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## **Standing Committee on Public Accounts**

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**EVIDENCE**

**Wednesday, November 2, 2011**

**Chair**

**Mr. David Christopherson**



## Standing Committee on Public Accounts

Wednesday, November 2, 2011

• (1535)

[English]

**The Chair (Mr. David Christopherson (Hamilton Centre, NDP)):** I call this 12th meeting of the Standing Committee on Public Accounts to order. I would ask our friends in the media, with the cameras, to conclude their filming.

I have given permission for a couple of still cameras to remain for a minute or two because of the kind of shot wanted. Apparently that's not unusual. They assure me they will be just a moment or two.

Before we go to our guests, I will tell you that the steering committee met today, and it's agreed so far, subject to the approval of the committee, that at 5:15 we will conclude this hearing. If everything goes the way it should, we should have come very close to exhausting the speakers list. But it's accepted and recommended by the steering committee unanimously that, regardless of where we are in the rotation, at 5:15 we will conclude and move to an order of the day, which will be to deal with Mr. Saxton's notice of motion.

There's a further commitment—I want to put all the cards on the table—that we will conclude a vote on the matter of Mr. Saxton's motion before we rise.

That's our goal between now and...

I'm looking for a nodding of heads from the steering committee that this is what we agreed to.

Now I ask the general committee, do you support the recommendation of the steering committee?

**Some hon. members:** Agreed.

**The Chair:** Hearing no opposition, that is carried and so ordered.

So at 5:15 we have an order of the day to move to Mr. Saxton's motion.

With that, I'll go to the main business of the day.

First of all, welcome, Minister Baird and Minister Clement. Welcome to our committee. We are pleased to have you here.

We will be proceeding in our usual fashion, which is, first, to offer both of you an opportunity for opening remarks. Following that, we will move into rotation in our usual fashion, and people will have their five minutes.

You have the floor now, if you wish to make an opening remark.

Minister Clement, do you wish to go first?

**Hon. Tony Clement (President of the Treasury Board):** Yes, thank you, Mr. Chair. I will indeed.

**The Chair:** Very good.

**Hon. Tony Clement:** Let me thank you, of course, and through you thank the members of this committee.

It is indeed a pleasure to be here today, and in particular to address the events and decisions surrounding the 2010 G-8 summit and my role therein.

With the indulgence of the members, I'd like to rewind the clock a little bit and take us all back to just over three years ago, to June 2008. At that time the Government of Canada proudly announced that a world-class leadership event would be held in Canada in the Muskoka region.

[Translation]

An enormous amount of work went into preparing for that event. Many departments took part and the planning was done jointly by the federal, provincial and municipal governments. International authorities were also involved.

[English]

Ultimately, preparations for the 2010 G-8 summit involved a two-year process. The outcome was an event that has been praised internationally as a model for how future summits can engage with local communities. It was a summit that produced, amongst other things, the internationally acclaimed Muskoka initiative on maternal and newborn health, as well as an opportunity to showcase to the world our country's economic strength and unparalleled natural beauty.

There was, of course, a strong interest on the part of local mayors, municipal officials, businesses, artists, students, and other citizens to find a way to play a coordinated role in this important event. This led to the founding of what was then known as the local area leadership group, which held its first meeting on September 12, 2008.

Now, this group was set up primarily as a way of providing community leaders and others an opportunity to be briefed by government officials on developments that would affect the community throughout the G-8 planning process.

[Translation]

This leadership group also enabled the community leaders to dialogue and exchange ideas about the best ways to meet their community's needs during this incredibly important event.

[English]

I want to stress this, though: this was not, however, a decision-making body, and never behaved in that capacity.

Every municipality in the region was represented at the table, and every one of those meetings was followed by a press conference with local media as a way of engaging the public on progress being made on summit planning.

Now, several months after the first local meeting, on February 6, 2009, I announced on behalf of the Minister of Transport and Infrastructure the creation of the G-8 infrastructure fund, which had been funded in the January 27 budget of that year.

Local mayors and officials were of course keen to take part in the G-8 infrastructure program. They began drafting proposals for a wide variety of projects. In all, municipalities in the region came up with 242 different ideas for G-8 projects.

Now, since there were far too many project ideas for available funds, and since some of the ideas clearly fell outside federal jurisdiction, I then proposed to the mayors a simple, straightforward process through which they could focus on the project proposals that really mattered to them and the region. I suggested that they, amongst themselves and with their councils, identify their top priorities and, based on their own judgment, weed out those proposals they considered to be of low need or outside federal jurisdiction.

Since other mayors didn't want to submit proposals via the Huntsville mayor, I offered my constituency office in Huntsville as a depository where proposals could be dropped off and from there forwarded to federal officials.

These suggestions received a positive reception by the mayors and community leaders, and they worked cooperatively to identify their top priorities. Essentially, each mayor reviewed the proposals for his or her area and brought forward only those they considered a priority.

Most of these focused on improvements to enhance tourism, something the mayors felt was important given the international attention that, through the G-8 summit, would provide millions upon millions of dollars' worth of free publicity and resulting economic encouragement to the region.

Ultimately 33 projects were sent to Infrastructure Canada for review. Infrastructure Canada officials, operating independently, engaged their due diligence process on the 33 proposals put forward, and advised the Minister of Infrastructure which projects were eligible for funding.

In the end, a total of 32 G-8 legacy projects were approved. A public announcement for each funded project was held with media and the general public present.

[Translation]

As the members of this committee know, in order to maximize accountability to taxpayers, our government consulted the Auditor General at the time and proactively asked her to look not only at the expenses of the G8 summit, but also at those of the G20 summit.

● (1540)

[English]

The Auditor General fully investigated the G-8 fund and confirmed that every penny spent is accounted for, and has also clearly stated that there is no reason for any further audit of the fund.

In fact, just recently, the interim Auditor General, while testifying before this parliamentary committee, reaffirmed this position.

In her report however, the then Auditor General did make recommendations to improve the administrative processes. This includes the process I outlined just a couple of minutes ago, in which I asked local municipal officials to prioritize their own project submissions.

I can assure you that I have taken the Auditor General's recommendations with regard to the administration of the intake process very seriously, and I certainly accept her conclusions.

In hindsight, it may have been better for infrastructure officials to review all 242 initial proposals and not simply encourage the local mayors to collaborate and focus their requests in the interests of efficiency and time. It is worth reiterating, however, that every penny of the G-8 infrastructure fund was accounted for. The Auditor General's report is clear on this.

I have spoken at length about these issues in public already, including at the House of Commons government operations committee on June 20. In fact, members, since January 1, 2010, a total of 53 witnesses have appeared before two House of Commons standing committees on the G-8 legacy fund and the G-20 leaders summits. In all, House committees have spent 39 hours hearing testimony and discussing this topic. Today's meeting will bring this total to 41 hours.

Today I am hopeful that with me, with of course my colleague the Minister of Foreign Affairs, and with the gathered federal officials here at the table we can finally put an end to the assertions contending that the review process undertaken was in any way unethical, and members can then move on to their reviews of other government operations pertaining to the rest of a large \$280-billion federal budget.

I thank you.

**The Chair:** Thank you.

Minister Baird.

**Hon. John Baird (Minister of Foreign Affairs):** Thank you very much, Mr. Chair.

Honourable members, thank you very much for having me.

I do at the outset want to pay special note and welcome my colleague and friend, the member for Winnipeg Centre.

We're very pleased that you could join us.

● (1545)

**Mr. Pat Martin (Winnipeg Centre, NDP):** I wouldn't miss it.

**Hon. John Baird:** He said he wouldn't miss it, for the record.

He wishes Deepak was here; don't we all. Deepak is representing the Government of Canada at a very important meeting abroad.

The G-8 legacy fund helped an already beautiful part of Canada put its best face forward to the world. There were going to be literally 4,000 members of the media beaming pictures of this summit and the Muskoka region to every corner of the globe in blanket coverage. There were also thousands of delegates, thousands of diplomats, who would share their own impressions by word of mouth. Some stayed up to 100 kilometres away from the summit site. This was a huge opportunity. This was a huge undertaking.

Large international summits like this generally require significant infrastructure investments. Our government in February 2009 announced this fund to Canadians. Up to \$50 million was available.

Ultimately, my office and departmental officials presented me with a list of public infrastructure projects that I approved. These 32 projects met the criteria of the program. These included the effective and secure hosting of the G-8, beautification of the region, and a lasting legacy for local communities.

As minister, I presented estimates to Parliament, and I am accountable for those estimates. When I arrived at the department, I was hearing concern from all sides that federal infrastructure approvals were taking far too long. They were mired in red tape. My mission was to get things moving, and, with this fund, time was of the essence.

The Building Canada fund was a seven-year program. Stimulus programs ran for two. With G-8 projects, though, we had approximately 15 months from start to finish.

Officials recommended, and I as minister accepted that advice, that we use an existing fund rather than create an entirely new one so that we could move quickly. The border infrastructure fund was topped up.

I am pleased to say that the 32 projects were delivered on time and millions under budget.

I would like to underline one point. I said the border infrastructure fund was an existing fund that was topped up. In other words, money that was designed for border infrastructure was not diverted from improvements to border security or mobility. It was merely a delivery mechanism.

The projects came in under budget, every penny was accounted for, and each of the projects continues to serve the public as it was intended. I'm told that this has been done in terms of parliamentary appropriations for more than 100 years.

I would also reiterate, Mr. Chair, the buck stops with me. The projects presented to me met all of the eligibility criteria for the program. I made the decisions, I am responsible, and I am accountable.

Let me also say that public servants at Infrastructure Canada did an absolutely outstanding job when the Canadian economy needed the federal government the most. They applied professional oversight and expertise to the thousands of project applications to help create jobs, hope, and opportunity at a time of global recession.

If our government had not acted to create more than 23,000 stimulus projects across the country, the great global recession may well have had great depression effects.

The Auditor General in her report made a number of observations about ways to be more open and more accountable to Canadians. I fully accept those comments, and the government agrees.

In hindsight, the estimates could have included a line regarding the top-up of this fund. I stand by my decisions, which were informed by the best possible advice. I was and remain accountable.

I'm open to providing responses to questions over the areas with which I was responsible.

Thank you.

**The Chair:** Very good. Thank you, Minister.

Before we begin, there's been an oversight on my part. I would ask Mr. Dicerni and the other guests to please introduce themselves.

**Mr. Richard Dicerni (Deputy Minister, Department of Industry):** My name is Richard Dicerni. I'm Deputy Minister in the Department of Industry.

