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—
Chair

Mr. Leon Benoit

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•(1105)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)):
Good morning, everyone.

We're here today to deal with two separate things. The first is a vote on the supplementary estimates, which have been referred to our committee. And in the second hour we'll have the President of the Treasury Board here as a witness to deal with the issue of the appointment process for top executives, including members of the boards of crown corporations, agencies, and foundations. Mr. Alcock will be here in the second hour.

We'll now go through the vote on the supplementary estimates. I will note that to some extent we already dealt with the supplementary estimates when we were dealing with the main estimates, which we voted on just a couple of weeks ago. This is unusual, but the main estimates came back to us, of course, because of the election. We'll get main estimates again in about four months, so this is a continual circle.

And of course we'll also have an opportunity to deal with the funding that is provided through the supplementary estimates and the main estimates when the performance reports come out, which is very soon. It is a continual cycle. I know we all feel at times that we really don't have enough time to deal with all of these estimates and supplementary estimates; that's just a reality. We have to pick on some as we go, and we will do that in more detail later on.

Pursuant to Standing Order 81(5), supplementary estimates (A) 2004-05, we'll deal today with votes 100a, 105a, and 107a under Canadian Heritage; votes 1a and 20a under Privy Council; votes 1a and 10a under Public Works and Government Services Canada; votes 1a, 15a, 26a, and 32a under Treasury Board. These were referred to this committee on November 4, 2004.

Let's start. We'll go through them one at a time. I think you understand the process from having done this before. We'll start with the Canadian Heritage votes.

Shall vote 100a under Canadian Heritage carry?

CANADIAN HERITAGE

Public Service Commission

Vote 100a—Public Service Commission—Program expenditures.....
\$3,729,063

(Vote 100a agreed to on division)

Public Service Staff Relations Board

Vote 105a—Public Service Staff Relations Board—Program expenditures.....
\$3,300,670

(Vote 105a agreed to)

The Chair: Shall vote 107a under Canadian Heritage carry?

Madam Thibault, sorry, I didn't catch your hand quickly enough there. We'll go back to vote 107a under Canadian Heritage.

[Translation]

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Mr. Chairman, you said that we have all done this before. I would like to remind you that that is not the case. I was elected on June 28, and this is the first time that I am participating in such an exercise.

I have a technical question for you. Let us turn to vote 107a. I thought that the figure of \$693,930 constituted a transfer from Privy Council. If that is indeed the case, should the amount appear in the transfer column, or in the new appropriations column? Is this the right moment for me to ask that question? Am I right to ask for it now so that we can then vote? I would like to know at what moment it is appropriate for me to ask technical questions of you or somebody else.

•(1110)

[English]

The Chair: Okay. Thank you, Madam Thibault.

Yes, Mr. Szabo.

Mr. Paul Szabo (Mississauga South, Lib.): It's an excellent question. We have been provided the information. Unfortunately, we have not had Heritage before us because it was dealt with by committee of the whole. But in these processes normally it's during the period in which we're considering the votes on the estimates that officials sometimes may be available, or the research staff may be able to give us some guidance as to what matters are. All that should be clarified before a vote is called, so you're quite right.

[Translation]

Ms. Louise Thibault: Thank you.

[English]

The Chair: I didn't actually catch your exact question, Madam Thibault, but have you received the information?

[Translation]

Ms. Louise Thibault: Yes, my colleague gave me the information that I needed.

[English]

The Chair: Thank you. So we will carry that again. I hadn't caught Madam Thibault's hand.

We will now proceed to the votes.

CANADIAN HERITAGE

Public Service Staffing Tribunal

Vote 107a—Public Service Staffing Tribunal—Program expenditures.....
\$693,930

(Vote 107a agreed to)

PRIVY COUNCIL

Department

Vote 1a—Privy Council—Operating expenditures.....\$16,469,783

Canadian Transportation Accident Investigation and Safety Board

Vote 20a—Canadian Transportation Accident Investigation and Safety Board—
Program expenditures.....\$1,115,200

(Votes 1a and 20a agreed to)

PUBLIC WORKS AND GOVERNMENT SERVICES

Department

Vote 1a—Government Services—Operating expenditures.....\$213,146,422

(Vote 1a agreed to on division)

Vote 10a—Government Services—The grants listed in the Estimates and
contributions.....\$2,450,000

(Vote 10a agreed to)

TREASURY BOARD

Secretariat

Vote 1a—Treasury Board Secretariat—Program expenditures.....\$21,070,750

Vote 15a—Compensation Adjustments.....\$158,358,000

Canadian School of Public Service (Canadian Centre for Management
Development)

Vote 26a—Canada School of Public Service—Program expenditures.....
\$3,068,513

Public Service Human Resources Management Agency of Canada

Vote 32a—Public Service Human Resources Management Agency of Canada—
Operating expenditures.....\$2,267,237

(Votes 1a, 15a, 26a, and 32a inclusive agreed to)

The Chair: Shall I report the supplementary estimates (A) to the House?

Some hon. members: Agreed.

The Chair: We'll now suspend until the minister appears. If he comes early, we'll start before noon. Otherwise, we'll start with the Secretary of the Treasury Board at noon, so we'll suspend until then.

• (1112) _____ (Pause) _____

• (1149)

The Chair: Good morning again, everyone. We'll reconvene this meeting.

Pursuant to Standing Order 108(2), we're dealing with the examination of the appointment process for top executives, including members of the board of crown corporations, agencies, and foundations.

We have for this hour as our witness the President of the Treasury Board, Minister Alcock.

Do you have an opening statement to make, Mr. Alcock?

• (1150)

Hon. Reg Alcock (President of the Treasury Board): I do, Mr. Chairman. It's a pretty good one.

The Chair: An excellent opening statement?

Hon. Reg Alcock: Yes. As the chair, I was always concerned about the length of the opening statement. I don't want to eat up the time for questions, because this is really responsive to your concerns about the processes. I'll run through this quickly. We'll just watch the interpreters, though, so I don't get ahead of them. I'll paraphrase it slightly.

Let me simply start by saying it's nice to be back here, frankly. I'm pleased that you've called me on this item. Frankly, I have watched what this committee has done with this item on the appointment of Mr. Feeney, and I've been impressed that you resisted the urge to turn this into just a narrow political issue. I want to congratulate the committee for that. There was a lot of going back and forth on what might happen here, and there were a lot of statements made. I think the concerns and the interest you have in terms of the quality of appointments we get on crowns is exactly the concern we should be talking about. I think there's a very interesting discussion here about governance and improvement of the crowns. I was pleased to note that decision by the committee to pursue it in this policy way.

I'd like to thank you for the opportunity to discuss the governance of crown corporations. Crowns, as you know, are public institutions. They've been a part of the Canadian landscape for close to a century.

They derive their *raison d'être* from their role as instruments of public policy and although several of them operate in a business environment, they are not private corporations. Governments of all political stripes at the federal and provincial levels have used them as policy instruments of choice because they operate at arm's length. Their distance from the government protects their credibility as non-partisan, non-political providers of services.

