again, we were the ones who tabled the fact-based note. In terms of what notes were there, we were the ones who provided the fact-based note to the minister's office. That was basically the representation of our note-taking. We were the ones who were providing the briefing. I do not recall at any time either gentleman raising any questions with us or suggesting that we change the course or direction; nor did the minister's office raise that with us in terms of changing directions either. It was just a fact-based briefing, similar to the summary that—

Mr. Charlie Angus: I know my colleague Mr. Warkentin feels this is very complex and that it would take at least three meetings. I would think it would be fairly simple. Your office would come in and explain that there was a lawsuit, what the case was. They would say thank you very much, or they would ask you for follow-up.

I don't understand why three meetings were necessary, unless there were questions raised about whether or not this should go to mediation.

Mr. Tim McGrath: Let me clarify again that we, the departmental officials, were called to only two meetings. One meeting had Jean-François Béland, and one further meeting had both Mr. Soudas and Jean-François Béland.

We do not recall a third meeting on this file that involved departmental officials.

Mr. Charlie Angus: You referred to a third meeting. So there were three meetings in total, two with—

Ms. Ellen Stensholt: The third would have been in the minister's office.

Mr. Tim McGrath: And the third meeting was very specific in terms of explaining what happened on January 30, which was the lawsuit.

Mr. Charlie Angus: I have a final question.

We had Justice Gomery here recently, and he raised a major red flag with this committee about the growing power of the PMO, the lack of accountability and transparency in political staffers who are being vested with more and more power. Yet they meet twice on a request that appears, in the media and our reports, to be about building a power base in Montreal, and you can't supply us with any clear notes or verification about what was said at that meeting.

I would suggest, perhaps, just so that everybody's bases are covered and there is a sense of transparency, that in future when you're going to be meeting with political staffers there be a very clear protocol in place about how that will be handled.

● (0940)

The Chair: Did you have an answer to that, Mr. McGrath?

Mr. Tim McGrath: As I mentioned earlier, we do have a protocol. As I said, we often brief the minister's staff on issues of interest and importance to the minister. There is a protocol in terms of the establishment of the meetings. As I said, when we meet with members, staff, MPs, or ministers from other departments, in almost all cases there's a member from the minister's office in attendance at those meetings as well.

As far as taking notes is concerned, we usually take notes only when there's a take-away item; we were the ones providing the briefing. That's been consistent throughout my career, and I've briefed many different ministers over my career.

The Chair: Thank you.

We'll go first with Mr. Holland, and I think you'll split your time with Mr. Silva.

Mr. Mark Holland: Thank you, Madam Chair.

I have to say that a number of elements of this just don't make sense. First, Mr. Warkentin asked for other examples where this has occurred. Of the two that were given, one is JDS Uniphase, which was a major national issue involving a million-square-foot \$600 million deal. That was a massive transaction. I can certainly understand why the Prime Minister's Office would be interested in that. It's a national issue. The other is the parliamentary precinct. I think it's also obvious why the Prime Minister's Office would have an interest in the parliamentary precinct.

What we can't understand is what the motive was, other than what was stated in the *Toronto Star*, that Mr. Rosenberg is influential and has the potential to influence votes in Montreal. That is the only rationale we have for their briefing. So from what you're saying, three meetings were set up where all that was given was a briefing. They didn't ask any questions, and off he went.

Now, why on earth is that meeting held? Why are they holding a meeting just to get you to give them a technical briefing that could have been given in a page if they didn't have any questions for you? And then why were there subsequent meetings? It's not logical to me. This doesn't add up. It doesn't make sense when you explain.... Surely they must have asked questions or given some indication of what their motive was in having an interest in this file. They just told you to come in and have a briefing?

Ms. Ellen Stensholt: I knew before I attended the two meetings that officials of the Prime Minister's Office would attend. That's all I knew before the meeting, and I wasn't any wiser after the meeting about why they had attended.