[*Translation*]

**Ms. Michelle d'Auray (Secretary of the Treasury Board of Canada, Treasury Board Secretariat):** I'm Michelle d'Auray, the secretary of the Treasury Board.

[*English*]

**Ms. Yaprak Baltacioglu (Deputy Minister, Department of Transport):** I'm Yaprak Baltacioglu, infrastructure and transport Deputy Minister.

**Mr. John Forster (Associate Deputy Minister, Infrastructure Canada, Department of Transport):** I'm John Forster, Associate Deputy Minister, infrastructure.

**The Chair:** Very good. Thank you and welcome to you all. My apologies for not introducing you at the outset.

We are now ready to commence rotation. I hear no other points.

Therefore, Mr. Saxton, you have the floor, sir.

**Mr. Andrew Saxton (North Vancouver, CPC):** Thank you, Mr. Chair.

Ministers, I have a lot of questions today, so I'll get right to the point. The NDP are doing everything they can, except lighting their hair on fire, to avoid the facts on this issue. They even tabled all of the so-called secret e-mails the same day the ethics committee began its study of big union contributions to the NDP convention.

Minister Clement, I note that you have already been before committee on this matter and answered several questions from the opposition last June, even though the NDP continue to falsely suggest you have not answered questions on the subject to Parliament.

For this committee today, Minister Clement, can you explain your role in the G-8 legacy fund?

**Hon. Tony Clement:** Sure.

I think I would answer that question by suggesting again that part of the role of the government was to ensure that we pulled off a successful world summit, and that in order for a government to do so, you have to work with local political leaders. You can't just make decisions in Ottawa and thrust them upon a local community. We determined that local input and municipal input would be extremely important.

I did play a coordination role, an interlocutor, perhaps, between the federal government and the local community. I did play that role. I did also believe at the time that part of my role as the local MP was to make sure that the priorities of the local municipalities were in fact well represented in this dialogue between the local community and central agencies such as the Department of Foreign Affairs, for example.

So I did play that coordination role. I played it between the government and the communities, because I was on the ground in my riding, as we all like to be, more often than not.

Certainly that's how I would characterize my role.

**Mr. Andrew Saxton:** Thank you very much.

Minister Clement, and maybe officials as well, we've heard from Minister Baird that every cent of the G-8 legacy fund is accounted for. Is that correct?

**Ms. Yaprak Baltacioglu:** Sir, maybe I will take the comment.

The department ensured that all of the bills that were submitted were reviewed, and we accounted for everything that we paid for. As well, we ensured that actual results were achieved in terms of building public infrastructure as a result of this fund.

**Mr. Andrew Saxton:** Mr. Forster.

**Mr. John Forster:** Yes, in the end the fund was approved for \$50 million; about \$45.7 million was approved for projects, and the final expenditures were \$44.8 million. All bills and claims have been paid out and verified with reports.

• (1550)

**Mr. Andrew Saxton:** Madam d'Auray.

**Ms. Michelle d'Auray:** I can verify that this is correct, as per my colleagues.

**Mr. Andrew Saxton:** Mr. Dicerni.

**Mr. Richard Dicerni:** I have nothing to add to the eloquent statements already made.

**Mr. Andrew Saxton:** Minister Clement, would you like the last word? Has every cent of the G-8 legacy fund been accounted for?

**Hon. Tony Clement:** What I rely on, obviously, is the Auditor General's comments, which were to that effect, yes.

**Mr. Andrew Saxton:** Thank you very much.

Now, with respect to the e-mails that were released under municipal freedom of information, the NDP have repeatedly said that those e-mails only came to light because of their own research.

Minister Clement, under municipal freedom of information legislation, the federal government must be consulted to release e-mails that may be between the federal and municipal governments. Were you asked if those e-mails could be or should be released?

**Hon. Tony Clement:** I'd be happy to answer that question.

I was in fact contacted by the Town of Huntsville. They're a little bit unfamiliar with these processes, but they were advised by their legal counsel, I'm presuming, or by their chief administrative officer, one of the two, that there is a duty to consult with the federal government.

My office was contacted, I was contacted, and was asked whether those e-mails should be released under the rules of the municipal freedom of information act. I communicated to them very directly that I did not want them to hold those e-mails. I wanted them to release those e-mails; I believe they should be in the public domain. There was nothing in the e-mails that I felt should be held back, and so I did in fact send an official letter to the Town of Huntsville, or a letter was sent on my behalf, in order to communicate that point.

**Mr. Andrew Saxton:** Thank you.

Thank you, Mr. Chair.

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

We'll now move to Mr. Angus. You have five minutes, sir.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Thank you, Mr. Chair.

Thank you, gentlemen and ladies, for coming.

Thank you particularly, Mr. Clement. As the Treasury Board president, I'm sure you understand the gravity of the situation of reassuring the public that you as the Treasury Board president know the processes and that taxpayers can put their trust in you.

I'm interested in a meeting you held on February 29, 2009, with the local area leaders group, where civil servant Tom Dodds told the local mayors that public servants would review and evaluate all the projects.

Would you give this committee those evaluations so that we can see what they found?

**Hon. Tony Clement:** My recollection of this is that there are two sets of projects that I think we are talking about. What you are referring to, or what you think you're referring to, is the G-8 legacy projects, but Mr. Dodds was not referring to those projects. He was referring generally to projects that are in fact delivered to FedNor, an organization with which you're familiar. He was referring to those kinds of projects rather than the G-8 legacy projects.

Perhaps Deputy Minister Dicerni would like to add—

**Mr. Charlie Angus:** No, I'm sorry, I don't have time for Mr. Dicerni; I can write to him if I need him.

I'm concerned, because the Auditor General told us there was no paper trail. The paper trail that we found, thanks to your more than willingness to release it to us, was your homemade paper saying to send your projects to Tony Clement's office, at [clement1@parl.gc.ca](mailto:clement1@parl.gc.ca). There's no Government of Canada or anything on this.

Would you submit the projects that came in on this homemade piece of paper to our committee? The Auditor General didn't have any projects on that. How many were there? Could you give them to us?

**Hon. Tony Clement:** I believe the document you're holding up is a document created by the local municipalities; it wasn't created by me, per se. It was distributed, I believe, at the December meeting of the local area leadership group as a way to get the municipalities thinking about what their priority was.

**Mr. Charlie Angus:** Did anybody fill it out?

**Hon. Tony Clement:** So as I've said in my opening remarks—I'd be happy to repeat my opening remarks to you—these projects represented the priorities of the local municipal governments—

**Mr. Charlie Angus:** I'm sorry; I only have a few minutes left. You've said that you used your constituency office and that you handed them on to federal officials. This is a document that has your e-mail, your constituency office. Presumably you have copies of it. You must have kept photocopies of it. The Auditor General said they had never seen anything in their entire career with that absolute lack of documentation.

Obviously, you and your staff were handing this out. You told us that you passed it on to federal officials. What happened? Where is the paper trail of all these projects that you ran through your office? Would you give them to us?

• (1555)

**Hon. Tony Clement:** Well, Mr. Angus, I can assure you and your colleagues on this committee that all documentation that was requested of me by the Auditor General was forwarded to the Auditor General, and then she based her conclusions.

The issue for the Auditor General, if I may be so bold, is that she was looking for documentation not only on the 33 projects that were submitted to Minister Baird; she was looking for documentation relating to the 242 proposals.

**Mr. Charlie Angus:** Well, in fairness to the Auditor General, who came here—and I asked the specific question of whether your department handed anything over—we were told that they got nothing of relevance. Obviously there was a paper trail that started with you in those meetings, ran through your constituency office, and then disappeared.

What we're talking about, Mr. Clement, is a breach of public trust; about creating a parallel process. And this is what concerns me: the Auditor General told us the rules were broken, and the Auditor General told us that the civil servants were not involved. They were excluded from it. So the civil servants didn't do anything wrong. If the civil servants didn't do anything wrong, then who broke the rules?

Mr. Clement, where is the paper trail?

**Hon. Tony Clement:** Mr. Angus, let me repeat—what I said in my opening remarks was very clear—that when it came to going from 242 down to 33, I encouraged the municipal governments to prioritize within their own communities and give us the very best projects—

**Mr. Charlie Angus:** But where is the paper trail? You ran it through your office, and then the Auditor General was told—

**Hon. Tony Clement:** I'm trying to answer your question, Mr. Angus.

**Mr. Charlie Angus:** —that there was no paper. This is your homemade paper trail. You should have a couple of pieces of paper.

**Hon. Tony Clement:** He's been complaining all along that I haven't been speaking—

**Mr. Charlie Angus:** I'm just asking, where is it?

**Hon. Tony Clement:** —and now he's interrupting me.

**Mr. Charlie Angus:** Where is it?

**Hon. Tony Clement:** This is very difficult—

**Mr. Charlie Angus:** Where is it?

**Hon. Tony Clement:** —for me to answer, if you keep talking over my answer, sir. So—

**Mr. Charlie Angus:** Well, do you have it?

**The Chair:** You have the floor. Answer the question, Minister.

Go ahead.

**Hon. Tony Clement:** Thank you, Chair.

Again, the trail is very clear. The municipalities prioritized the projects. They delivered those prioritized projects to the constituency office, who then in turn, without additional review or alteration, transmitted them ultimately to the Department of Transport and Infrastructure Canada, where the responsible minister would make the decision.

All of that documentation on those 33 was, as I understand it, shared with the Auditor General. I would like to make that point clear.

**The Chair:** Thank you.

I'm sorry; time has expired.

Mr. Kramp, you have the floor.

**Mr. Daryl Kramp (Prince Edward—Hastings, CPC):** Thank you, Chair.

I certainly welcome our guests here today.

First, to Madam Baltacioglu, Minister Baird has been very clear in his statement today and all through this last period of time. He's made the point that he approved the projects on the infrastructure on the recommendation of Minister Clement. He approved on the recommendation of Minister Clement.

From your perspective, is that how the professional civil service understood this process?

**Ms. Yaprak Baltacioglu:** Those words do matter in the selection process. Minister Clement, as he outlined in his opening remarks, working with the local communities and the leadership, identified priority projects for funding consideration. These identified priority projects were given to Infrastructure Canada. Infrastructure Canada did an assessment of these projects against the terms and conditions of the program, and we did provide advice to Minister Baird for his approval of the 32 projects and also for him to sign the contribution agreements. Minister Baird signed the contribution agreements and any other documentation that's required, as the minister legally responsible for the fund.

Minister Clement, as the recommending minister, has also signed documents, but his involvement from our perspective was symbolic. In our view, these things were approved according to the procedures.

