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• (1535)

[English]

The Vice-Chair (Mr. Paul Szabo (Mississauga South, Lib.)): Good afternoon, ladies and gentlemen.

The meeting of the Standing Committee on Government Operations and Estimates will commence now. We do have witnesses on a particular matter, but with the indulgence of the witnesses, I would like to deal very quickly with a committee business matter. It shouldn't take much time, and that will allow us the full period subsequent to that, to 5:30 p.m.

Mr. Lauzon, could you make your motion and address the committee with any information with regard to why this motion is before us? Maybe the members would have a question.

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Can we wait until our members get here?

The Vice-Chair (Mr. Paul Szabo): Mr. Poilievre was here. He's not here now?

Mr. Guy Lauzon: Yes, and so was Mr. Pallister. They're just out in the hall.

The Vice-Chair (Mr. Paul Szabo): They're out in the hall?

The reason we would like to deal with this first is to—

Mr. Guy Lauzon: We were preparing to deal with it at the end.

The Vice-Chair (Mr. Paul Szabo): It shouldn't take long, I hope, in which case we will then be able to—

Mr. Guy Lauzon: It was our understanding that it would be dealt with at the end of the meeting.

The Vice-Chair (Mr. Paul Szabo): The normal practice has been to allow the last half hour to deal with these other items, and I don't think it's going to take that time. It will give more time for the current witness, and I know the members will have questions to deal with all of the time that we do have.

Mr. Guy Lauzon: Maybe we can just allow fifteen minutes at the end, then?

The Vice-Chair (Mr. Paul Szabo): Okay, your colleagues are... They don't want to come in.

We'll adjourn this part of the meeting at 5:15 p.m. to deal with committee business.

Pursuant to Standing Order 108(2), we commence examination of the contract entered into by the Royal Canadian Mint with Tim Hortons for the distribution of the poppy coin.

From the Royal Canadian Mint, we have with us today Mr. Emmanuel Triassi, chairperson of the board of directors, and the Honourable David Dingwall, president and CEO.

I welcome you both. I understand you both have a brief opening statement.

I would also like to ask the committee to ensure that the decibel level in the room doesn't get over a cordial level. It's important that we deal with the facts of the matter, and that we respect everyone's rights here.

With that, welcome, gentlemen. Who would like to begin?

Mr. Triassi.

Mr. Emmanuel Triassi (Chairperson, Board of Directors, Royal Canadian Mint): Thank you very much, Mr. Chairman.

The Royal Canadian Mint is an internationally respected brand and global leader in minting. It is wholly owned by the Crown and does not receive government appropriations. The Mint is self-sufficient and self-financing and owns its own assets.

Its mandate is to mint coins in anticipation of profit and to carry out other related activities. One of its objectives, Mr. Chairman, is to ensure that Canadian circulation coins are available to meet public demands. This objective acknowledges the Mint's legislated responsibility to provide coin products and coin-related services to the Minister of Finance. These products and services have been defined under the terms of a memorandum of understanding with the Department of Finance. The services include managing and distribution of circulation coins.

[Translation]

The board of directors, which I chair, is comprised of people who aspire to mirror the values of Canadians and share their strong cultural characteristics and beliefs. We all believe in the Mint and its potential and are supportive of its initiatives. Our board of directors is committed not only to supporting the corporation's management team, but also to challenging that team to make the best decisions—and achieve the best results—on behalf of our shareholder and the Canadian public.

[English]

The board, Mr. Chairman, has begun the process of updating policies and procedures to bring more clarity, transparency, and accountability, and to ensure that business is conducted appropriately and responsibly.

We developed a code of conduct reflecting our core values and behaviours of respect, trust, ingenuity, and participation. We issued a statement of people philosophy that is meant to support the pursuit of commercial goals as well as the Mint's desire to be a role model in terms of corporate social responsibility.

We reviewed the roles and responsibilities of the board and its committees and amended them to reflect industry's best practices. Mr. Chairman, this included the development of a comprehensive charter for the audit committee. It was based on the Auditor General's recommendations.

[*Translation*]

Our role is to encourage, support and challenge management. This is done by way of processes and procedures that help ensure that every aspect of the organization is under continual review and that a clear set of rules are put in place under which everyone operates.

[*English*]

As a board, Mr. Chairman, we set the strategic direction for the corporation and are responsible for oversight to ensure it is carried out. The strategic direction is clearly outlined in a five-year planning document. This document, of course, is the corporate plan. It is developed in close collaboration with management and is approved by the board and government. This corporate plan constitutes the basis for the company to operate the way it does, establishing clear goals and achievable objectives for management and other employees of the Mint.

[*Translation*]

The Mint's board of directors takes very seriously the Mint's legislated mandate to be profitable. Each member of the board believes that as a commercial crown corporation, the Mint should achieve a profit at the end of each fiscal year for its shareholder—the Canadian government and, by extension, the Canadian people.

[*English*]

In 2004, Mr. Chairman, the Mint posted a \$16-million profit, following a turnaround brought about by David Dingwall and his team. They have brought significant rigour, discipline, and process to the organization, while focusing on the customer. All of this allowed the Mint to realize significant cost savings and to increase its sales, resulting in a solid profit in 2004.