One of the minister's staffers asked me to go through it. It is a commercial file. The minister's office asked questions. Perhaps he asked us the questions he knew the Prime Minister's Office would want answers to. I'm only speculating. I can assure you they didn't speak. I clearly remember Mr. Béland sitting across the table from me with his arms folded, looking at me as I gave the explanation. That is exactly my recollection of what happened.

Mr. Mark Holland: Doesn't it strike you as odd, their engagement there—this guy staring at you?

Ms. Ellen Stensholt: I've been around so long, nothing strikes me as odd.

Mr. Mark Holland: I guess you've seen everything.

What kinds of questions were the department officials asking?

Ms. Ellen Stensholt: I was asked to explain the issues in dispute. In the course of my explanation I would have spoken about mediation attempts we had had and the result of various mediation attempts. You probably know that mediation is essentially the default position of the courts; they want us to go to mediation. So we had some court-ordered mediation on some of those files. We were coming up for pre-trials and we had case management things. I would have explained those sorts of issues.

Mr. Mark Holland: So they were asking about the litigation and the state of the litigation. It just wasn't the Prime Minister's officials; it would have been others who were asking as they were watching—

Ms. Ellen Stensholt: As I said—

Mr. Mark Holland: And as you said, the presumption might well be that they were asking these questions on behalf of the Prime Minister's Office.

Ms. Ellen Stensholt: They could have been; but on the other hand, if you wanted me to explain something to somebody, you probably would say you would like to hear about this or that, and whether it was just the minister's office that wanted to hear about that, whether they knew that's what the Prime Minister's Office wanted to hear. There was nothing untoward in what I briefed. I briefed as to fact.

Mr. Mark Holland: By the way, I'm not suggesting that you did anything at all untoward. What I'm trying to understand is what the motive of this meeting was and why the Prime Minister's Office was so interested in this lawsuit. It's something you can't answer.

I'll turn it over to Mr. Silva.

● (0945)

The Chair: Your five minutes are up. How about I come back to you after, Mr. Silva?

Madame Faïlle.

[Translation]

Ms. Meili Faïlle (Vaudreuil-Soulanges, BQ): I would like some clarification. Mr. Loiselle appeared before the committee, but he did not seem to have information about the number of meetings. He was not sure about how many meetings there had been. Mr. Loiselle vaguely remembered other people from the Prime Minister's Office being there.

However, when we insisted, we were told that Claude Alain, Mr. Fortier's senior counsel, was at the meeting. Mr. Béland was also there.

What do you know about Mr. Béland's role?

[English]

Mr. Tim McGrath: No.

[Translation]

Ms. Meili Faïlle: You had no idea. So that was the first time.

Before your meetings with people from Mr. Fortier's office, the so-called briefings that took place in October and January, did you know that there had been several telephone calls and meetings between the Prime Minister's Office and Mr. Fortier's office about the issue that summer?

Ms. Ellen Stensholt: Not at all.

[English]

Mr. Tim McGrath: Not at all.

[Translation]

Ms. Meili Faille: So you probably read about those calls and meetings in the *Globe and Mail* article and heard about them on CBC.

Ms. Ellen Stensholt: That is correct.

Ms. Meili Faille: Perhaps the Prime Minister's Office betrayed you by giving that information later on. But what seems strange to me, Mr. McGrath, is that six months after your meeting in February, the decision was made to sell the buildings. What was your role in that?

[English]

Mr. Tim McGrath: In the sale of the—

[Translation]

Ms. Meili Faille: You did not know. Can you confirm that you did not know that there were meetings about the Rosdev Group between the Prime Minister's Office and Mr. Fortier's office in the summer of 2006?

[English]

Mr. Tim McGrath: That's correct. We weren't aware of any meetings other than the ones we attended.

[Translation]

Ms. Meili Faille: Okay.

You gave the briefings. In February you attended a meeting. Six months later, the government decided to sell federal buildings. What was your role in that?

[English]

Mr. Tim McGrath: I led that process. From the departmental perspective, I led the process of the sale of the real estate assets.

[Translation]

Ms. Meili Faille: Do you remember in which month you were instructed to proceed with the sale of the buildings?