Following that, the documents were sent to the various proponents, and they signed. Following that, the involvement of the ministers ended there, and we ended up administering the program. We communicated with the proponents in terms of their bills and how to pay them, etc.

**Mr. Daryl Kramp:** Thanks. It's obviously very clear that this was a documented process, and it's interesting that unfortunately the official opposition would misrepresent that reality.

Actually, Mr. Angus made a very good point—

**Hon. John Baird:** Could I just interrupt?

**Mr. Daryl Kramp:** Yes, Minister.

**Hon. John Baird:** As the Minister of Infrastructure Canada, I was the only one who had the legal authority to approve projects. By all means, projects were selected by my colleague, identified, recommended, but he did not have any approval process; only I, as Minister of Infrastructure, had that authority.

• (1600)

**Mr. Daryl Kramp:** Fine. Thank you very much.

I sat in on the meeting, back on October 5, when we had John Wiersema here as interim Auditor General. At that particular point, I questioned some of the differences between contribution agreements and grants. I can recall at that point during the testimony here, he suggested the contribution agreements are a significantly more onerous process than you would just simply say for grants.

Mr. Baird and/or infrastructure officials, could you just be a bit more clear and perhaps separate the difference for us between a contribution agreement...and why that was the process that was then used for the G-8 legacy fund?

**Ms. Yaprak Baltacioglu:** Mr. Forster is going to answer.

**Mr. John Forster:** All of our infrastructure programs are done through contribution agreements. An agreement is signed between the Government of Canada—in this case Minister Baird—and the recipient, in these cases the various towns, municipalities, and, in one case, the Province of Ontario.

The agreement lays out the terms and conditions under which the money will flow. It includes how claims will be submitted and how bills will be paid. It includes audit provisions. It includes what information is required to conclude the project, communications protocols, etc. It imposes conditions on the recipients that they have to meet in order to receive the funding.

**Mr. Daryl Kramp:** So would it be a fair statement to say that these are all added accountabilities that are part of the contribution agreement that actually is part of the process that was used in this entire venture, and that really is one of the prime reasons that every cent is accounted for?

**Mr. John Forster:** Yes, that's correct. We do not provide money in advance. We only reimburse costs incurred, so as the towns build their project, they submit claims to the department. We review the claims carefully to make sure all the costs are eligible according to

the terms and conditions of the program as approved by Treasury Board prior to issuing payment. Then we have a number of requirements for closing out the projects before they receive their final payment.

**The Chair:** I'm sorry, but the time has expired. Thanks, Mr. Kramp.

Monsieur Boulerice, you have the floor, sir.

[*Translation*]

**Mr. Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP):** Thank you, Mr. Chair.

Mr. Baird and Mr. Clement, thank you for joining us today.

I must mention the fact that, since last June, we would have liked you to have risen from your seats in the House to answer our questions. There was some contempt or disdain toward Parliament and with respect to the right of the elected members to obtain answers from the government.

We have here what is probably the biggest scandal since the sponsorship scandal. All the elements of a shady process are here. The Auditor General told us that she had never seen anything like it and that all the rules had been broken. You managed to implement an opaque, parallel process to distribute \$50 million in your constituency. The Auditor General first told us that there were no documents or minutes, that we didn't know what happened and that no senior public servants were present. Access to information requests made by the NDP showed us that the story was a little different, in the end: senior public servants were present, but they were subsequently concealed. Through these access to information requests, we also learned plenty of interesting things about certain emails. I'll come back to that.

Mr. Clement, your spokesperson in the House just stated that he was the only one responsible for approving projects. I have in my hands a document dated October 21, 2009 that bears Mr. Baird's signature.

[*English*]

It's an agreement for G-8 summit projects,

[*Translation*]

and bears the signature of the mayor of Huntsville, as well as yours. Does that not contradict the version of the facts presented by Mr. Baird? You also signed the document.

[*English*]

**Hon. Tony Clement:** I thank you for the question, Monsieur Boulerice.

As Minister Baird indicated, he had the decision-making authority to decide which projects would get funded, as the then Minister of Transport, Infrastructure and Communities.

I referred projects, and my mayors, through me, referred their prioritized projects. My role was to make sure that the mayors got their priorities right, in their view, because they were closest to the ground, and to transmit or submit them to the deciding minister, who was not me; it was Minister Baird.

I've already gone over that ground. It is not right to say that—



[Translation]

**Mr. Alexandre Boulerice:** Okay. Thank you, Mr. Clement.

• (1605)

[English]

**Hon. Tony Clement:** —the civil servants were covering up, as they were not at all. The civil servants who were involved in local meetings had no decision-making authority on projects. I want to make that clear.

[Translation]

**Mr. Alexandre Boulerice:** Mr. Clement, we're going to look at a bit of history.

Do you know about the great darkness? It's a rather unpleasant period in Quebec's history. Mr. Maurice Duplessis was premier of the province at that time. Everything took place outside the system. Contracts were distributed to friends directly in the offices. Today, we see that similar forms that were not designed by the Government of Canada, but by you, are sent directly to your office to distribute contracts. This is similar to the processes we have unfortunately seen in the past and that were not an indication of the sound management of public funds.

Why use a method that increases the cynicism of Canadians toward politicians and that created confusion about the integrity and sound management of finances?

[English]

**Hon. Tony Clement:** Certainly you're entitled to your opinion, but let me make two corrections.

First, this form was designed by the Town of Huntsville. It was not designed by me.

Secondly, I'd like to quote from the interim Auditor General at this committee on October 5, where he says:

...this is not the same as the sponsorship program. In this particular case, as I indicated in response to earlier questions, it is clear that the government received the goods and services it paid for. It got what it paid for.

I want to put that on the record again, to defend the interim Auditor General and the Office of the Auditor General, that your characterization is incorrect.

[Translation]

**Mr. Alexandre Boulerice:** Thank you, Mr. Clement. I'm still not reassured, but you also have the right to your opinion.

The emails that the NDP were able to obtain revealed some interesting things about your exchanges with the mayor of Huntsville. Allow me to read from certain passages that I'll translate into French.

On December 12, 2008, you wrote to the mayor of Huntsville and told him not to talk to the media until you had spoken and had agreed on your message. That's what this email says.

Then, on May 5, 2009, the mayor of Huntsville wrote to you and said that he thought the story of the University of Waterloo should be used as a cover to mitigate any negative reaction, as you had discussed during the foundation stone laying ceremony. Your response to that email was "Thank you."

What did you have to hide? Why did you have to agree in advance to speak with the media and use a story to try to cover another, which was perhaps more detrimental for you?

[English]

**Hon. Tony Clement:** Well, I would disagree with your characterization of the situation.

Certainly, when we were dealing with an international summit, I had conversations with the Mayor of Huntsville about what was going on in Ottawa, or what was going on with the planning, and we would exchange information. So that was merely an e-mail that said before you talk to the media, you might want to get all the information. I think that's a wise thing for MPs to do, as well as mayors.

**The Chair:** Thank you.

Sorry, your time has expired.

Moving on in the rotation, Mr. Shipley, you have the floor, sir.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** Thank you.

It's interesting; we create public trust in many ways, and one of them was raised in this Auditor General's report. As the interim Auditor General said, it is clear that the government received the goods and services it paid for: "It got what it paid for."

Mr. Baird, as Minister of Infrastructure, I wonder if you can talk to this committee about why it is important that every cent of the G-8 legacy fund is accounted for.

**Hon. John Baird:** At Infrastructure Canada, at this time, one of our biggest challenges and biggest criticisms of members of Parliament on both sides of the House, and of provinces, of municipalities, of territories, was that the process was moving far too slowly. So we moved quickly at the height of the economic downturn to approve infrastructure projects.

I'm pleased that this fund...and this was 32 projects out of some 23,000 projects that were approved by the federal government. They were all public infrastructure projects. We did similar projects in different parts of the country in other programs. I'm pleased that we didn't even spend the full amount of this fund; in fact, it was under-spent. All that was spent was not even spent in the region in question. It was spent in neighbouring regions.

Every single dollar of all 32 projects is accounted for; not one single penny is missing. It's all in public infrastructure. There's no private benefit. Whether it's a provincial highway, a public airport authority, or a local town park, every single dollar is accounted for. It's all public infrastructure that will benefit people in those communities and those who visit them for decades to come.

**Mr. Bev Shipley:** Thank you very much.

Minister Clement, you started out with a list of 242 projects and ended up with 32 projects. I wonder if you can talk to us about who created the process and why it was created in that way.

●(1610)

**Hon. Tony Clement:** Ultimately, the 32 projects that were funded represented the top priorities of the municipal governments, knowing as they did at the time—it was communicated to them—that there were various purposes for the G-8 legacy fund. It could be for straight infrastructure for the actual summit itself. It could be for business development like tourism, or it could be a legacy building or other structure as a thank you from the government to the community for hosting the event, which has been done in summits past.

So they knew the broad parameters, and they started to think of what their priorities were. The initial number, as you said, was 242. I will again state for the record that I told my mayors that was too many. When they started to reveal what their 242 projects were, my quick calculation was that there were \$500-million worth of requests for a \$50-million fund. So I did what I thought was the responsible thing on behalf of the government. I went back to the community and said, okay, you have to come back with your priorities, and I will make sure they are forwarded to the right people.

So that was the process. As the Auditor General indicated, once that was done and I recommended those projects to the Minister of Infrastructure, it was his decision to make.

**Mr. Bev Shipley:** Thank you.

I want to talk a little about forms and the community proposal form. The opposition NDP continue to suggest that the minutes and the form were created by your office. Just for the record again, can you confirm who in fact created the community proposal form? Was it the official Government of Canada form for the purposes of this fund?

**Hon. Tony Clement:** I'd certainly be happy to clear up their confusion on this.

As I said just a few minutes ago, the form was made by the Town of Huntsville. They also took the official minutes of the local area leadership group meetings.

So this idea that I concocted a form is in fact incorrect. That is not good research.

**Mr. Bev Shipley:** Thank you, Mr. Minister.

**The Chair:** Thank you very much, Mr. Shipley.

Mr. Byrne, you have the floor, sir.

**Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.):** Thank you, Mr. Chair.

Thank you to the ministers appearing before us and to the witnesses.

Minister Clement, would you be able to inform the committee exactly how many mayors, communities, and organizations were involved in this process who ultimately were thinking of or did submit applications to the process?

**Hon. Tony Clement:** I can't tell you how many submitted applications. I can you I have 25 municipalities in my constituency, plus North Bay because of the airport that existed there.