In addition to this profit, the board of directors continues to ensure that the Mint provides the government with significant revenues by way of seigniorage. This is achieved by the Mint's creative ideas, artistic products, and cost-saving measures. Mr. Chairman, over the last 17 years, the Mint has returned to the Government of Canada approximately \$1.7 billion in seigniorage revenue. Over the years, the Mint has been a partner with the government and a creative force to maximize its seigniorage revenues. Notable here is the introduction of the one-dollar coin and the two-dollar circulation coin and, of course, the commemorative circulation coins celebrating Canadian history, heroes, and events, as we've seen recently.

Demand for coin currency is a function of population and the state of the economy, which influence the needs of trade and commerce. Financial institutions are the predominant channel for distribution of coins for trade and commerce. However, the board has recognized

the need for the Mint to develop alternative distribution channels for commemorative circulation coins. In 2003, the board approved a strategic direction that would allow the Mint to engage in opportunities to distribute commemorative coins through various channels to ensure that Canadians could readily obtain those coins when they are put into circulation. In 2004, the board reaffirmed the need to pursue this direction. Of course, Mr. Chairman, the decision on the actual channel of distribution is an operational one, which is left up to management, as it should be.

• (1540)

[*Translation*]

Before I ask Mr. Dingwall to present his opening remarks, allow me to say how proud I am of the board's accomplishments and the outstanding achievement of the Royal Canadian Mint in 2004. I am confident that the Mint will continue to be successful in 2005 and beyond.

Thank you.

[*English*]

The Vice-Chair (Mr. Paul Szabo): Thank you.

Mr. Dingwall, please.

[*Translation*]

Hon. David Dingwall (President and CEO, Royal Canadian Mint): Thank you, Mr. Chairman. Members of the committee, I would like to thank you for giving me the opportunity to be before the committee today.

[*English*]

The Royal Canadian Mint's mandate is to mint coins in anticipation of profit and to carry out other related activities. In 2001, 2002, and 2003, the Royal Canadian Mint lost money. As a commercial crown corporation that is in the business of making coins, the irony of this was not lost on us.

Today, the Royal Canadian Mint reflects the corporate realities of higher consumer expectations, increased global competition, and leaner processes. Our 2004 annual report demonstrates our ability to move forward confidently and successfully, as we posted one of the biggest corporate turnarounds in the Mint's 97-year history.

Mr. Chairman, 2004 was indeed a remarkable and pivotal year. Because of our commitment and team work, 2004 ended with a pre-tax profit of \$16 million. The Mint also generated \$64.3 million in seigniorage for the Government of Canada, and for the first time in 10 years, Mr. Chairman, the Mint has declared and issued a dividend to the government in the sum of \$1 million in 2005. Over and above that, Mr. Chairman, we paid \$4.9 million in income tax in 2004.

Our journey back to growth and profitability began in 2003. That year, the Mint put in motion a plan to generate more than \$15 million in cost savings, assess non-performing assets, refocus on successful business lines, enhance our executive team, and change the corporate culture from top to bottom. Moreover, to provide accountability, focus, and transparency, the Mint adopted a leaner enterprise model across the entire corporation, focusing on the customer's values and priorities. This has been an essential driver of our success.

Our positive changes continued in 2004 through regaining market share for the foreign coinage business line, leading to the doubling of the staff at our Winnipeg plant in the past year, which is now operating 24/7. The Mint has added over 200 new employees, 96 in Winnipeg alone. There was an increase of \$70 million in sales in 2004. In April 2005, we posted our 18th month of consecutive profit.

All of our efforts are in support of our customers and our shareholders, as well as our employees.

In summary, the Mint is a fully commercial crown corporation that operates at arm's length from the Government of Canada. The Mint's purpose is to generate revenue for the Government of Canada, to be profitable while being relevant and meaningful to Canadians.

It is in this context that in 2004 the Mint developed a commemorative coin program that saw very popular coins like the poppy quarter, the Terry Fox dollar, the lucky loonie, and now the victory nickel being distributed to Canadians. There has been an overwhelmingly high demand for these coins and it is incumbent upon us to respond to Canadians by ensuring that they can get these coins, regardless of the region, the province, the city, or the neighbourhood in which they live.

Mr. Chairman, Canadians have demonstrated a profound interest in commemorative circulation designs, and they are demanding greater degrees of service and access. Canadians have been very clear on this issue. They want these coins now and they don't want to encounter difficulties in obtaining them.

If we are to respond to Canadians, our customers, then we must find alternative distribution methods. Why? Canada has a coin distribution system that is one of the most sophisticated in the world. However, it is designed solely for the purposes of meeting the needs of trade and commerce. To these ends, it works well in regulating the movement of coins to Canada's financial institutions, as well as between them. It does not reflect, Mr. Chairman, today's realities, customers' expectations, or the market.

The business decision to pilot with strategic alternative distribution partners was a result of overwhelming competitive forces. We want to grow the business of the Royal Canadian Mint. Therefore, we need to find new ways to get commemorative circulation coins such as the poppy quarter and the lucky loonie quickly into the hands of Canadians.