[English]

Mr. Tim McGrath: There wasn't an instruction given to proceed with the sale of the buildings.

The discussions around the management of our real estate portfolio have been ongoing for a number of years. We had started to look at that process under Minister Brison. And then when—

[Translation]

Ms. Meili Faille: More specifically, with the current government, when did you receive instructions to proceed with the sale of federal buildings?

[English]

Mr. Tim McGrath: Yes, in June 2006 we launched the RFP to take on the advisers. That's when we engaged RBC and BMO. But the decision and the discussions with that had started almost as soon as Minister Fortier became our minister. One of the first briefings we provided to Minister Fortier was the discussions around the revitalization of our portfolio.

[Translation]

Ms. Meili Faille: Can you give us some idea of meetings that took place during the six months after February 2007, and of the main steps taken to sell the federal buildings? How were you involved?

• (0950)

[English]

Mr. Tim McGrath: At the time we started the process we had engaged the Royal Bank of Canada and the Bank of Montreal to act as our advisers. That contract was awarded in September 2006. They did an analysis for us. At that point we brought the analysis, which had been termed as phase one, which was the bundling of the nine buildings, back for internal approvals, government approvals. Then in May 2007, I believe, we actually launched the formal RFP process for the sale, and we had concluded the contract in October 2007.

[Translation]

The Chair: Thank you, Ms. Faille.

Mr. Moore.

[English]

Mr. James Moore: Thanks.

I would just say that this is actually how a committee should work in the sense that we have this big, glorious, bombshell headline in our newspaper. This committee takes a look at it, scratches it a bit, and we realize there's absolutely nothing there with every meeting. We're now down to this: what was the motive behind asking for the information?

For the full information of this committee, do you have a copy of the...? I'm guessing you used a deck when you briefed at the meetings. Do you have that information that you can table to this committee so we can see the information, so you can do that? I take it you have that in both official languages, and so on.

Ms. Ellen Stensholt: Yes. It's been severed for solicitor-client privilege only.

Mr. James Moore: Okay. So you can table that.

Mr. Tim McGrath: Yes, we can.

Mr. James Moore: Good.

Ms. Ellen Stensholt: We have copies with us to give you today.

Mr. Tim McGrath: We could table that.

Mr. James Moore: I would also like to clarify. Charlie said in his questions, citing Justice Gomery, that there's a lack of transparency. In my six years in opposition, the official opposition, we never had the Prime Minister's staff come before a committee. We had Dimitri Soudas come as a witness before this committee. We offered to have Ian Brodie, the Prime Minister's chief of staff, appear as a witness before this committee. The opposition said no. As a government that allegedly lacks transparency, we went above and beyond anything I've seen from the opposition when they were in government in terms of openness and transparency.

I am curious, though, Mrs. Stensholt. You said there were two meetings, about 45 minutes each, and they did not ask any questions at all.

Ms. Ellen Stensholt: Honestly, I can't recall being asked. I can't remember their voices, and I'm good at voices.

You have to trust me that I have given serious thought to this. I knew I was coming here today, and I have really done my very best to remember. I've gone through my daytimer, where I often make notes. I have done everything I can to refresh my memory. I do not recall it.

I can remember going out. Another member of my legal services unit was with me, and I more or less remember leaving and saying, "Well, they didn't say anything, did they?"

Mr. James Moore: Now, in regard to the Rosdev buildings, as you said, there are six fronts on which we are engaged with Rosdev. How many federal government employees are housed in the buildings we're talking about?

Ms. Ellen Stensholt: Thousands.

Mr. Tim McGrath: In the Rosdev buildings?

Mr. James Moore: Yes.

Mr. Tim McGrath: There are close to 7,000 between the two assets.

Mr. James Moore: Mark mentioned that with the JDS Uniphase building, you can understand. And what was the other example, the national...?

Mr. Mark Holland: The national precinct.

Mr. James Moore: Yes, so the NCC makes sense, and all of that.