**Hon. Gerry Byrne:** Twenty-five. Thank you, Minister.

I'm sure you appreciate what's at stake here. In addition to the process issues, which we're trying to get at to ensure that taxpayers' dollars were protected and there was a process in place, you are also the minister of the Treasury Board, now responsible for a very serious initiative within the government to cut down government spending. You're also the chief executive in the spending of over \$250 billion.

This is a larger issue in addition to the G-8 legacy fund, so let's get to the brass tacks of this. You're suggesting—if I'm reading it correctly—that instead of 242 applications, you asked for mayors and communities to self-evaluate all the applications within and amongst themselves, and to arrive at, with surgical precision, 32 projects that would meet the criteria and also meet the budget envelope of \$50 million.

Is that what you're suggesting—that with surgical precision, 25 organizations and communities, without any disputes or objections being raised amongst themselves, actually arrived at that number themselves?

The alternative, Minister, if there was no adjudication within and amongst themselves, was that the department, the Government of Canada, had a role to play, and there was some oversight or some assessment granted by government officials of those 242 applications.

It's either one or the other. Was it a self-evaluation process or was there some guidance given by the Government of Canada?

**Hon. Tony Clement:** It was self-evaluation based on what they knew were the criteria for the fund.

**Hon. Gerry Byrne:** That's amazing.

**Hon. Tony Clement:** They knew the criteria for the fund and they had to rein themselves in.

**Hon. Gerry Byrne:** Wow.

**Hon. Tony Clement:** There were, as you know, 33 projects. One fell off the table because the local municipality decided that because they would be incurring costs as well, they did not want to be responsible to their taxpayer base for that.

So your idea of this ideal of perfection actually doesn't fit the actual facts of the case either.

●(1615)

**Hon. Gerry Byrne:** Twenty-five different mayors, organizations, some with competing interests—

**Hon. Tony Clement:** All 25 didn't submit. Some municipalities decided that they were not interested in participating in the fund—

**Hon. Gerry Byrne:** How many of them didn't, do you think, just quickly?

**Hon. Tony Clement:** Off the top of my head, I can tell you that the Township of The Archipelago did have a council resolution declining to participate.

**Hon. Gerry Byrne:** Well, you know, I congratulate them. With the competing interests and various demands based on their own constituencies, to come with surgical precision, to actually pare down without any disputes arising and without any sort of objections being raised, that is truly amazing.

But what I do find—

**Hon. Tony Clement:** Let me make sure the record is perfectly clear. There may have been disputes amongst them, but that was for them to sort out, it was not for me to sort out.

**Hon. Gerry Byrne:** Interesting.

Minister, if your story is true, and the mayors themselves then narrowed down the list from 242 projects to 33, you never saw anything other than 33 projects, one of which delisted itself.

Let me ask you this: why did your office send rejection letters back to mayors for applications that, as far as your office was concerned, didn't exist?

**Hon. Tony Clement:** No, they did exist, obviously. I'm telling you 242 proposals did exist, and certainly—

**Hon. Gerry Byrne:** But if they weren't submitted in the system, and if they weren't—

**Hon. Tony Clement:** Let me finish.

We knew that there was, as I say, a surplus of well-meaning initiatives by the local municipalities. We knew that eventually it would be bottled down to a manageable number that would be sent to Minister Baird for his review and his department's review and ultimate disposition. We knew that meant that other projects would fall off the table. So—

**Hon. Gerry Byrne:** The strange is moving to the sublime. To issue a rejection letter to an organization that technically did not ultimately submit an application seems a very interesting use of process.

**Hon. Tony Clement:** Well, they wanted to know what the disposition of their—

**Hon. Gerry Byrne:** But if they didn't submit an application, Minister, why would they expect it to be approved?

**Hon. Tony Clement:** I think it's perfectly—

**Hon. Gerry Byrne:** Through self-discipline, they'd jettisoned it from the list. It just doesn't make sense.

**The Chair:** That's the end of your time, Mr. Byrne.

Minister, I'll afford you the opportunity to respond, if you wish.

**Hon. Tony Clement:** I think what we did...and maybe we were being too polite, but we wanted to make sure that we closed the file on the projects that did not move forward. I think that's perfectly legitimate.

**The Chair:** Very good. Thank you.

Mr. Hayes, sir, you have the floor.

**Mr. Bryan Hayes (Sault Ste. Marie, CPC):** Thank you, Mr. Chair.

This question is for the deputy minister for infrastructure.

The Auditor General's report has the following statement, which I'd like any one of you to explain for me in terms that most non-Ottawa people will understand.

**It states:** We found that for the 32 projects approved by the Minister, Infrastructure Canada set up mechanisms to administer the contribution agreements. The Department examined the 32 projects to ensure that they met the terms and conditions of the G8 Legacy Infrastructure Fund and that agreements were made

in accordance with government policy. Infrastructure Canada maintained project records and established project management frameworks.

I want to understand what is meant by “project management frameworks”. I expect it has something to do with the process to ensure that the government got what it paid for.

Can you elaborate on project management frameworks?

**Ms. Yaprak Baltacioglu:** The framework we apply to any funding program is to ensure that we follow the law, we make sure that government pays the bills that are appropriate, and we make sure that results are achieved. These are the general objectives of any program.

In this particular case, for the 32 projects we did the legal contribution agreements; we assessed and examined the submissions from the proponents, which in many cases were the municipalities, except one case, which was the Province of Ontario; and we made sure the files were robust, because in every project file you have to have the information around the processes, everything that has been submitted.

We made sure that...it's something called “control framework”, to make sure that, in any process, at what points do you put extra controls to make sure that you don't make any mistakes? Especially when you're dealing with as many files and projects as we deal with, we have, as a system, control points injected.

For example, before the final payments were made, we did further due diligence, and then we released the documentation. Then we closed the program.

So it's basic program management, and that, I think, is what the Auditor General referred to.

• (1620)

**Mr. Bryan Hayes:** The NDP are charging that the process was interfered with by Minister Clement. Can we confirm for Canadians whether the process was in fact interfered with?

**Ms. Yaprak Baltacioglu:** First of all, Minister Clement was not our minister; therefore, there was no particular reason for Minister Clement and us to have any discussion on this file.

Second of all, absolutely no; we did the due diligence as we saw fit, and our minister, Minister Baird, has supported us throughout the way.

**Mr. Bryan Hayes:** Thank you, Mr. Chair.

**The Chair:** Thank you.

I move now to Monsieur Caron.

You have the floor, sir.

[Translation]

**Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP):** Thank you very much, Mr. Chair.

Mr. Clement and Mr. Baird, I'd like to thank you for being here.

I would like to summarize the current situation. The 32 projects have been mentioned a lot. The Auditor General had the opportunity to review the 32 projects.

One thing concerns us: \$50 million, which was approved by Parliament for a Border Infrastructure Fund, was transferred for the G8 Legacy Infrastructure Fund without Parliament's approval or even its knowledge. At the end of the day, a group called the Local Area Leadership Group was created and was consisted of Mr. Clement, the mayor of Huntsville and the general manager of the hotel. This group in question decided, alone, how to allocate this \$50 million. That's the root of the problem. We're talking about 242 projects. That's what I'm concerned about now.

I'd like to talk to you about a conclusion the Auditor General made that I'm particularly concerned about. She said that she had asked the Summit Management Office to provide all documentation indicating how the office had been involved in the review or selection of the projects. The Auditor General told us that the office had not been involved in the review or selection of the 242 projects, but that it had held information sessions for the local communities on the G8 summit.

When we look at the minutes we obtained, we can see, among other things, that Mr. Gérald Cossette was present. He was the head of the Summit Management Office. He was also assistant deputy minister for Foreign Affairs. I assume the Auditor General spoke to him. I assume that she also spoke to other officials. But there was no response from these people who were involved in the process. I say this because our emails indicate that he was involved.

Did the Department of Foreign Affairs or the Summit Management Office mislead the Auditor General?

[English]

**Hon. Tony Clement:** I think we'll probably leave it to an official to answer that, but let me just make it clear that I was not involved in the border infrastructure fund issue, nor was I involved in project selection.

[Translation]

**Mr. Guy Caron:** It was just some context.

[English]

**Hon. John Baird:** I appreciate your question, and I want to be very clear. I presented estimates from my department for Infrastructure Canada before Parliament. I am accountable for that.

I was advised, recommended by my officials, to use the border infrastructure fund as a vehicle with which we could move expeditiously to get these programs funded. Most of the infrastructure programs were done over seven years. All the other stimulus were done over two. For this we had 15 months from start to finish, so we had to move expeditiously. It was done on a recommendation from the public service.

Having said that, we topped the fund up by \$50 million. I think the Auditor General's observation is fair that we could have put in those estimates that \$50 million of the money was potentially going towards the G-8—

[Translation]

**Mr. Guy Caron:** I only provided some context. I would like you to tell me about Mr. Cossette and his role as head of the Summit Management Office.

The Auditor General was unable to get the information. She was apparently told that the senior officials were not involved. Yet, Mr. Cossette was an integral part of the group.

**Mr. Richard Dicerni:** I'll review a bit of what Mr. Clement said, which was that this group did not have a decision-making role. Mr. Cossette was there to facilitate the deliberations and contribute to them so that the people from the region knew what was going on.

The group did not have a decision-making role with respect to the projects.

**Mr. Guy Caron:** What decision-making group did take the number of projects from 242 to 33, if it wasn't Local Area Leadership Group?

• (1625)

[English]

**Hon. Tony Clement:** No, no, they were not a decision-making group for whittling down from 242 to 33. I've made clear that it was the responsibility of each individual municipality to come forward with their best projects. That was over a period of time. As we were deciding on projects, they knew that the fund was getting smaller, so that concentrated their minds a little bit as well.

I know there is this mythology—as it was put rather interestingly during the election campaign—that I was at a bar somewhere in Muskoka with two other guys making the decisions. That's just a myth. It never happened that way. We were not involved in selecting the projects.

[Translation]

**Mr. Guy Caron:** Once again, I want to understand. You told the people that they could share the \$50 million. There are 242 projects. There is something called the Local Area Leadership Group. Then the number of projects goes from 242 to 33, and no one was really involved in that.

[English]

**Hon. Tony Clement:** Let me just make it clear again. The local area leadership group was there to flow information back and forth between the organizers of the summit on issues like security, issues like crowd management, issues like road closures, issues like community involvement, those kinds of things.

They did discuss projects, but they never concluded on projects, nor did they submit their project proposals to that group. It was not for that purpose at all. It was an exchange of information.

**The Chair:** Thank you.

Sorry, your time has expired.