This is one of the key successes for the Mint, and it is the direct result of the demands of our customers. We will continue to look for distribution partners. We are in the process of developing a framework that will determine the ideal characteristics in selecting non-traditional distribution partners.

• (1545)

Our successes are strong indicators that our chosen path is indeed the right one. It will take the Mint from a manufacturing organization to a powerful identifiable brand in its own right. It will open up new diverse marketing opportunities, lending the Mint strength and versatility. Most important, it will be an icon of pride for all Canadians.

Mr. Chair, thank you very much for the invitation to be here. I look forward to responding any questions that members of the committee may have.

The Vice-Chair (Mr. Paul Szabo): Thank you kindly, gentlemen. I know the members will have many questions for you.

We're going to begin with Mr. Pallister.

Mr. Brian Pallister (Portage—Lisgar, CPC): Thank you, Mr. Chair. We appreciate both of you gentlemen taking the time to be here today.

My questions will centre on the issue of the untendered contract that was given to Wendy's International via Tim Hortons for the exclusive right to distribute the poppy coin. This was a first-time type of arrangement, wasn't it?

Hon. David Dingwall: No, it was not.

Mr. Brian Pallister: No? So you have used private companies in the retail sector before for distribution of coins?

Hon. David Dingwall: In the past, in 2003 or 2004, the board deemed that we had to look at alternative ways to distribute our coins. There are two reasons for that.

Mr. Brian Pallister: I'm not interested in that, sir. I'm only interested in knowing if you'd done this before and who you did it with.

Hon. David Dingwall: In 2004 there were two pilot initiatives. One was with the Royal Bank for the purposes of the lucky loonie. The second was with the poppy coin for the purposes of the distribution of that coin across the country. So there were two pilot partnerships that we developed in 2004 in order to penetrate with our product across the country.

Mr. Brian Pallister: How did you choose Tim Hortons? Were other companies approached, or was that the only one? We have a copy of some correspondence that was sent to the TDL Group. Basically, it looks like it's trying to sell them on the idea. I'll quote from the correspondence: "The idea is to drive traffic to your stores via the advertising and public relations campaigns. ... Upon reading this letter, I trust you're as excited as I am regarding this program. It will offer you a unique opportunity to build your business...".

Where did the idea come from to promote the distribution with the TDL Group?

• (1550)

Hon. David Dingwall: The idea to promote our product with various alternative distributors—

Mr. Brian Pallister: No, it's this specific company I'm talking about.

Hon. David Dingwall: I'll get to your specifics, but I need a preamble.

The overriding reason for us to seek out alternative distributors was the comprehensive and competitive market forces that we're against. We cannot—

Mr. Brian Pallister: You referenced that in your introductory comments.

The Vice-Chair (Mr. Paul Szabo): Order, please. We'll give you extra time. We've had this problem before. I think it's important that someone ask the question and then we hear the answer.

But, Minister—former Minister, I should say—in fairness, your preambles are maybe a little off the question. Please be as concise as you can with the answers to the members' questions.

Hon. David Dingwall: With my limited abilities, Mr. Chair, I would dare to comply, but there are comprehensive competitive forces out there against the Royal Canadian Mint. We had to seek out alternative distributors.

You asked the question, why Tim Hortons?

Mr. Brian Pallister: In fact, I don't want an answer to a question I didn't ask. I asked a specific question and I'm not getting an answer, so I'll try again. It seems, sir, that old habits die hard.

We have a problem here. Sole-source contracts, untendered contracts—this has gone on for a long time. How could you be sure that you're protecting the interests of the taxpayer if you offer what appears to be a one-sided deal, the exclusive right to distribute an historic coin, on the basis that it will drive traffic to the stores of one entity? How are you protecting the taxpayers' interests in doing that? Normally, you distribute coins through all the banks—not one.

I recognize you reference a pilot project. But it would seem that you're favouring one company over others. If you hand a contract out, why not a request for proposal? Why not a tendering process so companies could entertain the possibility of bidding on the job? Why just a sole-source contract to one retail branch?

Hon. David Dingwall: First of all, Mr. Chairman, the taxpayers did not pay for this. We have received no appropriations from the Government of Canada with regards to our operation.

Second, this was a strategic partnership, as the partnership was with the Royal Bank. Under a partnership, there are certain advantages to each partner. In this particular incident, we didn't pay Tim Hortons a cent in terms of any benefits they may have achieved along the way. We went with a particular operation because of the accessibility, the availability of the coin, the values that the entity stands for. Of course, it's one of the best brands, if not the best brand, in the country.

It was a strategic initiative under a pilot agenda with two different entities: one with the bank, one with Tim Hortons. We've learned a great deal from it as a result of doing that.

Mr. Brian Pallister: Did you consider that there's a perception of unfairness out there among other retail distribution networks, other private sector operations and so on, and that you could address the perception that you might be being somewhat unfair by favouring one by having a tendering process of some kind or by doing a request for proposal of some kind?

Hon. David Dingwall: Well, unfortunately, there was no one—and I say this with sincerity and with respect—knocking on our doors to distribute our product. I can suggest, through you, Mr. Chairman, that as a result of the pilot initiative with Tim Hortons primarily, there are now a number of retailers who are interested in distributing our coin. In the fourth quarter of this year, I hope to be able to put out a RFI, which will be a framework so we can attract various retailers across the country for the purposes of distributing our coin.