Their operational flexibility allows them to respond directly to the needs of their customers in an environment where private sector companies do not operate for reasons of market size, risk, or economic viability. There are currently 46 parent crown corporations at the federal level. They vary greatly in size, function, mandate, and operation. For example, the Canada Post Corporation is the seventh-largest corporation in Canada with more than 45,000 full-time employees. That compares to the Canadian Race Relations Foundation, which has 12 employees. Both are crowns.

With such diversity of organization, there is no one governance model that fits all. The government is very close to tabling with Parliament the results of its review of the crown corporation governance, which was launched last February in response to the concerns raised by the Auditor General in her report on sponsorship advertising and public opinion. The government report will go much further than addressing the issues raised by the Auditor General. It looks at governance best practices in the private sector and other jurisdictions and proposes ways of bringing the governance of crown corporations to the level of standards of the best-managed organizations in the world.

One of the main conclusions of the review is the need to strengthen the capacity of boards of directors to play fully their role with regard to the provision of policy guidance to management and oversight of corporate operations. Building strong boards starts with the appointment of the right people.

The interim appointment process really came out of the response to the Auditor General's report. As we became more seized of this issue and more aware of it, on March 15, 2004, the government announced an interim process to select and appoint directors, chairpersons, and chief executive officers of the crowns. I need to stress that it was an interim process because it had been decided before we made the announcement that the process would be looked at in detail in the context of the review on governance.

The interim process relies heavily on the participation of the boards in the identification of potential candidates, a first step in increasing the accountability of boards in the oversight of crown corporations. It requires boards to establish a permanent nominating committee that would possibly include eminent persons. It recommends the use of professional recruitment firms to assist the nominating committee. It seeks to improve transparency by requiring that the director and chair vacancies be advertised in the *Canada Gazette*, and that some CIO chair vacancies also be advertised in national newspapers where appropriate. It states that recommendations from the nominating committee would form the basis for a short list that would be submitted to the minister responsible for the crown for review and recommendation to the government. It recognizes a role for parliamentarians in the review of nominations.

Later in April I wrote to the chairpersons of all crown corporations to explain in more detail what was expected from boards, such as the names of the members of the nominating committee, selection criteria for chairpersons and chief executive officers, and a competency profile for directors.

In response to concerns expressed by some corporations with regard to the need and the cost associated with the use of recruitment firms, I also indicated that a firm should be used if it was judged appropriate by the nominating committee.

The letter did not backtrack on the commitment made public on March 15, but it gave the flexibility required to meet the specific needs of different corporations.

In the context of the review of crown corporation governance, the government has looked at several potential approaches that could be used to select and appoint directors, chairpersons, and chief executive officers. The governance policy is being finalized and will be presented to Parliament in the near future.

Since elements of the policy are still being fleshed out, I cannot at this time go into any depth on a new process; however, I can assure you that the foundation of the government's policy will be built upon the principles of competency, professionalism, openness, and responsibility. At a time when the environment in which crown corporations operate is evolving, the selection of individuals with the right competencies is more important than ever in order to lead the organization through constant changes and adaptation. Transparency is the required element to ensure the integrity of the appointment

process. Openness and responsibility provide clarity with regard to the role and responsibilities of all parties.

Parliamentarians have questioned whether the process announced by the government in March was circumvented with regard to the appointment of Mr. Feeney as the chairman of the board of Canada Post. My answer would be no. The appointment of Mr. Feeney was made on a recommendation submitted by the nominating committee to the responsible minister, and parliamentarians reviewed his nomination as requested by the interim process.

Canada Post is a large and complex organization providing essential services to Canadians. With the resignation of both the chair and the chief executive officer over a very short period of time, the nominating committee and the government decided it was in the best interests of the corporation to nominate Mr. Feeney without proceeding through an extensive search conducted by a recruitment firm.

• (1155)

The purpose of the process announced in March is to find individuals with the competencies and attributes to lead crown corporations. In the case of Mr. Gordon Feeney, the process delivered. Parliamentarians have stressed on several occasions that his competencies and attributes are not in question.

Mr. Chairman, I was asked to submit to the committee a written document that would explain the government policy on the appointment process. As indicated earlier, the appointment process is being looked at in the context of the review of crown corporation governance. Discussions are still taking place on several aspects, but the government expects to table that report soon.

On that point, there are some boundaries that I can't cross here, but I'm more than willing to discuss some of the issues, the concerns, and the structural issues that I think need to be addressed in such a policy, if members would like.

Thank you, Mr. Chairman.

Mr. Chairman, this is Mr. Peter Simeoni from the Privy Council Office, and Mr. Gerald Cossette from the Treasury Board Secretariat, both of whom have been working on the broader review with me.

The Chair: Thank you.

Welcome, all of you.

Mr. Alcock, it's interesting, in your comments I was actually quite surprised when you made the statement that you think the process you laid out in the March 15 memo was followed in the Feeney appointment, when we had testimony—I'm sure you've read it and looked at it—that indicated in fact that this simply wasn't the case on several counts. You indicated that the process was gone through and that the appointment was referred to this committee, as it should have been; yet the appointment was announced on September 30—it was announced, it was not a recommendation coming to committee—before the committee was even struck.

That process was totally different from the process laid out in your press release of March 15, where you announced the new process. In that process you said clearly that "...the minister will make a recommendation for appointment. The appropriate parliamentary committee will then review the candidate recommended by the minister." That's not what happened, and I'm surprised that you would defend the process. I'd like you to comment on that.

Hon. Reg Alcock: It's a good question, Mr. Chairman, and it does surface a number of issues that are issues we are going to have to consider in this, and currently are considering.

These appointments are governor in council appointments. The minister makes a recommendation to the governor in council on the selection. I can walk through this in much more detail if you'd like, but to go to the heart of your question, where there may have been a communication gap was that given that the Prime Minister had already made statements about all of these appointments being reviewed by committees, I assumed this was a given. It wasn't detailed in quite the same way. But at the time the announcement was made, there was no committee. As soon as this issue was raised, we said, yes, absolutely, the committee will have the opportunity to call the person before them before the appointment is finalized, which is the commitment the Prime Minister made some years ago and has repeated since.

• (1200)

The Chair: How often do you anticipate that this process that you have laid out so carefully would be circumvented because there's no committee? There are many times when there are no committees.

Hon. Reg Alcock: Absolutely, and in the chapter that we're working on around that.... This is a much bigger issue than a single appointment. There are thousands of appointments when you go across the ranges here, and with the commitment of the Prime Minister to have them presented, it would be logical to try to constrain the majority of them into the period of time when the House sits. The reality is, in the real world, there are times when you have issues that arise outside of that calendar, and we will need a process to deal with that. Exactly what the nature of that process is, we're discussing our thoughts on that right now and we'll come to a decision.

It's not an attempt to circumvent the review at all. If you step back from some of the concerns that underlie this, what happened was the chair of the board served notice that she no longer wished to be the chair of the board. This was not a replacement of the executive officer. This was looking for the chairman of the board. A very eminent and qualified individual, Mr. Cedric Ritchie, chaired that board, conducted a search in an area—and I think it's really important just to get a sense of how large the pools are in some of these cases in Canada—and he identified two candidates and these were presented to the minister. The minister made a choice of one, which was presented to the governor in council, and it has been presented here.