Mr. Aspin, you have the floor, sir.

**Mr. Jay Aspin (Nipissing—Timiskaming, CPC):** Thank you, Chair.

Welcome, ladies and gentlemen, to our committee.

This has been alluded to a couple of times by Minister Baird, but I'd like to drill down on a few specific issues. My question is specifically directed to the deputy minister.

Can you explain, in your own words, why the border infrastructure fund was used, and, as well, why the G-8 legacy fund was not listed in the supplemental estimates?

**Ms. Yaprak Baltacioglu:** Thank you, Mr. Chairman.

As Minister Baird mentioned, in February 2009 new money came into the department and the administration of this fund came under Infrastructure Canada authorities.

At that time, some of these projects had to start within weeks, if not days, because most of them had to be completed for the time of the summit.

In February 2009, when this fund came in, it was at the same time that the infrastructure stimulus fund and the whole economic action plan programs came into the department. There were a lot of flexibilities that got instituted later on in terms of approvals processes in the federal cabinet decision-making, but in February it was not very clear that we could get, as a department, approvals for a brand new program in time.

Normally, any new program design takes anywhere between four to six months. If it took four to six months, the proponents could not have been able to start the projects.

So at the officials level, they had discussions and they looked at any mechanism that we could use to put the new money in, almost like a subsection of the border infrastructure fund. It had its own terms and conditions, and it had...so that was used as a vehicle. The presence of the legacy fund was made public around similar times by Minister Clement. So it was a delivery mechanism.

That being said, given that we were able to secure all of the approvals for all of our other programs, with 20/20 hindsight it would have been much wiser to have a separate fund instituted, put in place, and then we would not have recommended to our minister something that the Auditor General found to be not transparent.

On the estimates process, Madam d'Auray is going to take the answer.

**Hon. John Baird:** I just want to jump in on this.

There are two documents from the estimates: supplementary estimates (B), 2009-10, "Border Infrastructure Fund relating to investments in infrastructure to reduce border congestion", and supplementary estimates (A), 2010-11, "Funding for Border Infrastructure Fund related to projects in support of the 2010 G8 Summit". The Auditor General has said we should have been clearer to Parliament when we presented those estimates. While this had been done for many years, she's right, it should have been, and next time it will.

• (1630)

**Ms. Michelle d'Auray:** To pick up on the comment that the minister made, we agree with the Auditor General's recommendation about greater clarity. It is a technical process we have that when a subprogram is a subset of a program, in this instance the border infrastructure fund, we roll up all of the subprogram elements into the main program heading. It's a technical aggregation, and in that sense, it is appropriate for us to do that. We have done that for over a hundred years. It is simply an aggregation of a subprogram element

into a main program. There is no element of error. It is essentially a technical process that we go through.

We recognize that in some instances that aggregation may be at a too-high level. Should we be more transparent and provide more information on the sub-elements of a program? We have agreed with the Auditor General's recommendations, and in fact have taken steps to ensure that in the future when those differences in program elements are substantial, the subprogram elements will be separated from the programs, and the elements in the funds attributed to those will be clearly set out.

**Hon. John Baird:** I would just add that we were not trying to do anything secretly. Every one of the projects was announced by press release. It was on the department's website. The advice that I followed from the public service was not done to try to not draw light to the matter. It was all advertised publicly, what we were doing, on the department's website. Press releases were out. It was widely known that the fund existed.

Having said that, the Auditor General is right, and we accept her advice.

**The Chair:** Thank you, Minister.

Mr. Aspin, sorry, time has expired. Thank you.

We move now to Mr. Byrne. You have the floor, sir.

**Hon. Gerry Byrne:** Thank you very much, Mr. Chair.

Minister Clement, you've built an explanation of why there wasn't a shred of paperwork to evaluate any of these projects, and why there wasn't a shred of paperwork available to the Auditor General, around the narrative of self-discipline and self-assessment within the group of municipal officials, politicians, and other organizations. The explanation is that they decided these projects amongst themselves and narrowed down 242 projects, eliminating 85% of those projects in favour of 32.

**Hon. Tony Clement:** No.

**Hon. Gerry Byrne:** Therefore you didn't need any paperwork, because 100% of the applications as submitted were approved and spending authorized.

**Hon. Tony Clement:** No.

**Hon. Gerry Byrne:** And therefore, there wasn't anything further required.

**Hon. Tony Clement:** No.

**Hon. Gerry Byrne:** The alternative, Minister, is that there was some sort of evaluation, that there was some guiding hand, or guiding force, to create a surgical precision to allow these projects to come in at \$50 million or less and all be eligible under the project criteria.

Is that the narrative?

**Hon. Tony Clement:** No: on a number of fronts, the answer to your question is no.

First of all, as I'm sure the individuals can attest, even when the projects were approved, then there was a contribution agreement signed. And not every bill that was submitted by the municipalities was deemed to be eligible in terms of the program.

So the perfection that you're seeing in the process is not in fact accurate.

**Hon. Gerry Byrne:** I don't think it is either.

**Hon. Tony Clement:** I'm not saying, Mr. Byrne, that the explanation for lack of paperwork is because it was a perfect process; I'm saying that the reason why I insisted they go from 242 down to 33 was for time reasons—we had only a limited amount of time to actually build structures, or roads, or parks, or what have you—but at the same time, I felt at the time that they were asking for too much from government. I mean, \$500 million cannot fit into a \$50-million fund, so I said to them, make your priorities.

The point of the Auditor General is that, look, when you created that system, the documentation or the paperwork wasn't there for deciding how you got from 242 down to 33. I agree with her. With the benefit of 20/20 hindsight, if I could reverse time and go back to that point, I would recommend to the government that they would in fact create the paper process that's missing.

**Hon. Gerry Byrne:** But Minister, critical to this narrative is... what you're suggesting is that government officials were not involved whatsoever in that narrowing of focus, that creation of surgical precision.

•(1635)

**Hon. Tony Clement:** It's not surgical precision.

**Hon. Gerry Byrne:** What you're suggesting is that communities themselves went from 242, that the Mayor of Huntsville, acting as the dean or the chairperson, convened a meeting of all of these disparate organizations—

**Hon. Tony Clement:** You're putting words in my mouth now, Mr. Byrne.

**Hon. Gerry Byrne:** —and said, listen, let's all exercise self-discipline here and let's pare off 85% from our original ask and let's go with just 32. And everybody just followed suit.

The alternative, sir, is that the government did have a role. If the government did have a role, there should be some paperwork that should have been available to the Auditor General in a formal assessment process.

**Hon. Tony Clement:** There are a lot of reasons—

**Hon. Gerry Byrne:** It's one of the two.

**Hon. Tony Clement:** —why this \$50-million fund was different from other infrastructure funds. But one of the ways it was the same was that we disciplined municipalities to come forward with their best projects. We did that on the Building Canada fund. We did it for the community adjustment, the stimulus fund, and for all of these funds, we said to municipalities, “Come forward with your best projects”, and that was the discipline of the system.

So this fund was different in many ways. I'm not suggesting they are completely analogous. But on that one point, I think it is important to say—

**Hon. Gerry Byrne:** Minister, to arrive at that conclusion, not only would the municipality have to decide what was best amongst their own applications; there would also have to be a level of agreement that the other communities' projects were also the best projects—

**Hon. Tony Clement:** No, Mr. Byrne—

**Hon. Gerry Byrne:** —to be able to avoid that objection.

**Hon. Tony Clement:** —I think I can clear up your confusion on this.

The projects were not announced simultaneously. They were announced over a period of time.

So when one project was announced, the municipalities knew that \$4.5 million was reduced from the \$50 million. When another project was announced, \$3 million was reduced from the \$50 million.

They knew that the fund was depleting as good projects were being announced. They tailored their remaining submissions accordingly.

**Hon. Gerry Byrne:** The project announced for sidewalks approximately 100 kilometres away from the summit site: was that in the initial round of projects or was that in the latter round of projects?

**The Chair:** You have time for a very brief answer, Minister.

**Hon. John Baird:** I can't say whether it was first or second or what have you. I can say that there were three criteria for the fund: one, direct support for the summit; two, beautification of the region; and three, support as a legacy for the municipalities. There were plenty of summit participants who were staying well in excess of 50 kilometres, 75 kilometres, and yes, even more than 100 kilometres from the summit.

**The Chair:** Thank you.

I'm sorry, the time has expired.

We'll go over to Ms. Bateman. You have the floor, ma'am.

**Ms. Joyce Bateman (Winnipeg South Centre, CPC):** Thank you very much, Mr. President—or Mr. Chair, rather.

[*Translation*]

I'm sorry, I was thinking "*monsieur le président*".

[*English*]

My questions today are for the two deputy ministers. I have several questions.

I understand that you both worked together for the economic action plan. I am a chartered accountant, and I am a former public servant for the federal government, so my question comes through that lens.

You delivered \$50 billion. You invested it in the economy. The Auditor General complimented both of your departments on how well you handled that plan. I just wonder if you could explain how you worked with the Auditor General.

Perhaps I'll go to you first, Mr. Dicerni.

**Mr. Richard Dicerni:** Industry Canada was involved in the economic action plan through the knowledge infrastructure program primarily, which was a \$2-billion fund to enhance post-secondary education infrastructure. It was for universities and colleges. We, in turn, leveraged another \$2 billion from provinces and other parties to supplement those initial funds. We delivered this program in cooperation with provincial governments, and obviously with community colleges and universities.

In regard to the Auditor General's office, they had access to the documents they wanted to see, and it resulted, I think, in the assessment the Auditor General provided.

**Ms. Joyce Bateman:** It was exemplary, I would say.

If I could just continue on this piece with you, sir, the NDP have said that both of your departments—and you—have misled the Auditor General. Could you speak to this issue? This is a very heavy charge for an MP to make about senior government officials.

Could you expand on that, sir?

• (1640)

**Mr. Richard Dicerni:** In regard to the G-8 summit, as Minister Clement mentioned, FedNor, which is a component of Industry Canada, did have four projects. I believe one of my ADMs testified to a committee last year or the year before and described exactly what those four projects were about.

FedNor, as an arm of Industry Canada supporting Minister Clement, was indeed present at some of the G-8 meetings as support to the minister and in the context of their ongoing responsibilities in FedNor, which include economic development and tourism support.

The officials there, and I think Mr. Angus referred to Mr. Dodds, who used to be an employee of Industry Canada, attended some of the meetings but did not, as Minister Clement has said, get involved in any project analysis and did not provide any support to the G-8 fund, to a large degree because it was not our fund—not my program, not my money.