This was a business decision based upon the best available information we had at the time.

Mr. Brian Pallister: So who was involved in making the decision, and when was it made?

Hon. David Dingwall: As I said, in the fourth quarter of 2003, give or take a month, we had determined that in going forward with growing our business, there was a formidable risk for the Royal Canadian Mint if we didn't get alternative distributors for our product.

You must remember, sir, that these commemorative products are different from the ordinary change you have in your pockets. The mintages are usually capped. They're for a finite period of time; they don't go on forever. As a result, it was in 2003 that we identified the risk, and in 2004 we put in a process for two pilot initiatives. We've learned from those pilot initiatives. In the fourth quarter of 2005 we'll have a framework ready for the purposes of distributing our coin in 2006 and 2007.

• (1555)

Mr. Brian Pallister: So who was instrumental in making that decision?

I guess my final question is, then, when was the board apprised of the decision you had made to launch the pilot project with Tim Hortons?

Hon. David Dingwall: Through you, Mr. Chairman, to the honourable member, I was the one, as the CEO, who was responsible for the decision.

The board was first aware of the risk in 2003, as the government was, with regards to—

Mr. Brian Pallister: Mr. Minister, I'm asking about the contract itself.

Hon. David Dingwall: Oh, the contract. The board became aware of that in June 2004. I believe in one of my reports to the board, I think in March, they were informed of the subject matter. They were informed of more details in June, and the contract with Tim Hortons was consummated, I believe, in October 2004, give or take a day or two.

Mr. Brian Pallister: Thank you.

The Vice-Chair (Mr. Paul Szabo): Thank you.

We'll move now to Madame Thibault, *s'il vous plaît*.

[Translation]

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Thank you, Mr. Chairman.

Thank you, gentlemen, for being here.

I must say that I am quite taken aback. On the one hand, in your respective presentations, you talk about a philosophy of transparency, of ethical values, and even of a very competitive environment which compels you to experiment. However, as you were saying this, you said, Mr. Dingwall, that taxpayers did not have to pay a cent, as if that was reason enough not to put out a call for tenders. Even though taxpayers may not have paid a cent, I would like to know why your organization chose not to go through a tendering process. You said that the various companies and institutions did not come knocking on your door. But you ended up choosing one. Why did you choose that particular one? By going with that company, you gave it extraordinary visibility and promotion. Why did you not use one of your modes of transmission, which is after all very current and very practical, namely Canada Post?

We had the pleasure of meeting with the chairman of the board and the candidate recommended for the position of president of the Canada Post Corporation. As did other colleagues, I had the pleasure to speak about rural matters and of our regional reality. In our regions, post offices don't provide the services we need; some have even closed. So why did you not use the existing infrastructure, which is still available in thousands of villages across the country, and in particular in Quebec?

I will begin with these questions, and then I have several other ones to put to you.

Thank you.

[English]

Hon. David Dingwall: Through you, Mr. Chairman, to the honourable member, the Royal Canadian Mint does not receive appropriations from the Government of Canada. Secondly, the contract she refers to was a strategic partnership. It wasn't a regular procurement; it was a strategic partnership with that entity as well as the one with the Royal Bank.

As to why Tim Hortons was chosen, really there are 10 reasons. One was accessibility—2,300 stores across the country, most of which are open 24 hours a day. Second was availability—they took the coin and gave us a cheque for its face value and were able to distribute it within four weeks. The values of Tim Hortons are very much akin with the Royal Canadian Legion, as I'm sure many members of Parliament will attest. Individuals who sell the poppy coins do so at Tim Hortons outlets. They're welcomed by the franchise owners. They're often given coffee and allowed to use the facilities where other retailers do not do that in all instances. They have a strong consumer recognition. The honourable member will probably know that *Canadian Business*, in the July 7 edition, rates Tim Hortons as Canada's best-managed brand, with President's Choice being a distant second. Also, Tim Hortons put their own money into their own marketing programs as they went forward.

If I may, Mr. Chairman, through you to the honourable member, it is quite true that Tim Hortons was the big distributor of the poppy coin through their franchises. In fact, almost 24 million went through their franchises. As well, 726,000 went through the Royal Canadian Legion. Of the 1,600 legions across the country, only 363 chose to participate, and they circulated over 726,000 coins.

On bulk sales to dealers throughout the country who buy them in large quantities, rolls, there were over 653,000—

• (1600)

[Translation]

Ms. Louise Thibault: Mr. Dingwall...

[English]

Hon. David Dingwall: —and under direct marketing, if I could just conclude.... I'm sorry?

[Translation]

Ms. Louise Thibault: Mr. Dingwall, allow me to interrupt. I see that you are trying to explain to us the fact that you believe this undertaking was a huge success.

As for me, on behalf of all of my constituents, of taxpayers and in particular the people watching us today, I would like to know what your reasons were.

You told me that you chose Tim Hortons, that it was a fantastic choice, that this organization is present throughout the country. Can you tell me why you did not choose to go with Canada Post, or any other organization? Do you acknowledge that, by your choice, regardless of the benefits you got, you gave a real advantage to a private company over others?