The Chair: What's your answer to my question, though? As chair of this committee, I'm concerned when I hear that the review by committee is really not that important, because if the committee isn't struck at that particular time, we'll just go ahead anyway.

Hon. Reg Alcock: No, Mr. Chairman.

The Chair: That's what happened in this case, sir.

Hon. Reg Alcock: If you read the statement of the Prime Minister when he first raised the issue of review by committee....

What happened prior to the Prime Minister's policy statement on this, and this predates his becoming Prime Minister and has been reaffirmed by him since then, was that he said the old process was that the governor in council would make the appointment—done—and then the information would come to the committee.

We used to get them all the time, stacks of them, that would circulate to the members. The Prime Minister said what he would do is create a process that held the appointment open to give the committee an opportunity to review and comment on the qualifications of the individual before the appointment was finalized. That's what we did. We stuck to the letter of that.

The reality was that in doing the selection, the selection was done prior to the House sitting, but we held the appointment and did not finalize it until such time as this committee had a chance to meet with Mr. Feeny and discuss his qualifications.

Is that the perfect way to have done it? Obviously there are some gaps there because of the fact that the committee wasn't sitting at the time they were doing this. That's why this is an interim process. Don't forget that since March 15 we have been deep in the literature and activities surrounding crown governance.

If you go back to the original Auditor General's report, she identified a series of problems that had to do with communication and governance relative to the FAA. When we started to look at this, we could have come forward and said, okay, we're going to fix that, but we made the decision to step back, because there has been so much that has gone on in the area of the governance of large corporations, particularly large publicly held corporations. Coming out of Enron-Anderson in the U.S. and problems in Canada with a number of companies—Hollinger and others—there have been changes legislatively in the U.S., and a lot of our big companies are on those exchanges. There have been changes in the Ontario Securities Commission. We thought we'd look at that whole issue, because this is an issue of bigness and the management of bigness. We're trying to incorporate a series of structural changes in the way our crowns will be expected to act, and in that, how the shareholder gets represented is a critical issue.

• (1205)

The Chair: But, Mr. Minister, you put out this press release announcing this new process in March, before the election. The Canada Post appointment was very high profile. The issue was huge because of the \$2 million, I think it was, in unaccounted for expenses on the part of Mr. Ouellet, the former president. Clearly, you had to have known this was going to be watched by the public.

For the first real test of this new process to be conducted in the way it was, including the fact that the appointment was announced before the committee was even struck to review the appointment, how do you think anybody can take this new process seriously?

Hon. Reg Alcock: I guess you'll have to judge it in part on the principles that guided it, the actions that were taken, and the results. We indicated at the outset that it was to create a process that would search for excellence in the candidate, that it would be transparent, and that we'd present the person to the House. We've met all those tests.

If you want to argue about whether we did it this day or that day, I will grant you that you may have defined it differently, but the principles that were enunciated early on were all about seeking the best candidate. It's pretty hard to argue, including from the statements of this committee, that this wasn't met.

Let me give you a context for this too. This is an issue that's going to come up in other areas. Canada Post, as I said, is the seventh largest corporation in Canada. It's also one of the very few corporations that actually operates a national network of services right across the country. Where is the pool of expertise that you're going to draw from to provide guidance to a public corporation that does this? There are not a lot of people. In fact, banks are among the few that are comparable.

The Chair: I'm sure the members of the committee will get into that, Mr. Minister.

Hon. Reg Alcock: Oh, good. I'll get into it.

The Chair: We'll open up the questioning now.

Yes, Mr. Szabo.

Mr. Paul Szabo: On a point of order, Mr. Chairman, I was going to mention that the seven minutes for the Conservatives have now expired and we should go to Madame Thibault.

The Chair: I really appreciate your advice on that, Mr. Szabo.

Mr. Paul Szabo: No, that's not advice; that's our rules.

The Chair: I will in fact go to Madame Thibault for seven minutes.

Hon. Reg Alcock: I've always supported the prerogative of the chair.

[*Translation*]

Ms. Louise Thibault: Thank you, Mr. Chairman.

I too respect the chairman's privileges. We are all elected representatives. Given the limited amount of time that we have with you today, I feel that it is important that we all get an equal chance to speak.

Firstly, I would like to take two seconds of my precious time to thank you, Minister, for the speed with which you dispatched your document responding to our concerns on Bill C-11. I would also like to thank you for having set up a meeting with some of your officials on suggestions I had made on the bill.

As for today's discussion, I would like to come back to two points that you raised. You said that the Canada Post Corporation is the seventh largest company in Canada. Keeping that in mind, and given that we also have some very small companies here in Canada, I hope that the process will not be questioned. Whether it be a large or a small entity, that the selected person earns a \$300,000 or \$17,000 salary, I hope that our process will be equally stringent in all cases.

Secondly, you spoke of an interim process. However, Mr. Alcock, the press release that you issued on March 15 made no mention of the fact that it was an interim process. It speaks of a new process. I will not read it out to you, but nowhere does the word or notion « interim » appear. I would like you to clarify this for us.

Thirdly, some of the witnesses, and if I am not mistaken it was Mr. Ritchie and Mr. McCallum, spoke of urgency. I would like to hear your views on this subject because we all know that urgent operational requirements arise on a regular basis. Urgent situations are part of reality. I hope that the process will not be undermined from the very beginning by introducing exceptions. If we are really aiming for stringency and transparency, it is important that the process is not trivialized but that it be instead clearly defined and standardized.

Finally, do you consider it important that language requirements be included in this skills profile? This is a very direct question. I have no hidden agenda. I asked Mr. Ritchie this question. I asked him whether a unilingual French-speaker or unilingual English-speaker could have been appointed. When he answered, he avoided my question and simply said something along the lines of it not being important, given that all documents are translated and that we have interpreters. There, I disagree. It is incorrect to say that the CEO will always have professional services. Canadians have the right to expect that the appointed person will truly be able to represent Canada when carrying out his duties. In order to do so, he or she would have to be bilingual.

• (1210)

[*English*]

Hon. Reg Alcock: Thank you, Madame Thibault. You have quite a range of questions in there. If I miss one of them, let me know.

On the first point, I'm looking at the press release that was put out here, and you're right, in the headline it announces a new appointment process. In the paragraph towards the bottom, it does talk about this being part of a bigger process. I have said repeatedly... and if you were to go to the text of the remarks I made when I issued the release and throughout...I have always described this as an interim process. I will attempt to provide you with greater substantiation of that.

The problem we were faced with at that point in time—I mean, the problem I was faced with, because I ended up being the driver of this—is that we had a bunch of problems identified, a bunch of concerns raised about the actions, in the context of the Auditor General's report. A number of senior executives in the very largest crowns left their positions, and we had to do two things. I didn't want to make snap decisions about how to fix it, because I just don't think you should move that quickly on these very large and complicated issues, but at the same time, knowing that we would take some time to try to answer the governance questions, we wanted to have a process in place that was more transparent than the previous process, in order to allow the crowns to continue to function.

The metaphor I use all the time is that trying to make changes in operating systems is like trying to change the tires on a moving car. Things still have to work. The mail has to be delivered, in this case, or the trains have to run, while you're trying to think through how you could change them. So it was with that in mind.

We did announce principles, though—competence, search, involvement of the nominating committee, and presentation to Parliament—right in that same press release.