We're talking about buildings in the second-largest city in Canada, with over 7,000 employees. So I think it's relevant to know whether or not those people are still going to be working in those buildings, or if they are going to have to commute to work. I think it's a relevant issue for the federal government in terms of its size and scope.

But in the past when you've given briefings pre-dating our government to PMO staffers and other ministries under the Liberals and the Conservatives—and Mr. Holland has set the standard on what these ought to be—I take it that those briefings have been of all shapes and sizes in terms of the files you've briefed others on.

Ms. Ellen Stensholt: Certainly. Sometimes the briefings were on forthcoming legislation; I would do the technical legal briefings on the status of legislation and why it was drafted a certain way. Sometimes the briefings were on major litigation files, involving tens of millions of dollars of taxpayers' money—

Mr. James Moore: And the status of thousands of employees in terms of where they worked.

Mr. Tim McGrath: In fact, at the time, Rosdev was our largest landlord.

Mr. James Moore: I'm nearing the end of my time, but I guess the macro picture of this for taxpayers is the allegation that there's this file out there in which Dimitri Soudas has intervened and tried to torque things, and so on.

Our government was elected on January 28, 2006, and this file and the status of its litigation predate our government by a number of years. These have continued or been ongoing. Has this file changed in any way whatsoever over the past two years?

● (0955)

Ms. Ellen Stensholt: No. We've had to retain outside counsel, as we lost our Department of Justice litigator. Court dates have been set, and we're moving slowly but surely toward trial.

The normal process is going on. The court is doing its thing, in the normal way.

Mr. James Moore: Right.

I have no other comment.

The Chair: Thank you, Mr. Moore. We can put you up for the next Conservative slot.

Mr. Silva.

Mr. Mario Silva (Davenport, Lib.): I don't think I have any further questions; a lot of the questions have already been raised.

I just want to get assurance from you again that you feel there was nothing unusual about having a staff person from the Prime Minister in that particular meeting dealing with an issue on which litigation was ongoing in this very sensitive file. Do you feel at all that there was anything unusual or inappropriate about having the Prime Minister's staff person present at that meeting?

Mr. Tim McGrath: I would say there was no interaction whatsoever with the officials from the Prime Minister's Office on this particular file in the meetings we had. As Ellen points out, they didn't even ask any questions.

It's not an everyday occurrence that we brief the Prime Minister's Office. We've stated that earlier. But on technical files and in this case, with Rosdev being our largest landlord, it's not unusual to have to provide a briefing on sensitive files.

Ms. Ellen Stensholt: Somebody suggested today having a one-page piece of paper, but on a technical litigation matter, where people really don't understand the issues, they can read that one-page piece of paper and still want to talk to and ask questions of the author of the document. The status of litigation is not necessarily self-evident.

I might write a line stating that mediation was attempted and failed. Somebody might want to know, was it a serious attempt; was it our idea, or whose idea was it; and why did it fail or what happened? I find that perfectly normal. As a senior lawyer, I'm accustomed to giving technical legal briefings on litigation files; it's my job.

Mr. Mario Silva: Thank you.

The Chair: Mr. Albrecht.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Thank you, Madam Chair.

I thank you again for clarifying these issues for us. As you indicated, it's very complex. I don't pretend to understand it, but I just want to confirm that there were these two short meetings. The technical briefings were offered, no requests for action ensued, and there was no pressure at all for you to change your tactics. In fact, PWGSC has not even considered changing its position.

Ms. Stensholt just commented that the case continues to move slowly and surely towards resolution. And I would say, in the interests of all of us here and all Canadians, I hope that continues to move expeditiously towards resolution.

The question I have relates to Madame Faille's point, where she tied the sale and leaseback question into the Rosdev file. I just wanted to ask whether the Rosdev company was at all involved in the sale and leaseback initiative. There were no connections with the sale and leaseback offers and Rosdev.

Mr. Tim McGrath: No, there were not.

Mr. Harold Albrecht: I think that needs to be made clear so that we don't mix those two issues at this committee.

Thank you. That's all now.