You chose Tim Hortons. You talked about Tim Hortons' values. But I'm talking about a company. You chose Tim Hortons and not Dunkin' Donuts or any other company. But I don't want to get into advertising here today.

What does this say about the transparency of your organization and the respect for Canadian values which you referred to in your respective presentations? Why choose a particular company? Why did you not ask for expressions of interest?

[English]

Hon. David Dingwall: Why not Canada Post? Canada Post distributes some of our commemorative products. We have a contract with Canada Post for distributing some of our numismatic products across the country. They have been a good distributor of those. They are not equipped as well as some of the other retailers to distribute our coins, such as the poppy coin.

This was a strategic initiative, a pilot initiative, like we did with the Royal Bank. There were two pilot initiatives, and we learned a great deal from both of them. In the future, as we develop our framework in the fourth quarter of 2005, we'll be in a position to make other decisions as we move forward, but it was a business decision that we made as a team.

[Translation]

The Vice-Chair (Mr. Paul Szabo): Would you like to ask a final question?

Ms. Louise Thibault: Yes, I'd like to ask one last question.

So this means that, apart from the Royal Bank and Tim Hortons, you never put out a call for tenders.

If next year there were another campaign, would you again bypass the rules? Would you make a decision without putting out a call for tenders, without asking for bids from other companies? You will make the same decision. Do you think that it is ethically acceptable to make an absolute choice without a tendering process, even while you talk about fierce competition?

[English]

Hon. David Dingwall: I have an obligation to make sure the corporation is profitable. It lost money in 2001, 2002, and 2003. We hope to have a framework completed by the fourth quarter of this year that we can send out to various retailers across the country. If they express an interest in distributing our coin, we will utilize those candidates that come forward. We still reserve the right to choose who is the best retailer to do that, but we will go on the MERX, put out an RFI, and see what the retail sector is prepared to do in terms of distributing our coin.

It is not an easy thing. There is quite an obligation upon that individual or organization to distribute that coin, from security provisions, to training of staff, etc.

• (1605)

The Vice-Chair (Mr. Paul Szabo): Thank you.

[Translation]

Ms. Marleau, you have the floor.

[English]

Hon. Diane Marleau (Sudbury, Lib.): Merci.

Let me congratulate the Mint on its dramatic financial turnaround. I know that when you took over, Mr. Dingwall, it was not doing well at all. It had some serious losses, so I think someone has to say hats off to you.

Your poppy coin was an extremely successful event. Many people in my riding were questioning, why Tim Hortons? Perhaps you can set me right, but if memory serves me, if people wanted to order some of these coins they had to pay shipping fees. If they ordered under 500 of them, they had to pay sales tax on them. But if they went to Tim Hortons and bought something there, they could get them without paying extra. A number of people were somewhat disturbed by this. They wanted more, but they were told how much more they would have to pay.

First of all, how much of a profit did you make with this? It's my understanding that you didn't charge Tim Hortons anything. I think you just turned over the coins for face value. Is that correct?

Did you consider the huge benefit it would be to Tim Hortons to have the Canadian Mint associated with it? According to your contract, you were not paid anything. Maybe you should have been. Maybe there should have been an extra benefit to the government for having that association.

Does the Mint have any kind of conflict of interest guidelines in terms of who they deal with and how they deal with them?

I'm asking you a whole bunch of questions, I know.

In the end, so you can have time to answer, what did you learn from this particular partnership? Would you do it again? Are you

prepared to put out some more of these poppy coins? Many people really liked them, and I think some people would still want them.

Hon. David Dingwall: Mr. Chairman, there are a lot of questions.

Thank you for your kind comments at the opening.

In terms of lessons learned, yes, we did learn a great deal. The poppy coin, in its launch, was extremely successful across the country, but I would be misrepresenting things to you if I didn't say there were problems.

There are members around this table who've written to me saying that some individuals who wanted the coin and went into a store to ask for it were told they had to buy a coffee in order to get it. That certainly was not part of our program. It certainly wasn't part of the Tim Hortons program, but there were incidents—not many, but more than one would want—across the country. That was certainly one lesson we learned.

In terms of the face value of the coin, yes, Tim Hortons did pay us a sum of money. It was just the face value of the coin.

The commercial advantage, if you will, to Tim Hortons we believe was offset by the fact that we didn't have to wait to sell our coin. We gave them the coin, they gave us the cheque, and they distributed the coin. If you went through the normal process with some of the financial institutions, it would take a long period of time to get the coin to market because their system is set up differently in terms of commemorative coins versus regular coin. So we got to market with our coin—and were able to highlight the Royal Canadian Legion—in about a four-week period.

We've learned some lessons from that, and you make a valid point. Perhaps there should be some considerations given back in addition to that, and that's one of the things we'll look at in terms of the new framework that we want to have ready by the fourth quarter of 2005. And by the way, Tim Hortons did their own in-house marketing in their 2,300 stores across the country. They provided all of that. We didn't have anything to do with that.

On the conflict of interest guidelines, I'm not certain where you're coming from there. Mr. Pallister has written us on whether there were conflicts, and we don't believe there were any conflicts.