You raised an exceptionally important issue, and it's one that I've been struggling with throughout this review, because not only do we have Canada Post at one end—actually, Canada Post is the seventh-largest corporation in Canada, the largest crown corporation—but we have literally a unit of 12 people over here, both of them crowns. It is just not practical to have them caught up in the same governance procedures. I think that's worthy. Now the same principles—transparency, openness—absolutely, no problem with it.

The second piece is that in some of these crowns we have, like the Laurentian Pilotage Authority, there are—I forget exactly how many—four or five of them, and really they exist as a governance body for some issues that are of interest to the communities that are served by the pilots and the pilots themselves. The mechanisms for assembling that board may be quite different from a board that has a national reach. So to say that there would no difference is just not practical. I would argue, frankly, that you might want to have more difference than exists today. You might want to categorize them in a way that just fits the kind of operation they are. I think that would be an interesting discussion to have with this board.

On your question of official languages, essentially I think this is an officially bilingual country. The instruments of the Government of Canada should be able to function in both official languages.

There is an issue, however, in the board appointment side that comes.... I get into this because I carry the official language policy responsibility in the public service. I do not think it is too much to expect that senior public servants should be comfortable in both languages when they function and in both when they're called upon to function. I think that's a reasonable expectation in a bilingual country.

•(1215)

The Chair: Thank you, Mr. Alcock.

Hon. Reg Alcock: I have a lot more on that one.

The Chair: Mr. Szabo is the next questioner. He can invite you to answer those other questions.

Mr. Paul Szabo: Minister, thank you for coming.

In the private sector, businesses often will structure boards with marquee members because it is part of what they do. It's the networking, the synergies, etc.

Canada Post has a commercial element to it as well. Is it our wish also to compete for quality directors on the same basis that private corporations do?

Hon. Reg Alcock: Mr. Szabo, you raise an excellent point. The requirements for board members on commercial boards have gone up dramatically in the private sector because of the changes at the OSC and because of problems of other corporations—CIBC,

Hollinger, and the like—so the demand for board members that have specific competencies and along with that the ability to pay them to be there....

Now remember, just to put this in a little bit of a context, Mr. Feeney is a very senior executive in this country and he's accepted to do this for \$17,000 a year. You know a fully functional board member of a bank can expect something upward of \$100,000 a year for these positions. So the fact that Cedric Ritchie and Mr. Feeney and others even choose to do this says a lot about their integrity and their character.

I think we will, Mr. Szabo, reach a point where we have to confront this decision, because we are going to raise the expectations on the oversight that board members exercise. We won't go as far, I don't think, as they do in the private sector where there are other considerations, where you actually make them sign personally for things. But we're going to hold them to a much higher standard.

Mr. Paul Szabo: If I may, I want to clarify, because this question seems to be.... In your opening statements you refer to crowns, agencies, foundations, etc., but the letter we have refers only to crown corporations. Are we in fact coming up with a process that is going to apply to all appointments of agencies, foundations, and boards of crowns?

As well, are these rules going to be flexible enough to take into account that some are full-time, some are part-time, etc? This can't be one-size-fits-all. I hope you can just clarify that for the whole committee.

Hon. Reg Alcock: Yes, very quickly, Mr. Szabo, thank you for that.

I need to be clear on this. Remember, this is not an area of responsibility of the Treasury Board. I was given this mandate by the Prime Minister.

These issues that we're dealing with are the prerogatives of the Prime Minister, so he has asked me to comment on this area of crown appointments. There are certainly a great many appointments that fall outside of this, and the Prime Minister will need to make decisions as to where he wishes to move on that, although I think he's looking to this process for process advice. But I can't presume upon his decision.

Mr. Paul Szabo: The nominating committee has to do a report, and your letter to the acting president and CEO of Canada Post laid out some of those criteria. This committee did not see a report from the chair of the nominating committee. I'm wondering whether you think it would be helpful for us to consider things such as these: how many and which people were considered; why the decision was taken—for instance, if it's a director, what skill set or competency did this person fill that the board needed; how did we deal with the gender; how did we deal with the linguistics; how did we deal with all of those questions in terms of the best fit for the best interest of the board to meet the objective you laid out?

Could a standing committee to which an appointment is referred see the report of the nominating chairman commenting on all of the elements that they should have taken into account?

Hon. Reg Alcock: The Prime Minister has essentially said that part of the appointments process will be a presentation to the committee. And when I say presentation to the committee, the committee will be served notice prior to the appointment being finalized that this person has been chosen as being recommended for appointment to this. The committee, I would argue, would have a period of time—it's not going to be an open-ended issue—to make its decision. The committee might look at them, as we do now, and circulate them all, and people will say, well, we have no questions about this, go ahead, and they'll be deemed appointed. The committee might want to consider what kind of information they would like to see along with the presentation of the name and résumé. I would certainly be interested in receiving your recommendations on it.

• (1220)

Mr. Paul Szabo: Okay. One last question.

With regard to the whole issue of cronyism—and I'm talking about cronyism in terms of appearance and fact—cabinet ministers who leave the ministry have certain rules, that after this time they shall not do certain things. That's there for a reason. I assume that may also apply to even members of the board. If we have people who have a non-arm's-length relationship in other ways, how do we protect ourselves from determining that there is no potential conflict of interest either today or possibly tomorrow? Should they be declared in terms of their past relationships with any parties who are related to that board or the people who are involved in the process?

Hon. Reg Alcock: I think transparency is a useful tool in making decisions, period. We have to be cognizant of one thing, and this lies at the heart of part of this debate. I would argue—and you've heard me argue this before with this committee—that one of the interesting things about this committee, as opposed to some, is that we are not being driven by ideological issues. I think we all share—every party shares—a common desire to have competent management, good processes, all of that. In fact, Mr. Martin has made this case on more than one occasion. Mr. Martin and I, while we're close personal friends, may not necessarily share the same ideological position.

I just declared cronyism here, by the way, you see.

But the question is this. Should a quality candidate be excluded because the individual is a Conservative? Should a quality candidate be excluded because they happen to be sympathetic to the Bloc? I would argue no. The judgment should be on the merits of the

individual. Similarly, such things as whether the candidate is a New Democrat—a New Democrat banker might be a little harder to find—or a Liberal may be factors in the transparency, but if we start to make decisions on who's qualified to run large organizations and we go down that road, we end up.... In the same way it's bad if we are appointing people solely because of their relationships and partisan connections, it's equally bad to exclude qualified people. We need to keep squarely fixed on what the needs are of the corporation and getting the very best qualified person into that job.

The Chair: Thank you, Mr. Minister.

Seven minutes to Mr. Martin, followed by Mr. Preston.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you, Mr. Chair, and thank you, Minister.

Much of what you say is true on the larger sort of abstract policy scale.

Hon. Reg Alcock: Including the close personal friendship?

Mr. Pat Martin: You can say that publicly.

We have a history. Let's put it that way.

• (1225)

Hon. Reg Alcock: We have a history. Yes, we do, Pat.

Mr. Pat Martin: But we can't get away from the main thrust of today's debate, and that is, with great fanfare and ceremony, back in March, you and your government made grandiose speeches about curing the democratic deficit. One of those aspects—I think a key and integral aspect to that policy statement—was this new system to clean up patronage, cronyism, and the image of that. So we have the press release from that March 15 speech you made in B.C.