[*Translation*]

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

Ms. Bourgeois.

Ms. Diane Bourgeois: Thank you, Madam Chair.

First, Ms. Stensholt and Mr. McGrath, I would like to remind you that Dimitri Soudas of the Prime Minister's Office was here on February 28. During that meeting, Mr. Holland asked him when the subsequent meeting with Public Works and Government Services officials took place. Mr. Soudas said that a meeting took place some time in August 2006. That is why I was so surprised to see that Mr. McGrath was not aware of the meeting.

During the same meeting, Mr. Loiselle said that there had been a meeting in August attended by Mr. Béland. In response to Ms. Faille's question, he said that subsequent meetings with officials had taken place. That is another reason I'm so surprised to learn that Mr. McGrath was not aware of them.

That being said, I have a question for Mr. McGrath. According to our researcher's notes, the government said that severance pay was not part of the contract, that the government's decision to exercise its option to buy l'Esplanade Laurier— I expect that all of the Rosdev Group's demands are based on documents that support one party's case or the other's.

•(1000)

Ms. Ellen Stensholt: On contracts.

Ms. Diane Bourgeois: On contracts.

Ms. Ellen Stensholt: Yes.

Ms. Diane Bourgeois: Are the contracts with the Rosdev Group similar to those with Larco Investments?

Ms. Ellen Stensholt: No.

Ms. Diane Bourgeois: Are the Larco Investments contracts more detailed?

Ms. Ellen Stensholt: The contract was written 35 years ago. The business world has changed in 35 years, Ma'am.

Ms. Diane Bourgeois: Yes, but if I understand correctly, the Rosdev Group bought a contract that you had signed with another company.

Ms. Ellen Stensholt: Yes, with Olympia & York. I think the first contract was signed in 1978.

Ms. Diane Bourgeois: Okay.

Ms. Ellen Stensholt: That was 30 years ago.

Ms. Diane Bourgeois: Olympia & York and Campeau Corporation

Ms. Ellen Stensholt: Yes.

Ms. Diane Bourgeois: The Rosdev Group bought those two contracts. There was a clause stipulating that agreements with the government were to stand.

Ms. Ellen Stensholt: Yes. Unfortunately, I do not know all of the details.

[*English*]

I believe it was purchased from a trustee in bankruptcy. In what I've been reading to prepare for this meeting, I think there was a trustee. Olympia & York, at least, I believe had a trustee. It talks about Rosdev purchasing from a trustee, which says to me that there must have been a bankruptcy of Olympia & York.

I was doing international trade law. I don't know. I wasn't doing this at the time.

[*Translation*]

Ms. Diane Bourgeois: Ms. Stensholt and Mr. McGraw, my point is that when the federal government buildings were sold to Larco, Mr. McGrath and other officials were asked several times if there could be problems with future renters, with new owners. We were told that that had never happened, but nobody ever told us about problems with the Rosdev Group.

It would have been wiser and more transparent, for this committee, to tell us about all of the problems with the Rosdev Group. That way, it could have been part of the study of the sale of public buildings and the consequences of such sales.

Mr. McGrath, you played a major role and you told the committee that there were no problems and that the building sale had to go through. What do you have to say about that?

[*English*]

Mr. Tim McGrath: I'd like to respond to the several questions or comments that were made.

First, with regard to the August meeting, there were no departmental officials at any August meeting. The only way we know about any August meeting between Mr. Soudas and other people....

[*Translation*]

Ms. Diane Bourgeois: Someone is not telling the truth.

[English]

Mr. Tim McGrath: It was a statement you made earlier, and I just want to clarify.

We were not aware of that meeting, because it did not involve departmental officials. Even from the reports in *The Globe and Mail* it was clear, from what I read, that it was members of the minister's office and members of the Prime Minister's Office at that initial meeting. There were the two subsequent meetings with departmental officials, which I described, and then the third one with the minister's office.

As to whether we raised the question about Rosdev in previous discussions, we were asked on a number of occasions by this committee how we were going to deal with the property management by Larco, the new owner. Because of lessons learned from situations like Rosdev, the documentation has been changed and updated to ensure that we have control over the property management agreements.