• (1610)

Hon. Diane Marleau: What are the guidelines in terms of conflict of interest, in terms of which corporations you will use over which others? It seems to me that this was a little off, to go just with one. I understand your reasons for doing it, but I still have a hard time understanding why you didn't open it up to more than one. I know that Tim Hortons did a fantastic job, but they had a great return on it.

Hon. David Dingwall: But in any strategic initiative you take, particularly with a partner, there is a risk. We took the risk; we moved ahead. We've learned from that. We also learned a great deal from the strategic partnership we had with the Royal Canadian Bank in terms of the distributing of the coin there.

No one has asked the fundamental question, and I'm sure it will come, about what the competitive forces out there are. They're quite daunting for a Royal Canadian Mint that has revenues now of about \$325 million. We're up against some very formidable forces in this country who don't wish to have coin in existence. Hence, we had a risk assessment in 2003. We came up with two strategic initiatives and partnerships in 2004. We're ready with our RFI to go out in fourth quarter. We'll be ready in 2006 with other partners.

Hon. Diane Marleau: Is it possible that a lot of Canadians didn't understand the difference between a coin as a coin and a commemorative coin, the difference between the two? I think a lot of people felt that they could just go to the bank and ask for them, that the coins should have been given to them at the bank. This was the reaction I got. People couldn't quite understand why you would use Tim Hortons and not a bank to distribute your coins. Perhaps that was part of the problem.

Hon. David Dingwall: That's one of the lessons we have learned. If we have a partnership with a particular entity, we might want to have, as a backup, one of the financial institutions to carry the product—or, indeed, maybe all of the institutions to carry the product—but there's no guarantee that Canadians are going to have ready access to it when you go with the financial institutions.

I've often said before various committees that based on being in the private sector and talking to a lot of different people, it seems to me that we live in the pizza generation. If you can't get your product before the customers in a very short period of time, those customers are going to move with their feet and go elsewhere. Therefore, for us to remain profitable, we have to make sure that we get our product before the customer in a very timely way, and we intend to do that in the future.

Hon. Diane Marleau: Thank you.

The Vice-Chair (Mr. Paul Szabo): Thank you, Madam Marleau.

Mr. Martin, please.

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

Thank you, Mr. Dingwall. Maybe I'll start where you left off.

I think the substance of the problem here is that this wasn't some souvenir trinket, this was the currency of the realm. This coin was produced by a noble Canadian institution, the Royal Canadian Mint. It just seems crass to be using an American-owned coffee shop to roll out this new coin. It just rubs people the wrong way.

We have heard that the Canadian Mint spent \$2 million on the promotion and distribution of this new coin. I'd like a confirmation that you did in fact spend \$2 million. And part of that \$2 million was the advertising that indirectly benefited Tim Hortons. It couldn't help but indirectly benefit Tim Hortons.

So perhaps you can confirm—briefly, please—that your promotion and advertising budget for this poppy coin was in the neighbourhood of \$2 million.

Hon. David Dingwall: Mr. Chairman, the honourable member is correct. Our advertising campaign was in that capacity.

Secondly, between 95% and 98% of the franchises he makes reference to are Canadian-owned.

Thirdly, others have benefited because of this particular initiative. Certainly for the Royal Canadian Legion, their premier event in terms of the rollout of the poppy coin, which assisted—

Mr. Pat Martin: Not to interrupt you, sir, but the Royal Canadian Legion certainly could have benefited more from the \$2 million of advertising. Arguably, they need it a lot more than Tim Hortons.

I have here a copy of the contract between Tim Hortons and the Royal Canadian Mint. It seems geared more to protect the interest of Tim Hortons. It's as if Tim Hortons drafted much of this, making sure the Mint has no right to use the Tim Hortons logo, signage, etc. It also says that Tim Hortons will not pay for the delivery of the coins; the Mint has to pay for the shipping of the coins to Tim Hortons. It sounds like they were negotiating a pretty hard bargain.

The last point I want to mention here has to do with article 22 of this contract. Under “No Bribe”, it says:

Tim Hortons warrants:

That no bribe, gift or other inducement has been paid, given, promised or offered to any official or employee of the Mint....

Does that mean, Mr. Dingwall, if you go down and order a double-double, you're still going to pay for it personally?

• (1615)

Hon. David Dingwall: No, I think it's just a standard provision within their contract.

You've asked several questions here.

First of all, the commemorative poppy coin had a limited mintage, which was quite distinctive from that for other coins. You will be fully aware that under the red was the poppy, which will endure for the full duration of the coin, 20 years.

In terms of the advertising and the shipping, the Government of Canada, because they approve legal tender, have a legal obligation to advertise and to demonstrate to Canadians that this is legal tender. It's not something that can be done by chance.

So what was “given”, as you put it, to Tim Hortons was a common denominator given to all the financial institutions. We have to advertise. We advertise the destination where you can get the coin. On the shipping, as it is for all financial institutions, that cost is incurred by the Royal Canadian Mint to get that to the distributor.

So those are standard features in terms of us promoting our legal tender coin.

Mr. Pat Martin: I understand your point, but when it comes to tender—building off the word “tender”—in any traditional tendering practice you would have put out some kind of an RFP to the fast-food industry. If you were looking for somebody who had a lot of franchise outlets....