**Ms. Joyce Bateman:** So you didn't mislead the Auditor General.

**Mr. Richard Dicerni:** No, no; I would take exception to that.

**Ms. Joyce Bateman:** I thought that was a possibility.

[Translation]

Madam Deputy Minister, do you have something to add?

[English]

**Ms. Yaprak Baltacioglu:** Infrastructure Canada's role on the G-8 legacy fund has been very clear. I don't think there is any confusion about our role. We have confirmed it with the Auditor General. We provided all of the documents she and her team asked for.

Our involvement was on the 32 projects and on the administration of the 32 projects, making sure that we kept track of the money and the projects.

In addition to that, going back to the earlier part of your question, we were responsible for the infrastructure stimulus fund and the economic action infrastructure program's \$10 billion and 6,000-plus projects.

But like Mr. Dicerni, I wasn't aware that anybody was particularly questioning our integrity in terms of not telling the truth to the Auditor General.

**Ms. Joyce Bateman:** Well, we're hearing different things sometimes. I wanted to make certain that you both, as public servants, don't feel that there are aspersions being cast upon you in this context.

**Ms. Yaprak Baltacioglu:** We have documentation, in written format, to the Auditor General that the department submitted, outlining the exact role we played. That was signed by me.

**Ms. Joyce Bateman:** Thank you so much.

**The Chair:** That's perfect timing. Thank you very much.

Mr. Angus, you are back in rotation. You have the floor, sir.

**Mr. Charlie Angus:** Thank you, Mr. Chair.

Mr. Clement, I'm trying to get my head around just what was going down in those meetings that you chaired. Maybe it wasn't nefarious. Maybe it was just kind of hapless and everybody was thinking, my God, we hit the lottery, and how best do we do this?

So we go back to this paper trail that you said you had nothing to do with. The paper is said to be sent to Ms. Sondra Read, constituency manager, Tony Clement's office, with her parliamentary account.

You were at the meeting. You've got guys walking around handing out homemade paper.

Did you accept the paper? Did you receive this paper?

I mean, why were they thinking that they could just make up the paper on your behalf? What was going on there?

**Hon. Tony Clement:** No, I think the idea was that there be some system for the proposals. As I mentioned to you already, and this was mentioned to the Auditor General—

**Mr. Charlie Angus:** So were you guys having to make that up on the fly? I don't get it. We had to come up with a system, so the mayors came up with this little piece of paper for you.

**Hon. Tony Clement:** At the time, things were—

**Mr. Charlie Angus:** Didn't you go in there with, like, a plan?

**Hon. Tony Clement:** No, no, it's actually quite clear. At the time, there wasn't any paper from the department. They were anxious to get on with the projects because they had to be completed over a year earlier than other stimulus projects.

In an effort to be helpful, the municipalities then brought forward their proposals in a form that they thought would be helpful to the government to make the ultimate decision.

**Mr. Charlie Angus:** Excellent. And then all the paper was deep-sixed; that's even more helpful, I would find.

**Hon. Tony Clement:** It then went to my constituency office, and from there it ultimately went to Minister Baird.

• (1645)

**Mr. Charlie Angus:** But you haven't produced any of this paper.

**Hon. Tony Clement:** I'm sorry?

**Mr. Charlie Angus:** You haven't produced any of this paper, so this is the question. I mean, the mayors are helping you out to spend \$50 million. They're helping you make up a form. You help them with their paper, and then the Auditor General comes up zero—no paper.

I guess I'm asking you this because the Auditor General came—and I also want to follow up on Ms. Bateman's comments—and said two very clear things to us. Mr. Wiersema said that the civil servants did not mislead the Auditor General, but that the rules were broken.

So who broke the rules, Mr. Clement?

**Hon. Tony Clement:** Look, I've been very clear, Mr. Angus. I think the public servants can speak for themselves, and I would defend them, that they—

**Mr. Charlie Angus:** I'm asking you: who broke the rules?

**Hon. Tony Clement:** Mr. Angus, I would defend the public servants. They did not in any way say anything that was untoward to the Auditor General. They spoke the truth, just as I speak the truth.

The truth of the matter is that when it came to designing a process to get the best projects to the decision-maker, in this case Minister Baird—

**Mr. Charlie Angus:** But we're talking about the Auditor General's accusation that rules were broken.

**Hon. Tony Clement:** Right. So the Auditor General—

**Mr. Charlie Angus:** Who broke the rules? Have you undertaken an investigation? Again, this is about your fundamental competency now as the new Treasury Board president. The Auditor General said somebody broke the rules. I would expect that you're going to find out.

**Hon. Tony Clement:** Well, I would go back to the—

**Mr. Charlie Angus:** Have you launched an investigation to find out who broke the rules?

**Hon. Tony Clement:** Mr. Angus, you're saying things, but I actually want to go back to the text of the Auditor General's report:

We are concerned about the lack of documentation in the process for selecting projects for funding. Supporting documentation is important, in our view, to show that the selection process was transparent...

She does say that, and I agree with her.

I would like you to know—

**Mr. Charlie Angus:** Then the Auditor General said, outside our committee, that rules were broken.

Have you investigated that?

**Hon. Tony Clement:** I'm reading exactly from the report, sir, and that's what the report says. I would like you to know that I take that to heart.

**Mr. Charlie Angus:** I'm sorry, I don't want to argue with you, Mr. Clement; I guess it's a question of how you do business. That's the question. When an Auditor General says rules were broken, I would think that you would want to follow that up.

**Hon. Tony Clement:** No, the Auditor General said she was concerned about the lack of documentation. I take that to heart. The paperwork for this was not perfect. It should have been better—

**Mr. Charlie Angus:** Not perfect? It doesn't exist.

**Hon. Tony Clement:** —and I take my share of the responsibility for that.

**Mr. Charlie Angus:** It doesn't exist.

**Hon. Tony Clement:** Certainly I have learned that there are different ways and better ways to provide for these kinds of intake processes, and I will commit myself to using those.

**Mr. Charlie Angus:** I guess—

**Hon. John Baird:** Mr. Chair, I have the report right here, if you need it.

**Mr. Charlie Angus:** No, sorry; I only have a few minutes left, Mr. Baird. I love talking to you, so I'll ask you a question tomorrow and you can follow up for me.

I have, I guess, a simple question, Mr. Clement. You tell us you've learned some lessons from this. You got your hands on \$50 million of border infrastructure money. You blew it on projects like hockey arenas and summit centres. You told your mayors to keep their lines straight, let's not talk to the media until we get this story out.

What you said, when people started asking questions, was that, I'm sorry, the dog ate my homework, but I'll do better next time.

Mr. Clement, a simple question: why should Canadians trust you with the \$250 billion that you're now in charge of? If you're learning your lessons on the fly like that, and having to rely on mayors to come up with your paper trail, what are you doing at Treasury Board?

**Hon. Tony Clement:** Sure, and let me answer that in a couple of ways. First of all, in the last federal election Canadians trusted us with a majority government. This issue was used in the election campaign in a very nefarious way. Canadians—

**Mr. Charlie Angus:** No, I'm not asking that. I'm asking about you.

**Hon. Tony Clement:** I'm just giving you an answer to the question, sir.

**Mr. Charlie Angus:** Minister Clement—

**The Chair:** Order!

Order right now, both of you.

The time has expired for your question. I am allowing the minister, though, to conclude his remarks.

Minister.

**Hon. Tony Clement:** I have a long public record of public involvement, both provincially and federally, Mr. Chair. You know that as well, in our former roles.



I believe my record is a good record. It's an untainted record. It's a record of probity and honesty. I try to do my job the best I can for the people who not only elected me, but for the people of Canada, and I will continue to do so in my new role as President of the Treasury Board.

**The Chair:** Thank you, Minister.

The time for that rotation has indeed expired.

Over to Mr. Dreeshen, who now has the floor.

**Mr. Earl Dreeshen (Red Deer, CPC):** Thank you very much, Mr. Chair.

Welcome to all of our guests. Minister Baird and Minister Clement, it's great that you can be here today.

I think perhaps we've come to the time in our discussions when it would be great for us to be able to summarize some of the things that are taking place.

I was wondering, first of all, if you would outline for the committee what the overall process was that occurred for the G-8 legacy fund. There has been a lot said, and the rhetoric has sometimes gone a little bit over the top. Perhaps you could summarize that information in a nutshell and let us know how these projects actually were identified.

• (1650)

**Hon. Tony Clement:** Sure. In my role and responsibility, Mr. Dreeshen, as I mentioned, the public and the municipalities in my constituency and in North Bay, in Mr. Aspin's constituency, were engaged to help prepare for the summit. Part of that engagement involved information flowing back and forth on important issues as the summit came closer. Part of it was preparing for the summit and also preparing a legacy for that summit in terms of infrastructure.

Municipal governments were consulted. They helped identify and prioritize projects that were important to the community. As local leaders they were the ones best placed to identify the needs of their communities certainly. Then, the applications ultimately came from the municipalities, and through me—certainly I did, as an MP, recommend and endorse the suggestions of my community—to Minister Baird and his department, where he had his role and responsibility.

At that point, Minister Baird, you were in charge.

**Hon. John Baird:** Indeed.

My office and our officials received 33 projects. They were all evaluated, deemed eligible and appropriate, and they were identified, recommended, selected, and put in front of me and my office. We reviewed them to make sure they were all eligible under the three criteria of the fund. Obviously the third criterion was a very small percentage of the money that was spent, and every single dollar was accounted for. We've been very clear about that.

**Mr. Earl Dreeshen:** There was a great deal of responsibility, and a lot was happening at the time. I know the Auditor General has talked about the way in which your infrastructure money had gone out. You've already explained what happened with the border infrastructure fund and so on.

Is that basically the role that you were playing, to try to make sure that these funds were flowing properly and we could manage to keep things on the proper stage as far as budgets are concerned?

**Hon. John Baird:** Our goal, obviously, was to meet the three objectives of the fund. In addition, obviously as part of the global economic downturn we responded with the stimulus initiative, and some 23,000 projects, Government of Canada wide, were taken. We did a significant amount of work to ensure that things would move expeditiously, quickly.

In fact, we were dealing with mostly municipal projects here. The Canadian association of municipalities I think has acknowledged and even given an award to the department for the great job they did in moving expeditiously.

There was a lot of debate whether the federal government could respond to the challenge. We did that. I think by and large the infrastructure funds, when you look at the totality, were distributed pretty fairly. If you look at the work we did from coast to coast to coast, it created a lot of jobs. We have a lot of public infrastructure that will benefit communities for many years to come.