But then, at the very first opportunity you had to demonstrate that things were going to be different under this new regime, we find the job being filled, for all the world to see, or for all evidence, and the chair of the nominating committee is a good old boy from the banking community, who talks to the minister, a good old boy from the banking community, and recommends a good old boy from the banking community as the logical person. That's the image. That's what we're dealing with today. Was that right?

There are two questions. First, on the policy side, why does the government feel they need to be the ones to appoint these positions if crown corporations are so arm's length and removed?

In the private sector, the board of directors is perfectly capable of naming the president and CEO whose job it is to run the business. Why does government feel the right, still, to maintain this control over independent crowns?

Secondly, will you not accept that there's a glaring contrast between the policy statement you announced on March 15 and the letter you sent to the nominating committee, which had all kinds of weasel words that would fit right into *Animal Farm*? As soon as the rules are established, we start breaking the rules or bending the rules creatively.

Hon. Reg Alcock: Which one do you want me to respond to first?

Mr. Pat Martin: The broader policy statement. Why, if crowns are going to be independent, are you still appointing all those key positions?

Hon. Reg Alcock: Mr. Martin, I'm glad you chose that one, because I think that's the more important of the two questions, frankly.

I believe very strongly that the government retains the right to nominate people to the boards, absolutely, for this reason. This problem of governance is not just a problem of the public sector or crown governance. You're pretty knowledgeable about the democratization of the publicly held companies. The problem is that if you just let the board do it, boards have a tendency—and this is well documented and it's only human—to tend to nominate the people they know.

You tend to become somewhat ingrown. It's easier to be captured by the executive of the organization. That's a problem that was identified, frankly, in this situation.

So I would argue, and this is a subject of some debate, that if we step back and think about this, who's the shareholder of Canada Post? I would argue that it's the people of Canada. Who represents the people of Canada? It's the people around this table; it's the 308 people here. So we designate somebody—because we have an executive form of government—who acts out that responsibility, who becomes the one who monitors that relationship, and we put him in front of committees and hold him or her to account for the quality of the decisions.

The most fundamentally important reform, I would argue, is the presentation and oversight by the committee, the transparency. Frankly, I'm going to come down with a paper on ministerial responsibility out of this, and you will probably find...although I shouldn't presume upon the final decision, but I certainly will make a strong argument that we should do more of that, not less.

You might want to look at some of the differences between crowns, but at the end of the day, a lot of these crowns are spending public money. They're spending public money that taxpayers provide, and the only accountability the taxpayer has is to you. I don't think we want to break that accountability chain.

Mr. Pat Martin: There's the practical problem that this committee doesn't have the time to oversee all the jobs that you appoint. Wouldn't it be better if a strict set of criteria were established by the committee? The onus would be on you to show that these appointments were made within the criteria that we established. Would that make more sense?

Hon. Reg Alcock: Or what you might do—again, always hear me when I say this: 46 very different crowns, so you might want to have a different pattern in some of them—is go to the boards, working with the group responsible, and get them to define the competencies they require on that. You might work, and the committee could be involved, on defining the dimensions of the oversight to require.... How do you communicate what the oversight is?

Let me give you another example. You don't want oversight that provides policy interference because one of the reasons for having a crown is it's at arm's length. So policy direction is given through legislation and regulation, all of which is dealt with by the House

and by all of the shareholder representatives. But on the oversight, should we insist that the internal audit is this way or that they must have these kinds of...? Absolutely. I think that's a useful discussion.

On the issue you raise of time, I think that's a critically important one, and that gets us back to the discussion about the kinds of resources the House makes available to itself in order to do proper oversight of estimates. If you stack up the things you're being asked to do, it is onerous, but it's incredibly important that you engage with this.

• (1230)

Mr. Pat Martin: Thank you.

Just because I'm running quickly out of time, as much as I would like to carry on with this broader policy subject, do you or do you not agree that when Feeney was hired, these guys did not live up to the spirit of the announcement you made on March 15? They deviated wildly from what you led the public to believe on March 15, as to the way these appointments would be made in the future. Would you not accept that?

Hon. Reg Alcock: I will accept, Mr. Martin, that the way you characterize this, that at the front end were three good old boys from the bank...you could characterize it that way from the optics.

Mr. Pat Martin: From the optics.

Hon. Reg Alcock: I will give you that, but I'll take you back to the discussion about what the job is and where you go for expertise in this particular job. I have not heard anybody, anywhere, question the integrity of Cedric Ritchie. I have not heard anybody here question the competence of Gordon Feeney. In fact, I've heard members of this committee from all parties make specific statements about his competence.

Mr. Pat Martin: That's not the point.

Hon. Reg Alcock: Yes, but our task is to find the best qualified person for the job.

Mr. Pat Martin: So this time it worked.

The Chair: Mr. Martin, your time is up. Thank you, Mr. Minister.

Mr. Preston, seven minutes.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): Thank you for coming.

As you know, I've had a few questions on this one, so we'll carry on again.

You talked about operational flexibility and best mirroring—that crown corporations have to have that type of thing. They need to mirror, in my opinion, the best practices of private corporations. If we're getting to be the seventh-largest corporation in Canada, then we're looking at that. We have to develop best practices to avoid, I guess, what was said in March about people getting ahead not by what they do but by who they know. Mr. Martin clearly stated it in his questions that if it isn't actual, it sure appears as if it's actual in this case. These are three friends who know each other and somebody gets a job out of it. If we go to the press and say this will never happen again and then immediately on the first occurrence we get the appearance of it happening, there's some doubt with it. Even you just said you tend to nominate the people you know.

The purpose of you putting out these guidelines on March 15 was to make it so that it wasn't the people you know who are making the decisions. There are a whole lot of blocks in the four steps to your nominating process: nominating committees need to be put together so it's not one person putting names forward; recruitment firms are used so it's not who you know who's being put forward; a nominating committee will make the suggestion to the board of directors so at least a larger group is again doing it, so it's not who you know; then at some point it will come here to be vetted, or at least discussed, by a committee so we can at least examine whether the process was followed.

Do you agree that's where you were on March 15 when these interim guidelines were put out? There's a whole lot of steps there to stop who you know.

Hon. Reg Alcock: I would characterize it slightly differently, and I also would do it differently now than I would have done then because I know a lot more now. I understand a lot more now about how this whole system works. But the reality is I don't want to make solely an "ends justify the means" argument, because that could be where I'm going with this and that's not where I want to end up.

It's not that process is unimportant. Of course it is. The principles that drive process, though, are also important, and I think those principles have been met. I would argue the fact that Gordon Feeney was known to Cedric Ritchie is irrelevant, absolutely irrelevant.

Mr. Joe Preston: Do you think it appears irrelevant?

Hon. Reg Alcock: You see the trouble is we spend too much time on appearances at the expense of competence. I would argue one of the problems we have in public management is that we drive public management to avoid the appearances of things rather than to seek the excellence we want.

Mr. Joe Preston: I'm sorry to interrupt you, Mr. Alcock, but it's not my attempt to avoid the appearance. My attempt is to follow the process so that the appearance will be appropriate.