I mean, how did you arrive at Tim Hortons exclusively? This isn't fair to Burger King. This isn't fair to...and I don't have great sympathy for some of these organizations—they push trans fats, which I'm opposed to. But surely....

Actually, in this document it says that Tim Hortons didn't even express an interest; the Mint approached them. Did somebody have a particular notion that Tim Hortons was the right place, or did someone just wake up one morning, pick up their coffee on the way to work, and say this would be the place to roll out the new coin for the Mint? It doesn't seem to be in compliance with any kind of guidelines that have to do with fair tendering practices to award a contract of this size unilaterally and sole-source, Mr. Dingwall, and nothing you've said so far gives me any comfort, frankly, that it was arrived at with any good business sense other than some notion or some whim that this might be a good idea.

Hon. David Dingwall: Well, Mr. Chairman, this might be the time, if the honourable member will give me a few more minutes, when maybe I can shed some additional light on the subject matter.

Why alternative distributors for the coin? The reason is that we have pretty tough competition out there. It's called the e-payment system. The country is flooded with credit cards and with debit cards. In 2003 the Canadian financial institutions spent \$3.9 billion on new technology. From 1996 to 2003, the Canadian financial institutions spent \$25 billion on technology. Canadians carry 74 million credit cards. In 2001, which is a few years back, Canadians received over 208 million credit card solicitations.

I'm telling you, colleagues, that this is a very competitive world. What we did here—

The Vice-Chair (Mr. Paul Szabo): Mr. Dingwall.

S'il vous plaît. Order, please.

Mr. Dingwall, we're going to let the member have a little time to finish the question, but I think he asked you a pretty direct question. To talk about a competitive environment and credit cards doesn't quite come close enough. I'd like you to try a little bit harder to respond to this precise question, because the whole purpose here is to inquire about a particular deal. Neither of your opening statements addressed the order of reference to this committee today with regard to the contract with Tim Hortons. The question, pretty well, was why use a sole-source approach and were there others considered? You haven't answered that question.

Again, I'm going to allow the member to rephrase his final question, and I hope we will try to get to the direct answer, if possible.

Mr. Martin.

• (1620)

Mr. Pat Martin: If I can be fully direct, why, Mr. Dingwall, did you not follow any traditional tendering process to choose the lucky beneficiary of this enormous commercial opportunity to be the ones to roll out the new poppy coin? I might add the public was very eager to get their hands on it. I don't think it would have taken a great marketing strategy.

The Vice-Chair (Mr. Paul Szabo): If you go on too much longer, he's going to forget the question.

Hon. David Dingwall: Mr. Chairman, it was a risk we identified in 2003. We made a business decision to proceed with two pilot initiatives, a strategic partnership. We chose the Royal Bank for one. For the second one, we chose Tim Hortons. Those were business

decisions based upon the evidence we had. That's why we proceeded, predicated on the fact that we have enormous, tough, comprehensive competition.

The Vice-Chair (Mr. Paul Szabo): Thank you, Mr. Dingwall.

We're now going to go back to the Conservatives. I believe Mr. Pallister is going to take the next round.

Mr. Brian Pallister: Thanks, Mr. Chairman.

It strikes me there's a parallel here. It was the threat of tough competition in Quebec that led to the ethics rules being disregarded in the sponsorship scandal, and now it's a threat of tough competition in your industry that's allowing you to disregard the ethical rules in relation to your own operation, sir.

You play at phraseologies like "strategic partnerships" as if to say it's okay to circumvent the purchasing and procurement rules because this is a strategic partnership. But it isn't okay. I had written you, and as you know, you responded yesterday to say that you adhere to the code of ethics. But let me read to you from the conflict of interest code of ethics, where it says, in part I, section 3: "Public office holders shall not step out of their official roles to assist private entities...where this would result in preferential treatment...". It's clearly a violation of the code of ethics that you would hand this contract over to one private sector entity.

I've talked to advertising executives and stock analysts. They tell me this deal was the perfect storm for Wendy's International, which is the owner, of course, of Tim Hortons—the perfect storm. It handed them a lovely deal, a wonderful deal. What you've done by your decision to do it in this way, I think, is impugn, perhaps unintentionally, the integrity of those involved in the Mint. I think that's really disappointing to a lot of us.

I always have time for Tim Hortons. What I don't have time for is unethical conduct.

A voice: Order, order.

Mr. Brian Pallister: What none of us should have time for is unethical conduct. The Royal Canadian—

The Vice-Chair (Mr. Paul Szabo): Mr. Pallister, you've put on the table a couple of points, and I know you want to—

Mr. Brian Pallister: I'll finish my question, yes.

The Vice-Chair (Mr. Paul Szabo): Unless it's relevant, I'd like to—

Mr. Brian Pallister: The Royal Canadian Mint code of ethics—I'd like to quote from it, if I might.

The Vice-Chair (Mr. Paul Szabo): Okay, but I would ask that you not accuse someone of unethical conduct. It's—

Mr. Brian Pallister: I'll read the code of ethics, then, sir, and you can draw your own conclusions.

The Vice-Chair (Mr. Paul Szabo): Please be careful not to accuse anyone of unethical conduct when there's no evidence.