There's a great deal of due diligence going on so that Larco is able to prove that they have the capacity to manage these assets. We have not, as of yet, turned any assets over to Larco for property management. There's agreement that the current property management company would stay in place until April 1, 2009, until such time as Larco is able to demonstrate the ability to manage the assets. We're doing that due diligence right now.

Also, the documentation between the parties is extremely clear in terms of remedy situations and remedies that exist, which were very much missing from the situation with Rosdev.

So we used our lessons learned from the Rosdev situation to better the documentation on the sale and leaseback initiative we undertook.

• (1005)

[Translation]

The Chair: Thank you Ms. Bourgeois.

[English]

We'll go to Mr. Angus.

[Translation]

Mr. Charlie Angus: I have no more questions, Madam.

The Chair: Okay.

[English]

There are no further questions. Seeing no further questions, we'll thank you for coming.

We'll take a short break, and then we'll go back to our agenda. We'll take a two-minute break.

•

_____ (Pause) _____

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• (1010)

The Chair: We'll reconvene and turn to the second item on our list.

Mr. Holland.

Mr. Mark Holland: Thank you, Madam Chair.

As I indicated in the previous meeting, I thought it would be a good idea for us to take some time and look at the issue overall, as opposed to dealing with procurement and one-offs. I think we've all had a number of issues brought to our attention, either in procurement in general or access of small and medium-sized businesses to the federal procurement process.

That's the motion, and I understand there's a suggestion to perhaps have a steering committee meeting or a separate meeting to go over the dates and witnesses. I'm certainly amenable to that. I don't have a problem with it.

I intentionally left the witness list out of the motion because I suspect that different members of the committee are going to have different witnesses they would like to have appear. I think this gives us the opportunity to think about it for a day or two and then come forward with witnesses that we feel would be appropriate. That's why I've deliberately left that witness list out of the motion.

I think it's a good suggestion that we have a steering committee meeting or an alternate meeting, and I look forward to that happening in the near future, if possible.

The Chair: Mr. Albrecht, followed by Mr. Warkentin.

Mr. Harold Albrecht: Thank you, Madam Chair.

I only want to say that we will definitely support this motion. Last May we did have a briefing by the procurement officials, and I think it's important that we follow up. In fact, it was our intention at that point to go into more detail on some of the different departments and other issues, but there were other things that have taken our time. So I think it's important that we go back and revisit that in more depth.

The other thing that has happened since last May is that we have a number of new members on the committee, so I think it's important that we continue this.

I think the overview is important first, but then I think we also need to delve deeply into the role of the minister, the mandate, and activities of the office of small and medium enterprises and also green procurement. These are issues we've talked about many times but have never really delved into in any depth.

There are other departments as well that I think would benefit from our studying them relative to procurement—Treasury Board Secretariat, Industry Canada, DFAIT, and others. I think if our researcher were to give us some advice as to which ones would be the most beneficial to study, that would be good.

I also propose that we hear from those entities that provide oversight with respect to procurement—so the Auditor General, the Canadian International Trade Tribunal, and the procurement ombudsman.

Again, I want to reiterate that it's important that we don't do this in a piecemeal fashion, that we look at it in a holistic manner, a more structured approach to the topic. Therefore, I want to concur with the idea that has been floated already that it's very important that the steering committee meet the very first Monday or Tuesday we are back so we can establish an agenda and a potential list of witnesses and do some good planning on this before we jump into it and head off in all directions.

•(1015)

The Chair: Thank you.

Mr. Warkentin.

Mr. Chris Warkentin: Thank you, Madam Chair.

I'm supportive of this motion as well.

Madam Chair, during the steering committee, I wonder if you would be.... I'm thinking of the discussion we just had with Ms. Stensholt. I don't want to come to specifics, because we aren't in camera at this point, but I think that some of the discussion we had between her, yourself, and myself.... I wonder if we can incorporate some of that kind of backroom information that some of the civil servants have with regard to how we might be able to streamline this process. That may mean in camera meetings, because of course there are solicitor-client issues—maybe not even solicitor-client, but simply competitive issues. But let's think about that.