Hon. Reg Alcock: Please, Mr. Preston, I'm not attempting to characterize you in this, other than that I am raising a concern that members around this table will have heard me raise for years. I argue that one of the problems with competent public management is the way the public discourse, driven by the hot media, has distorted the understanding of what we're trying to do.

What we're trying to do here is put highly competent individuals into leadership positions. Mr. Feeney doesn't need a job. On the \$17,000 he gets for this.... I have to tell you I don't know Mr. Feeney personally, but I rather suspect this is not going to put shoes on his kids. That's not his motivation. He is one of the few individuals in this country who actually understands what it is to run an extremely large organization with employees all over the country in service centres.... We don't have a long list of these people. If this was the CEO's permanent position, longstanding, I would be far more concerned.

• (1235)

Mr. Joe Preston: Well, I give you that the last chair went to the CEO's position, so perhaps there needs to be an appearance that this doesn't happen again.

Hon. Reg Alcock: I don't dismiss your concerns at all. I would invite you to bring me back once we've released the crown

governance paper, because I think you will see a lot of your concerns addressed in this. I would argue that it just absolutely has to be addressed in an environment that.... I say again: 45,000 employees, 12 employees, the same corporate model.

Mr. Joe Preston: Right. It has to be able to work for all

Hon. Reg Alcock: We have to solve it, that's all.

Mr. Joe Preston: I understand that. I doubt we're going to have a huge media uproar about who you've hired as the chair of the board of the car park in Toronto.

Hon. Reg Alcock: Yes, exactly—well, you never know.

We have to figure out a way to de-chain actual management decisions from the heat of public discourse, because they've crossed over too much to the detriment of quality management at all levels.

Mr. Joe Preston: Can I carry on with a couple of other things?

I'm going to paraphrase Mr. Feeney in his testimony to this committee.

I asked the question whether there was an appearance that the procedure was not followed and he agreed. He said, I agree, I read the papers and now I've heard the debate over the last.... He said he agreed.

He then went on to say that he wasn't disagreeing. He's just trying to say that he can't take personal responsibility for his own nomination.

So I give this to you. Whose responsibility is it?

Hon. Reg Alcock: Well, in that particular instance, and in the interim process, what was asked of the boards was that the board nominating committees put forward names. In this case, Mr. Ritchie headed that nominating committee. He put forward two names to the minister and the minister selected one.

Mr. Joe Preston: Under your guidelines and under this case, the responsibility falls to the nominating chair of that board to follow those procedures?

Hon. Reg Alcock: Well, the nominating committee of the board, yes.

Mr. Joe Preston: Mr. Ritchie said to us that because of the discretion in the guidelines he assumed in the letter that was then sent...as Mr. Martin said, the wiggle room or weasel room.... He felt he was following the guidelines.

Hon. Reg Alcock: Right, and he produced an excellent candidate.

Mr. Joe Preston: Don't take any offence in what I'm about to say, because now you've included Mr. Martin in your friends too. It's not a reflection of the quality of your friends, or Mr. McCallum's friends, because I believe you probably both have some. However, I don't believe Canadians should be forced to live with them as chairs and presidents of crown corporations.

You understand that qualified cronies are still simply going to be perceived as cronies. We can have qualified cronies in the works the way the wiggle room has been put into the second set. So I ask you this. Do you see that if we use these flawed guidelines we're going to end up with that still? As the report is to be tabled on crown corporation governance, will we see the very strict March 15 guidelines or the April 23 wiggle room guidelines?

The Chair: A short answer.

Hon. Reg Alcock: Well, we're in the throes of a discussion. My suspicion is that you will see a completely new process.

The Chair: Thank you, Mr. Minister.

For seven minutes, Monsieur Godbout, and then we'll go to Mr. Poilievre.

Mr. Marc Godbout (Ottawa—Orléans, Lib.): Thank you, Mr. Chairman.

Again, I'd like to express my thanks to the president for being available to the committee. I hope we're going to see lots of him during the course of our discussions.

One aspect we've talked about is the role of chairmen of crown corporations. I'd like to perhaps touch base on when we're going to appoint CEOs of these crown corporations. I have a bit of sympathy with what Mr. Martin is saying. I think a prime function of a board is probably to appoint a CEO, because this is going to determine where that corporation or where that organization is going to go.

Now, you have three elements in play here. There's the board that wants to have a role, the government that wants to have a say, and probably committees like ours...Parliament would like to oversee it. In what you're studying right now, how do you see these three elements interplaying with one another and still maintaining the efficiency of that corporation or that organization?

• (1240)

Hon. Reg Alcock: It's an excellent question, Mr. Godbout.

In answer to your first comment, I actually quite enjoy coming here, so I'll come as often as you feel you want to have a discussion with me.

There's no question that there are three different sets of considerations here—directors, chair, and CEO. The requirements for the CEO are quite unique to the needs of the corporation. You might think of certain process elements around that that are different from the others. The accountabilities of the board members are different. The CEO is classically accountable to the board, not to the government. The directors and chair are accountable to the government, because they are the representatives of the shareholders. So there are different elements in that.

I don't want to go too far down this road, frankly, because I'm right in the middle of this final conversation. I do think, though, there are

process items here, and you reference it in the concern that there are boards that don't have their CEOs right now, and we need to get on with that. There's nothing to prevent them from doing it. That's why the interim process. I think in fairness to some of them, they have been awaiting this larger document. But I am firmly fixed. What I want at the end, and what I trust Mr. Preston, Madame Thibault, and others will be on their feet applauding, is the rigour and the quality of the thinking that has gone into this report. I suspect if there are any parts where you are the least bit concerned, you will not be shy about helping me correct them.

Mr. Marc Godbout: There is another aspect, because your review is, I understand, a very comprehensive review, and I commend you for that. You cannot piecemeal governance. The fact is, it is a bit reassuring when they say there is a difference among crown corporations. Some have a more direct impact on communities, and I'll give you my favourite example: the National Capital Commission. I know it's not necessarily only on appointment, Mr. Chairman, but how far is your review going to go on process, on elements like in camera sessions for some of these corporations that sometimes rely on Treasury Board regulations to operate that way, for something like the NCC—just an example—that should involve the community? It's bringing some frustration. How far is your review going to go?

Hon. Reg Alcock: That's right, drag me right into the middle of that debate.

Mr. Godbout, members in the national capital region have expressed concern about the closed nature of that particular corporation, but it goes out to others. I can tell you that I am looking at that very closely. I believe we have some recommendations that will address this.

There are a couple of fundamental principles here. The first is these organizations are accountable to the taxpayers of Canada. These are not private organizations that function for their own purposes. As a result, there are certain criteria that we have a right to establish for them, and we should. The second one is, in doing that, we want to seek the best possible governance and management regimes we possibly can, because we want excellence in them. So we need to develop a way to determine how the public policy direction gets expressed and how oversight is done to ensure that we're getting the best possible management decisions. For me, transparency is a big issue. It's an issue all the time. The more we can move towards that, the openness, the more people you involve in these decisions and discussions on awareness, the better you will be.