We did move quickly. Things were far too slow in the past. I thought they were too slow. Opposition members, provinces, municipalities, government members all thought they were too slow. We did a lot to speed that up.

I think if you look at the record in its totality, it was an unprecedented success. I think one of the things that was so good was that we put aside partisan politics, worked with municipalities of every political stripe, worked with provincial governments of every political stripe.

I think that's exactly...not what people expected during the economic downturn, but they demanded it, and I think they received it.

**The Chair:** Your time has expired. Thank you very much.

Colleagues, that takes us through one full rotation of the committee. We had agreed that at 5:15, if we were still deliberating, we would stop at that point to deal with some committee business. We are 20 minutes away from that point.

I'm in the hands of the committee in terms of whether you wish to continue the rotation until 5:15, or some other proposal... We could stand adjourned until 5:15. That seems a little silly, but we could.

The other—

**Hon. John Baird:** [*Inaudible—Editor*]...quickly on that, Mr. Chair.

**Voices:** Oh, oh!

**The Chair:** I made comment; I'll let you.

Before that, however, I've had a request from Ms. May, who is an independent, as all members know. She has asked for an opportunity to ask a rotation of questions.

The rules are that they can unless they can't. That means, at first blush, that the chair will decide yes or no. Ultimately, as always, the power resides with the committee.

Given the nature of the request and the politics of what we're dealing with, I'm going to go directly to the committee and ask the question: is the committee of a mind to allow Ms. May to have a rotational spot? It would be one or two questions to a maximum of our five minutes.

Without any debate—I don't think we need debate—we can go straight to a vote.

•(1655)

**Mr. Andrew Saxton:** Mr. Chair, I think it does require some clarification, because it is an unusual circumstance.

The government members on this side all have questions ready for the witnesses. Our position is that if the opposition wishes to give up one of their questions for Ms. May, then so be it; she can ask one of their questions.

**The Chair:** Are there any other comments or thoughts?

Ms. May, of course.

**Ms. Elizabeth May (Saanich—Gulf Islands, GP):** I have one small but important clarification.

I'm here as a member of Parliament for the Green Party of Canada, and treated, in certain circumstances, as though I were an independent. In this circumstance, I'd be very grateful for the indulgence of this committee to allow me to ask one or two questions.

**The Chair:** You've heard the request. I'll deem this to be before the committee.

Is there any further discussion?

Mr. Saxton.

**Mr. Andrew Saxton:** I would like to ask the opposition to please clarify whether they will give up one of their spots for Ms. May.

**The Chair:** And they have the right to respond or not respond, if they choose.

I'm not seeing anybody jump to the mike. The floor is still open for further discussion.

Hearing none, I'll put the question....

Mr. Byrne.

**Hon. Gerry Byrne:** I would be happy, in the spirit of parliamentary cooperation, to defer my questions to Ms. May.

**A voice:** Your “question” or “questions”?

**The Chair:** I gather you mean your “time”?

**Hon. Gerry Byrne:** Ms. May.

**Ms. Elizabeth May:** Thank you very much.

**Hon. Gerry Byrne:** I'm trying to help out.

**The Chair:** Really, colleagues? I mean, the person who has the least amount of time is the one who's going to accommodate? That's okay?

**Hon. Gerry Byrne:** That is the Liberal Party of Canada way, Mr. Chairman.

**Voices:** Oh, oh!

**The Chair:** You occupy the high road alone.

**Voices:** Oh, oh!

**The Chair:** Therefore....

All right, Monsieur Caron, just quickly.

[*Translation*]

**Mr. Guy Caron:** I thought that...

[*English*]

**The Chair:** We're taking more time debating it than doing it.

[*Translation*]

**Mr. Guy Caron:** I thought that the motion of the Conservatives presented on Monday meant that we would spend two hours with our witnesses. We unanimously agreed to shorten this meeting by 15 minutes. So I think we should continue until 5:15 p.m., following the rotation. I remember that when we discussed the rotation, we also agreed to the principle that the same party could not intervene twice in a row to ask questions.

[*English*]

**The Chair:** All right.

I'm hearing—and I'll take it as a motion—that we would continue to do rotational questions until such time as we hit 5:15. In the rotation, Mr. Byrne has generously offered his spot to Ms. May. That's the issue before us.

Is there any further discussion?

Mr. Byrne.

**Hon. Gerry Byrne:** Thank you, Mr. Chair.

It has normally been the practice of this committee that whatever the committee's reception of evidence, as we're hearing from those appearing before us and those appearing as witnesses before us, that if we do have to interrupt the normal proceedings of the committee, we actually ask the witnesses, and those appearing before us, to appear again.

So would it be possible, Mr. Chair, to ask Minister Baird, and more particularly Minister Clement, if they would come before us again?

**The Chair:** Minister Baird is indicating he's ready to respond.

**Hon. John Baird:** Thank you very much.

I am inspired by Gerry Byrne's non-partisan nature in wanting to assist our colleague and friend from the Green Party.

Could I suggest, though, that we just sit until 5:20, go with the normal rotation until 5:15, and then allow Ms. May to speak? I'm prepared to stay to hear her time.

**The Chair:** You were fine until you started talking about who's going to speak—

**Voices:** Oh, oh!

**The Chair:** —and then you crossed the line, Minister.

I hear what you have to say, but the matter is still before the committee.

Is there further discussion?

Mr. Byrne.

**Hon. Gerry Byrne:** Mr. Chair, I'd like to entertain a suggestion that was made by Minister Baird. I'd like to repeat his statement on the record and simply ask if the committee would consider it—that we hear the testimony of the ministers and the witnesses appearing before us until 5:20, as Minister Baird did suggest.

And John, I appreciate the compliment. Thank you.

**Hon. John Baird:** Give, give, give, Gerry—that's what I do.

**The Chair:** Hold on, Minister, please; you're not being helpful.

Mr. Saxton.

**Mr. Andrew Saxton:** Thank you, Mr. Chair.

I would like to ask the committee if we would have agreement, in that case, to continue our work today until the committee business is completed. We had set aside 15 minutes for committee business, and we do need to get the committee business accomplished and finished.

If we're now going until 5:20, then that means we may have to go five minutes over our allotted time. We may have to go to 5:35.

**An hon. member:** I can't.

**Mr. Andrew Saxton:** One of the honourable members indicates he cannot.

If we have agreement, then, that we will get the business done by 5:30—that is, in the reduced amount of time, with ten minutes for committee business—we would not object.

• (1700)

**The Chair:** Okay, quickly, folks; we're like kids in the backyard spending more time fighting over the rules than playing the game.

Go ahead, Mr. Byrne.

**Hon. Gerry Byrne:** Can we just carry on for another five minutes with the hearing of witnesses, and then proceed with committee business at 5:20?

**The Chair:** Well, under the current rules that we set for ourselves, we could continue, if we agree now, in rotation. Ms. May would come up during Mr. Byrne's speaking spot. At 5:15, we would move to committee business.

But I count five...which means we're not going to get there.

So your offer is symbolic, at this point.

**Voices:** Oh, oh!

**Hon. Gerry Byrne:** However genuine: however genuine it may actually turn out, Mr. Chair, it is symbolic. Thank you.

**The Chair:** Thank you, colleagues.

Do I have agreement that we will continue in rotation until 5:15?

**Some members:** Agreed.

**The Chair:** Okay. So that's where we are.

We'll go back to the beginning, as we do when we say we're going to reset.

Therefore, Mr. Saxton, you have the floor...

Monsieur Caron, yes?

[*Translation*]

**Mr. Guy Caron:** We had an agreement. When we negotiated the rotation, we agreed that if it continued and there was a second round, we would respect the principle that the same party would not intervene twice in a row to ask questions. If this is the case, the last speaker was a Conservative and, therefore, it should be the opposition's turn next.

[*English*]

**The Chair:** Mr. Kramp.

**Mr. Daryl Kramp:** We didn't agree to that. We said let's just go back and start over again until the 15 minutes is up.

**The Chair:** Yes.

Monsieur, I'm open to hearing you again, but I don't think we had that understanding. I think what we do is just loop back in. Okay?

If there are no further points—I'm hearing none—Mr. Saxton has the floor.

**Mr. Andrew Saxton:** Thank you, Mr. Chair.

I have a question for the officials.

I have sat here and listened to your responses carefully. I believe that's what my constituents have sent me here to do. However, I notice that the opposition lets their own rhetoric stand in the way of your professional responses.

For instance, on the border infrastructure fund, they have ignored your response. Can you again tell us how and why the border infrastructure fund was used for this project?

**Ms. Yaprak Baltacioglu:** Thank you, Mr. Chairman.

As I outlined a few minutes ago, when the new money came into the department, the department did not have that much time to get the program up and running. The projects had to start within weeks. Therefore, departmental officials tried to find the most expedient way to administer this program.

Getting new funds and programs off the ground, and getting all of the authorities and approvals done from scratch, often takes anywhere between four to six months. So the idea of using the border infrastructure fund came up as a way to administer the program appropriately but in a more expedient approval time process. New money was added into the border infrastructure fund, with separate terms and conditions around this legacy fund.

Again, as we said, that was what was deemed to be a wise way of proceeding at that time. Within months of that, the officials were thinking that we should have done a stand-alone fund, because we could have gotten the approvals probably in the same timeframe; a lot of flexibilities came in with the economic action plan in terms of getting the memoranda to cabinet approved, Treasury Board submissions approved, etc.

At the time, they didn't know. They looked at the past process, and that was the recommendation that was made to the minister.

**Hon. John Baird:** Just to be clear, Mr. Saxton, the public service recommended this to me. It was their idea. But at the end of the day, I'm the one who signed off on it. I tabled the estimates for my department. I'm responsible for the estimates put forward to Parliament from my department, so I take responsibility. It has been done for some 100 hundred years, I'm told.

The Auditor General has said it's not as transparent as it should be, and no one takes exception. We accept her wise counsel and good advice.

**Mr. Andrew Saxton:** Thank you.

Do I still have time, Mr. Chair?

**The Chair:** Yes.

**Mr. Andrew Saxton:** I have a question for the secretary of the Treasury Board. The Auditor General in her report recommended that changes be made to the estimates process. As Minister Baird has mentioned, some of those processes were in place for over 100 years.

Can you briefly describe to us what changes are being made to the estimates processes?

• (1705)

**Ms. Michelle d'Auray:** Thank you, Mr. Chair.

We have instituted two things within the Treasury Board Secretariat based on the Auditor General's advice. First, for initiatives of a horizontal nature, we have described with greater detail in the estimates. We are also for the first time, as you will see shortly, providing information on horizontal initiatives from previous estimates as well as the current estimates, so that the tracking of funds can now be done. That's a new development.