The Chair: I think that might be very beneficial, to find out some of the areas, some loopholes that are there that we might be able to address. I think that's very important, and I thank you for bringing that up.

Mr. Bagnell.

Hon. Larry Bagnell (Yukon, Lib.): I have two quick points.

I'm not on the committee, so these are simply recommendations for the steering committee. I think the motion sort of speaks to this, but one is to make sure that someone asks about the procedures that are in place to help businesses in smaller areas. I'm thinking of splitting of larger contracts, etc., to help businesses in rural areas.

The second point refers to the fact that the federal government has an aboriginal program to help access of aboriginal businesses to federal government procurement. If we could have someone from that program come to explain how that works, I think it would be useful.

The Chair: Thank you, Mr. Bagnell.

Mr. Angus.

Mr. Charlie Angus: Thank you.

I'm certainly interested in looking at this issue. Since our whole committee is in some ways about procurement, I don't want us to try to take on everything in terms of this study, because this is sort of overall what we look at. So I would certainly be interested in some suggestions before we sit down, if Mr. Albrecht has a sense....

What we've been generally doing at committees here is suggesting two meetings, three meetings, or four meetings. Clearly, if we're bringing all these new players to the table, three meetings will certainly not be enough.

I would feel more comfortable if we had a general sense. I don't want us to go off studying every single department here. I think it would be a bit of a wild goose chase. There were certain issues raised about procurement and transparency, which is why we were interested in the ombudsman. The TPG case certainly raised a number of questions, and I was certainly not satisfied with any of the answers I heard. I think these are really pertinent questions.

The issue of the submarine contract was a very clear-cut one. Give us some clear guidelines so that we can come back and say this is how the process is done, and it's done in a fair and open manner.

There are certainly a few contested issues that I think we need to examine in order to apply a bit of a reality check or a counter-check against what we're going to hear from the bureaucrats. Then, at the end of that, we'll probably have a much clearer sense. So I'm supporting it, but I'd like to have a sense of exactly how far we're going.

The Chair: We'd have to look at the overall procurement: how it works, what are the rules for larger contracts, and when does Treasury Board get in? We should start with that kind of an overview, because there are different levels of procurement. For major purchases, there's one way of dealing with it if there are large amounts of money over long periods of time, and then you have all the different levels. There may be some rules that can be changed or made better, but the rules are basically there.

You have to remember, some of this is extremely large. There aren't a lot of people who can bid on some of these things. So it is a difficult topic, but I think it's one that we should take on, much like we've done with other studies. Do a good study so that we can come up with some recommendations that make a difference.

Sometimes people feel that it's quite boring, but if you take some of the studies we've done, such as the accrual accounting.... Most people—you weren't here when we did it—thought that was the biggest yawn there was, but extremely important in the long term. Hopefully this won't be as bureaucratic.

At any rate, I think we should do this. We should get together and come up with an overall plan. We'll ask our researchers to sit down with me and with us, and also, please make sure you think of people you'd like to bring before the committee.

On Thursday we have a meeting, and we might, if we have time, have a short meeting to discuss this again. But maybe we're not giving our researcher enough time.

•(1020)

Mr. Harold Albrecht: I don't know where I am on the list, but I'd like to speak again.

The Chair: Madame Bourgeois is on, and then Mr. Albrecht, Mr. Holland, and Mr. Angus.

[*Translation*]

Ms. Diane Bourgeois: Thank you, Madam Chair.

First, I am glad that the motion was put forward and that the party in power has agreed to have us undertake, and I quote, "a study of the federal government's procurement process". I think it will be very interesting.

I would like to be sure that we will not be spending just three sittings on this. The motion reads "at least three sittings", but if we need five, six or even ten sittings, we can take all the time we need.