Now, I will be coming back to this committee, I should serve you notice, at some point to argue about removing certain things from access to information and making some things less transparent. When I do that, I will come arm in arm with the auditor and others, in the name of good governance, not for any other reason. This is where some of the public debate and the good management debate cross. I hope this committee will take those issues very seriously.

•(1245)

Mr. Marc Godbout: Do we have an approximate date of when this review is going to be completed?

Hon. Reg Alcock: As soon as it is humanly possible. I am not in control of all aspects. I have a process I need to go through. I've had great support from the Prime Minister on this. You will recall, it was the Prime Minister who made that statement about review of the committee. It's because of his commitments that we've been able to move the bar so far on transparency, but I have some process items I have to finish and then I will be out with it.

I had hoped to be out with it earlier, but in fairness, I take personal responsibility for it being slow, in part because I felt it would be foolish not to address these bigger governance questions when so much had been done in the private sector on this.

The Chair: Thank you, Mr. Godbout.

Five minutes, Mr. Poilievre, followed by Monsieur Gagnon.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): My questions will be very direct and will require, if possible, yes or no answers.

Hon. Reg Alcock: You won't get them.

Mr. Pierre Poilievre: We can cross our fingers anyway.

I have a very blunt question. Did your friend Mr. McCallum follow the rules when he made the appointment of his friend Mr. Feeney?

Hon. Reg Alcock: Is that the question?

Mr. Pierre Poilievre: Yes.

Hon. Reg Alcock: I think if you go back to the discussion that's been taking place around the table...the answer to that question is yes.

Mr. Pierre Poilievre: He did follow your guidelines?

Hon. Reg Alcock: He followed the intent or the principles that lay behind the guidelines I put forward, he used the flexibility he had to do it, and he found an exemplary candidate.

Characterizing him, as you continue to do, as a friend and putting forth the image that this was somehow an insider deal and cronyism is just.... You're young; give it a break. Stick to the facts. Look at the quality of the output.

Mr. Pierre Poilievre: So you believe Mr. McCallum followed all of your guidelines.

Hon. Reg Alcock: I think we have found an exemplary candidate. I think we have a person who everybody around this table has acknowledged is a first-class candidate.

Mr. Pierre Poilievre: But I asked if he followed the rules. We're asking if he followed the rules in the appointment process.

Hon. Reg Alcock: He followed exactly the intention of what I put forward. I was quite satisfied that they did exactly what I wanted. They brought in a person of great skill and integrity—

Mr. Pierre Poilievre: But did he follow the guidelines?

Hon. Reg Alcock: Yes.

Mr. Pierre Poilievre: He did. All of the guidelines were followed?

Hon. Reg Alcock: You want to really spend a lot of time cross-examining me on dotting every “i” and crossing every “t”. Is this your intention? And you think this gets us to where?

Mr. Pierre Poilievre: What you told me earlier—

Hon. Reg Alcock: Are you trying to demonstrate...? Do you want me to demonstrate that I think it may be that Mr. Ritchie used some of the flexibility? He's already admitted that in testimony, and I think he did it well and I think the result proves it.

Mr. Pierre Poilievre: The reason I'm trying to pin down a straight answer on this question—

Hon. Reg Alcock: Yes is a straight answer.

Mr. Pierre Poilievre: —is that you said earlier that you believe human nature causes people to tend to favour people they know—

Hon. Reg Alcock: Yes.

Mr. Pierre Poilievre: —and that is why we have very strict rules. That's the reason why you made your pre-election announcement that rules would be put in place, but it's become clear since that pre-election announcement that those rules are not being followed and that your own guidelines were circumvented in order to put this particular individual in the role he now holds. That's why I want to know that every “i” is dotted and every “t” is crossed.

That's to answer your question as to why we want details of the appointment process respected.

But let's break down the process you announced. Professional recruitment firms will be engaged to assist the nominating committee in a search of meritorious candidates—not done. Public advertisements will be posted in newspapers and in the *Canada Gazette* for all openings for the position of CEO or chair of corporations—not done.

We have just two examples right there. A list of only two people was given to the minister and he made the appointment without the review of committee. Again, that was not done. And the committee was only an afterthought. He only came before the committee to discuss the appointment after the decision was made.

Hon. Reg Alcock: Not true.

Mr. Pierre Poilievre: So a series of key steps that were critical to your own guidelines were ignored, yet you still think all the rules were followed.

Hon. Reg Alcock: Yes. Is that your list?

Mr. Pierre Poilievre: Sure.

Hon. Reg Alcock: You're talking about Mr. McCallum's responsibilities. Mr. McCallum's responsibility was to receive a report from the nominating committee that will have done their search, made their selection of individuals. They did that.

Mr. Cedric Ritchie chaired that nominating committee as a member of that board. They came forward to Mr. McCallum with two names. Mr. McCallum looked at those two names and selected one of them. He then put it to GIC and it was presented to this committee. That is exactly the process.

The sense that it was presented as an afterthought...the Prime Minister made a speech in 2002 committing to this. He's talked about this all the way through. So to say this was an afterthought is just simply a mischaracterization of it.

• (1250)

Mr. Pierre Poilievre: There's no question that he talks a lot about it.

Hon. Reg Alcock: The problem is, sir, if I may, with age comes some wisdom. We can fight like this—

Mr. Pierre Poilievre: Not always.

Hon. Reg Alcock: No, quite seriously, this is a big issue for me.

What we have done in government in this last while is we've brought into the committee the question period debate, and the more we do that, the more we lose sight of what our goal is, which is to demand excellence in the management of public institutions. We will have made a huge contribution. If all you want to do here is sit and carry the debate you had with John McCallum about things, go ahead, but you're wasting important time.

Mr. Pierre Poilievre: This committee is also a venue for accountability, and I think it's fair for us to ask—

Hon. Reg Alcock: Substantive accountability.

Mr. Pierre Poilievre:—very direct questions about the way in which appointment processes were or were not followed and—

Hon. Reg Alcock: Let me answer you directly. I am satisfied—

Mr. Pierre Poilievre: And by the way, these questions have nothing to do with my age. That's something you should be very clear on. These questions have to do with accountability.

Hon. Reg Alcock: No, but they have to do with your inexperience as a parliamentarian.

Mr. Pierre Poilievre: Well, if you want to degenerate this into a personal attack, you can do that, but the reality is the rules were not followed. You're trying to distract from that by engaging in personal attacks based on age, and I think that's unacceptable.

Hon. Reg Alcock: No, that's fair enough. Let me clarify this.

I apologize if you had any sense of that. If you were to go back in the Hansard you would find I have made this same argument over and over. I tell you I preach on this.

It is not your age. It's the fact that new parliamentarians come in here, as we did in 1993...in fact, if you were here back then.... A lot of us came in here, and nobody ever told us what to do, so we came in and we fought, and we turned committees into question period and we lost something very important.

The Chair: I do think we're straying a little from the business at hand.

Hon. Reg Alcock: But I want to make it clear. It has nothing to do—

The Chair: Your time is up, Mr. Poilievre.

To Monsieur Gagnon, followed by Madam Marleau.

[*Translation*]

Mr. Marcel Gagnon (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chairman.

Minister, if age is a sign of wisdom, then I must be truly wise.

• (1255)

[*English*]

Hon. Reg Alcock: I've always said that, Mr. Gagnon.