We have also instituted some very clear guidelines inside our organization, because we're the ones that provide departments with their estimates sheets for them to sign off. Where there are specific subprogram elements that provide different parameters or additional parameters to existing programs, those will now be listed separately.

We have had a tradition of aggregating them, and we recognize that may not be as transparent or as clear. We recognize that. As a result, where there are subprograms with different parameters or additional parameters, those will then be identified distinctly. They will still be under the heading of the main program so that the funds can be tracked under the program authorities all the way through.

The program elements are also reported in departments' performance reports. They are also reported in the public accounts. Members of Parliament can see them all the way through—from the main estimates, to the supplementary estimates, to the departmental performance reports, to the public accounts.

**Mr. Andrew Saxton:** Thank you, Mr. Chair.

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

We'll go to the NDP.

The time is being split, I understand.

Mr. Boulerice, you have the floor.

[*Translation*]

**Mr. Alexandre Boulerice:** We would also like to share our time.

I have one last question for Mr. Clement, before Mr. Caron takes over.

I'm coming back to this subject. Actually, for any Canadian who follows politics a little, this parallel—and practically private—method from the constituency office is still troubling.

Had you used this method of a homemade form previously? Had you used this type of thing, in the constituency office, to approve projects and dispense millions of dollars? Have you used this type of documentation in other circumstances since then?

[*English*]

**Hon. Tony Clement:** No, of course; it was not a parallel private system, I can assure members of Parliament here. It was a way to get from project advocacy to project selection. I shared all that information and the process that was used with the Auditor General. She opined about that, and I accept her opinion. She said there were better ways to do things than the way selected, but she also said that every penny was accounted for and went to its intended purpose.

We can always do better, and in this case we could do better, for sure.

[*Translation*]

**Mr. Guy Caron:** I'm having difficulty understanding what you're saying. You're telling us that it wasn't a parallel private system? But we had an official system, which the Auditor General had the opportunity to investigate, and another system that she did not have access to. This is what we call a parallel system.

I'd like to go back to the matter of Mr. Cossette. There has also been talk of Mr. Dodds. There's actually a list. According to the email we obtained, some 12 to 15 public servants or members of government were involved in the process.

You accepted the Auditor General's report. Point 2.8 of the report indicates the following: "Senior officials were not able to provide us with any information and said their input had not been sought as part of that process."

We saw that public servants, including Mr. Cossette and Mr. Dodds, were involved and could have spoken to the Auditor General, but that didn't happen.

[*English*]

**Hon. Tony Clement:** No. I think what I find embedded in your question is the opinion that the entirety of what was being discussed was the G-8 legacy fund. The G-8 legacy fund was a small part of organizing for a summit.

There was policing. There was making sure people felt welcome.

[*Translation*]

**Mr. Guy Caron:** Mr. Clement...

[*English*]

**Hon. Tony Clement:** There were all of the preparations at the actual site.

So those individuals were involved in things other than the G-8 legacy fund.

• (1710)

[Translation]

**Mr. Guy Caron:** No, no. In the emails from Mr. Dodds that we obtained, we noted the involvement of Mr. Cossette, Ms. Forth, Ms. Nichols, Ms. St-Jean and Ms. St-Pierre through various duties. We have the names of people who were involved in the Local Area Leadership Group process, which was the parallel process. These same people, according to the Auditor General, were not involved in the process. In fact, the Auditor General couldn't find a way to report what they had done.

[English]

**Ms. Yaprak Baltacioglu:** I would like to clarify the involvement of two officials you've mentioned, Mrs. Nichols and Mrs. Hirshberg. They are Infrastructure Canada officials who were responsible for administering the 32 projects.

[Translation]

**Mr. Guy Caron:** I don't necessarily want to talk about the role of the specific individuals. We have a long list of names. You are talking about individuals, but I want to talk about the fact that senior officials were involved in the Local Area Leadership Group process. But these same people were questioned by the Auditor General and said that they had no involvement in the process.

**Mr. Richard Dicerni:** Mr. Dodds and other FedNor collaborators participated in this famous meeting that you have the minutes for.

**Mr. Guy Caron:** But there were many meetings, not just one.

**Mr. Richard Dicerni:** What I'm trying to say is that taking part in a meeting doesn't mean that these people were necessarily involved in making a subsequent decision. They were there because it was part of their job to contribute to the discussion. As Minister Clement said, quite a lot of things happened with respect to the G8.

**Mr. Guy Caron:** Don't you agree that if the Auditor General asks them questions about their involvement and asks them if they were consulted during the process, they should answer "yes" rather than "no", since this was the case? Actually, they said that they had not been consulted during the process. But they were consulted; you just said so.

**Mr. Richard Dicerni:** No, no. What I said was that they attended a meeting, maybe two meetings. They were there as public servants because FedNor is responsible for tourism in northern Ontario. There's a difference between sitting at a table and being involved in the decision-making process.

**Mr. Guy Caron:** I wasn't talking about the decision-making process; I said that they were consulted during the process.

[English]

**The Chair:** Mr. Caron, your time has expired.

Mr. Kramp, you have the floor, sir.

**Mr. Daryl Kramp:** Thank you, Mr. Chair.

Certainly to our guests gathered here, without doubt and without exception let me congratulate all of the officials who are here today. When we talk about the stimulus plan, the knowledge infrastructure,

and the legacy fund—literally it is without parallel in Canadian history for efficiency, effectiveness, and accountability.

I know that most Canadians definitely share that view. They are very thankful that our officials, our civil service, and our ministers, in a time of extreme economic duress, acted in such an accountable manner, let alone expeditiously.

So I am deeply disturbed, quite frankly, when the official opposition have repeatedly stated that officials misled the Auditor General. I think it's disturbing. I'm very proud of the work of our professional civil service and the ministers on this.

I'd like some comment on the statement made by the opposition that the Auditor General has been misled by the officials gathered here today.

Perhaps I could even have a response from each one of you, very quickly.

**Ms. Yaprak Baltacioglu:** Our department was the responsible department for administering this fund. If you look at the e-mails that are in the system, which some honourable members have mentioned, they are conversations with various proponents about costs, contribution agreements, and basic program administration. That is exactly what our role is, and that's what we were supposed to do.

Infrastructure Canada officials did not participate in the local area leadership group meetings. They were not in those meetings. Our engagement would be with the actual 32 projects.

**Hon. John Baird:** Mr. Kramp, I can't argue with your good judgment and your conclusions, but one thing I would say with respect to the public service is that it's awfully difficult for them to defend themselves against partisan attacks from one political party. I think when that happens, it's up to ministers to just underline the great work that they did.

I think in the height of the economic downturn, if you ever needed an example about how important it is to have a strong government, a strong public service, it was the results of the economic action plan and the gargantuan effort that the federal public service undertook with local public service and with provincial and territorial public service.

They did an outstanding job, they deserve all the credit, and I'll take any concerns on their involvement on this issue with respect to Infrastructure Canada.

• (1715)

**Hon. Tony Clement:** Certainly I would like to say the same thing, that they acted in an exemplary manner.

As I say, if there are any things that the Auditor General suggested that there be improvements to, I take those to heart. That's my responsibility.

**Mr. Daryl Kramp:** Thank you, Mr. Chair.

**The Chair:** Thank you very much.

The time has expired for this hearing. We have business to move to.

I will thank our guests, Minister Baird, Minister Clement, and the government officials. Thank you very much for being here. We appreciate your time. Thank you.

We'll suspend for two minutes and then reconvene dealing with Mr. Saxton's motion.

• (1715) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1725)

**The Chair:** I call the meeting back to order.

I remind everyone we're still in public session.

We are about three minutes away from losing our mandate to do any business. By unanimous consent, we can agree to stay until we've completed the work at hand, or you can put a time limit on it.

I need some kind of unanimous agreement, or we're done in three minutes.

Mr. Saxton.

**Mr. Andrew Saxton:** Why don't we go five-minute intervals, and for now just approve five minutes?

**The Chair:** Are we okay with that?

**Mr. Andrew Saxton:** However, we do have a number of—

**The Chair:** Are you in agreement with five-minute intervals?

**Mr. Andrew Saxton:** Can you take five minutes?

**Hon. Gerry Byrne:** I have to leave this room by no later than 25 minutes to the hour.

**The Chair:** All right.

**An hon. member:** Let's get it done.

**Some hon. members:** Agreed.

**The Chair:** So it's agreed unanimously that we'll stay in order until 25 to the hour and then review where we are, or adjourn at that time.

Mr. Saxton—go.

**Mr. Andrew Saxton:** Thank you, Mr. Chair.

I'd like to read to the committee members a motion that has been before them for a couple of days now. That motion is as follows:

That the Committee report back to the House by Thursday, November 3, 2011 that it has considered the proposed appointment of Michael Ferguson as Auditor General and reports its recommendation that he be confirmed by the House of Commons as Canada's 14th Auditor General.

**The Chair:** Thank you.

Is there debate on that...?

Perhaps I can just ask—we had to move quickly back here—when we were planning to move to the second piece of this. Was it after debating and voting on this, or as an amendment to this?

**An hon. member:** An amendment.

**The Chair:** As an amendment to this, which is where Mr. Byrne is going right now?

Mr. Byrne, I understand you're about to place an amendment. You have the floor.

**Hon. Gerry Byrne:** I'd like to offer what I would assume to be a friendly amendment, based on the agreement by the parties that was struck earlier today.

The friendly amendment, as I assume it to be, is that after the words "Canada's 14th Auditor General", we add the following: "; and that after the Chair's signature, a dissenting opinion be appended to the report."

**The Chair:** Thank you.

Mr. Saxton, do you accept that as a friendly amendment?

**Mr. Andrew Saxton:** Yes, I do.

**The Chair:** Very good.

Therefore, we're on the main motion with its friendly amendment.

Mr. Saxton, you have the floor.

**Mr. Andrew Saxton:** Mr. Chair, I would like to put forward to a vote before the committee that the motion, with its friendly amendment, be now adopted by the committee.

**The Chair:** Very good.

Is there any further debate?

Hearing none, all in favour in the motion?

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

**The Chair:** The motion is carried.

There being no further business before this committee, and it being 5:30....

We almost got there.

Mr. Byrne.

**Hon. Gerry Byrne:** May I submit to you a copy of our dissenting report?

**The Chair:** Yes. The clerk will receive that on behalf of the committee.

Is there anything else?

Hearing none, this committee now stands adjourned.









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