Personally, I would like the committee to study National Defence's procurement processes, because Public Works and Government Services is the department that studies and sets out plans and specifications for equipment, and so on. Of course, several witnesses will tell us about National Defence's procurement.

The Chair: That would be very interesting.

Mr. Albrecht.

[*English*]

Mr. Harold Albrecht: Thank you, Madam Chair.

I just want to comment on the point that Charlie made, that he doesn't want it to go on forever. As far as I see this as it relates to Canadian taxpayers, this is the kind of thing we should be spending a lot more time on. I think we're often being penny wise and pound foolish here, by trailing off on all these little rabbit trails, when this is the kind of material.... We had this on May 17; we had a briefing. I think we gave them maybe an hour; 30 minutes I think is my memory of what that time was, an overview.

But following that meeting, the department officials sent us this paper with all the numbers of different agencies: foreign affairs, international trade, foreign direct investment, Export Development Canada. It goes on and on, with a number of different departments that we have never even looked at.

So I think it's important that we have a timeline, and if after the steering committee meets it says we need six meetings, we have six meetings. But to get to the root of this, I think it's important we give it the diligence it deserves.

The Chair: Mr. Holland, then Mr. Angus.

An hon. member: Let's call the question.

Mr. Mark Holland: Really briefly, the only thing I was going to say was that perhaps we could just suggest there be a date and that we ask members of committee to provide in advance the list of witnesses they want to have. I think it's not going to be a very productive meeting if we just show up and lay down our lists of witnesses, and then people are going to say they need time to think about this and talk about it.

I think we should have, at least a day or two in advance, the lists submitted of witnesses that people are suggesting.

Denied the pleasure of Mr. Kramp's vote on my motion, I look forward to his comments when he comes back.

The Chair: Mr. Angus.

Mr. Charlie Angus: Thank you.

Well, I suggest I would not want to do it this Thursday. I think we're trying to get a sense of where we're at. I would certainly agree if we perhaps had a special Monday meeting with the steering committee. I would prefer that we have a sense of the names before we come in, so we don't all suddenly sit down, see the names for the first time, and then spend two hours bickering.

I think we might be able to do this over the week break, if we could start to put the names together, find the time in advance that we could look at them, and then we could perhaps just engage in a discussion, so when we actually get to our steering committee meeting, we will....

• (1025)

The Chair: I would also like to suggest that we give our research people time to put together a plan. There's a week's break. Then they can come up with a plan at that point. If there is a series of names, we might be able to look at it together.

Whether we have a full meeting or just a steering committee meeting depends on what's there and what we have scheduled. Sometimes it's just as well to have a meeting of the whole committee to decide some of these things.

It's an important issue. If we can, if our researcher is ready, we'll plan a steering committee on the Monday we return. Otherwise, we'll do it sometime following that. He's working on our report on the pay and benefits.

I want to call the vote on this motion, which I think is a great motion, by the way, and then I want to talk to you about a few little things.

(Motion agreed to) [See *Minutes of Proceedings*]

The Chair: Carried unanimously. Thank you. I think that's terrific.

Now, before you all rush out, here are two things. This afternoon we are going to receive a copy of our report on the pay and benefits issue, with the changes identified, with the names of the people who suggested the changes. So I would ask that you look at that so that when we come back on Thursday we will have one witness for the first hour, and then we can go to that report.

If there are any major changes, please notify the clerk so that we can actually pass a motion, pass this report, have it printed during the week's break, so we can then deposit it when we come back.

There is another thing I'm going to circulate. I'm going to circulate two documents. I had a meeting with some people, this week actually, from pay and benefits. They brought along two pay and benefits clerks from CSIS. The CSIS clerks advised me—and I thought it was kind of funny, because the meeting was in camera, but they obviously must have heard we had discussed them—that their job really was less complicated in many ways than the jobs of others, because they only had one collective agreement and only 200 unionized personnel. I just wanted you to know that.

The other paper I'm circulating is about what different places are paying. I just think it's important for you to have that before we pass the report, hopefully on Thursday.

Thank you very much.

I'll adjourn the meeting at this time.

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