[*Translation*]

Mr. Marcel Gagnon: I have been looking at the challenges which you are planning to overcome in order to improve the appointment process. I hope that you are successful, but it looks as if you have an uphill struggle ahead of you. This is the second Parliament that I have been a member of, and the issue of Crown corporation appointments has always been problematic.

Earlier, you made mention several times of public opinion. You said that your criteria included competency, professionalism, transparency and accountability. These principles are all interlinked, but I think that our biggest problem at the moment is that, in the eyes of some Canadians, although hopefully not all, we have lost our reputation as stewards of Crown corporations. Stories of abuse and scandal are hitting the headlines. As a result, Canadians are worried of even the most honest, talented and suitable candidate.

I do not want to take up too much of your time, because I would like you to use part of my five minutes to finish answering the four questions that my colleague asked you.

I wish you every success. However, I think you'll have to be extremely vigorous in your approach to transparency if you hope to undo the damage done to the image of public servants. Canadians have lost a great deal of confidence in the people in these positions. This is something that we see the world over, not only here in Canada. Whenever an appointment is made, questions are asked. Who is the person a friend of? Why did he or she get the job? People wonder if they are being told the whole truth.

In any case, I wish you every success in the great feat that lies ahead. Personally, I believe that you have to succeed. On that note, I would ask you to answer those of my colleagues' questions which you did not answer earlier.

[*English*]

Hon. Reg Alcock: Actually, Mr. Gagnon, if I can respond to that, just on the points you raised, I absolutely agree with you. Restoring public confidence in public management is at the heart of everything I'm trying to do. When I made the characterization, I was wrong to make it about age, because it's not about age. It's about a debate that has taken place here that has become devalued, frankly. I'm as much responsible for this as anyone else around here, because when I first came here in 1993, that's when it started. We have to take back that....

And now you come to this, so that we consider the selection of somebody solely on the basis of whether they know somebody else. It's not an unimportant issue, as was said earlier. We should look; we should have the full range of information. I buy that 100%. But we have to get to a point where we can look at the qualifications, because otherwise we simply deal in the world of image, and then we wonder why these boards don't function in the way that provides the quality oversight.

On Madame Thibault's point—I think official languages was the issue—

[*Translation*]

Ms. Louise Thibault: You have already answered that question. You spoke about official languages a little earlier.

I am going to rephrase my question. I was interested in the issue of urgent operational requirements, because that is something that you will certainly come across at some point. My colleagues and I have spoken about this and we see it as being linked to what you term “interim measures” or “the interim process”. You use expressions such as “where necessary”, “normally”, “where possible”, and I think that all of that sows the seeds of doubt.

This is one of the problems which we encounter with transparency. Is it really transparent? Will the time come when there are so many exceptions that the exception becomes the norm?

Allow me to make a little aside. I'm in full agreement with you. The Bloc Québécois is well known for not appreciating a one-size-fits-all approach from coast to coast. We agree that, from time to time, where appropriate, things may be done differently. However, there is a danger of using the notion of urgency as a pretext for everything. Often, appointments could be deemed urgent, and operational requirements will always exist.

What are you going to do about that?

[*English*]

The Chair: Can we have a response, please, Minister?

Hon. Reg Alcock: I want to save time for a two-minute close on this.

You're absolutely right, Madame Thibault, which is why it's important that we get this report out and get this into a proper process, so that we aren't dealing with these things on an emergency basis, so that we're dealing with these things on a planned, cyclical basis. On that discussion about when we are going to process the majority of appointments, one would expect you'd do it within the parliamentary calendar so that we're not stuck with this out of sync.

You'll always have to have a process that deals with exceptional circumstances. There is a difference between my March 15 and the letter, because on March 15 I put down a very tight set of guidelines, and officials came and said, wait a second, they did have this twelve-person body here. When we wrote the second letter, we therefore gave people more latitude. But the process was to say to them to take the responsibility for it for now on their boards and put the names forward.

To me, the most important thing, the most fundamental change, has been by the Prime Minister to oversight. This is a fundamental

shift. It's very difficult to put someone before a committee and have the committee say that person's not qualified to do the job. It forces a rigour that didn't exist in that process.

I'm not immune to the business of politics. We love to fight and try to discredit each other, but—

The Chair: We really have to.... Madam Marleau has a couple of questions.

We have very little time, so they have to be short questions, Madam Marleau.

Hon. Diane Marleau (Sudbury, Lib.): Through you, Mr. Chair, because we're all elected and we basically represent the population of Canada, and because these crown corporations we're responsible for, that we oversee nominations to, must also reflect the differences within our Canadian society, I'm wondering whether you're considering this, whether this will be part of it. How can you, when you look at the qualified candidate—and they must be absolutely qualified, there's no question of that—also ensure that across government—because if you take one crown corporation at a time, that's great—you have regional representation, that you have the face of diversity? Canada is no longer a white sort of society necessarily. Yes, there are a lot of white people, but there is the language issue, the gender issue.

I'm wondering how, in those regulations, you can ensure that the right balance is struck when you look across all of these agencies. My fear is you're going to end up with what you see a lot in the corporate world, which is a number of the same people sitting on all the same boards. There's nothing wrong with that, because when they sit on these private corporation boards, they're there to make money and that's their issue. But it's not ours. Because we are the Government of Canada, because we represent the people of Canada for the people of Canada, to serve them, how can we ensure that? Can you put that in there in some way?

• (1300)

Hon. Reg Alcock: It's a very short answer to a complicated question.

You define the problem absolutely accurately. I talk about the competencies and the characteristics. The board has to have a particular set of competencies that have to do with their ability to manage the organization and provide oversight. The board also has to have a series of characteristics reflecting the quality and nature of Canada. Those characteristics may vary a little bit depending on the nature of the board, but that is very much a part of being in public space. I actually have a creative way to square that circle, but I don't have time to talk about it; I can't anyway, because the report isn't down, but we'll see what happens.

Mr. Chair, I'd like to make one closing point.

The Chair: Yes, Mr. Minister. The time for the meeting is up, but go ahead and make your point.

Hon. Reg Alcock: In the Auditor General's report, under "Matters of Special Importance—2004", paragraph 30 says:

One such consequence could be that in response to audit reports, the government might impose more rules and controls on government operations instead of considering other options to correct deficiencies. While management is always a balance between exercising flexibility and imposing control, adding more controls might not address identified problems. I have said that more controls are not necessarily the solution; existing controls should be made clear and meaningful and should be applied consistently.

That's a fundamentally important piece, and I've had lots of discussions with the Auditor General on that. It's incredibly important, because in public management, because of this hot debate we have all the time, the management response is just to lock the system down.

I'll give you an example. This is on the checking of every single rule—and this is not coming to you, this is a problem in public

management. We can satisfy ourselves that every step in the process was absolutely well done and the outcome was awful. The operation can be a success yet the patient dies because we get so caught up in the process; we lose sight of what we're trying to do. That's the balance. I would like to engage this committee in discussions of that balance. I think the committee has a hugely important role to play in public management, but we have to engage in the realities of solving those problems.

Thank you.

The Chair: Thank you very much, Mr. Alcock, for coming before the committee today. I do appreciate your availability.

Thank you everyone. The meeting is adjourned.

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