Mr. Brian Pallister: I want to give the gentleman a chance to respond. I'm reading from a code of ethics now, sir. The Royal Canadian Mint code of conduct states, and I'll quote from it: "Compliance with the law and this Code of Conduct will never be sacrificed in the name of profit or opportunity."

Now, how do you explain how that code is being followed in the handing over of a contract, sole-sourced, without tender, to one private entity?

The Vice-Chair (Mr. Paul Szabo): Could we now have your response to the member's statements to you?

• (1625)

Hon. David Dingwall: Through you, Mr. Chairman, to the member, we believed it to be a strategic partnership. The partner brought a great deal to the table in the sense that they were able to deliver our product to Canadians from coast to coast within a four-week period. The partner we chose had good values, in the sense that they were very supportive of the Royal Canadian Legion. Third, they were operating—available to operate—24 hours a day, 7 days a week, for most of the period in which the coin was delivered. They were accessible to Canadians. We thought they'd bring good value to us as a business entity going forward.

Mr. Brian Pallister: Of course, sir. Of course. Each of those criteria could have been structured into a request for proposal and each of those criteria could have been properly addressed through a proper tendering process—which was circumvented totally in this.

You alluded earlier to the comment...you said that the advertising was a normal course of events. Isn't it true that this \$2 million of advertising you spent on the poppy coin was unprecedented in the history of the Mint?

Hon. David Dingwall: No, sir.

Mr. Brian Pallister: Isn't it a significant investment on the part of the Mint, sir? Are you denying that?

Hon. David Dingwall: No. What I am denying is that it is the most significant that the Royal Canadian Mint has ever done.

Mr. Brian Pallister: With a private sector partner—it's not more significant than your other pilot project with the Royal Bank of Canada?

Hon. David Dingwall: Well, just give me a moment here, Mr. Chairman.

Mr. Brian Pallister: Okay. Well, let me rephrase the question then, sir.

The Vice-Chair (Mr. Paul Szabo): Let's see if we can.... We'll just take a moment, here.

Hon. David Dingwall: Yes, Mr. Chairman.

For the benefit of honourable members, we had budgeted, for the purposes of the lucky loonie, \$3.7 million for advertising. I believe we spent approximately \$3.3 million, so it was much higher than that of the poppy. It is a function; because it is legal tender, the Crown must advertise that.

Mr. Brian Pallister: Yes. That's understood, sir, but isn't it true that in the normal course of your distributions, you utilize not one financial institution but all financial institutions? Isn't it true that when you favour one with a sole-distribution contract, you leave it

open naturally to the interpretation that this would be an unfair advantage placed with that company? Can you not see the difference between your normal distribution mechanisms and this one?

Hon. David Dingwall: Well, there is a distinction between a commemorative coin and the normal coin we make at the Royal Canadian Mint. For a commemorative coin, which has limited mintages, we chose two strategic partners in 2004 in order to distribute our coin.

Mr. Brian Pallister: Sir, in your testimony before the Gomery inquiry, you indicated that, in hindsight, perhaps price should have been more of a factor. I suggest that sentiment might well be one you will experience in this case as well.

I'm also concerned about the integrity issue as it affects your board and the employees of the Mint. I want to know what steps you've taken to protect your own integrity as well as the integrity of your board and your employees, to ensure they're not put into a perceived conflict of interest as it relates to this or future distribution issues.

Hon. David Dingwall: Perhaps the honourable member could elaborate in terms of what specific answer he's going towards.

Mr. Brian Pallister: I'm concerned that it's an issue of some many decades of standing that one of the perquisites board members enjoy is the inside knowledge, in advance, of certain activities taking place that allow them to profit from that insider knowledge. I just want to be sure, as he knows from our correspondence, that safeguards are there to protect him and members of the board against the possible accusation that they somehow would profit from the advance knowledge of a deal like this—that they might profit personally or through a member of their family by, for example, speculating on the stock market, and that type of thing. I just want to be sure steps are being taken or have been taken to protect the integrity of those individuals involved.

Hon. David Dingwall: Of course, Mr. Chairman, the honourable member would have some evidence or some suggestion that something untoward has taken place in this particular initiative.

Mr. Brian Pallister: I'm asking a question as to what's—

Hon. David Dingwall: So this is really hypothetical. You're speculating. Is that correct?

Mr. Brian Pallister: Well, I'm speculating only in the sense that I have no ability, nor does the ethics counsellor in this country, to get information as to whether you in fact profited from this information, sir.

Hon. David Dingwall: But you have no evidence to suggest we did.

• (1630)

Mr. Brian Pallister: I'm not making accusations.

Hon. David Dingwall: You're not making an accusation?

Mr. Brian Pallister: No, I'm not at all, and I want that on the record, because—

Hon. David Dingwall: I appreciate that you're not making accusations against me or indeed—

Mr. Brian Pallister: No, what I'm asking you—

Hon. David Dingwall: One moment, please.

Mr. Brian Pallister: I'm being challenged by your witness.

The Vice-Chair (Mr. Paul Szabo): Order, please. Hang on.

Hon. David Dingwall: I've been around this game a lot—

Mr. Brian Pallister: Yes, a lot longer than I have, I know, and aren't you proud of it?

The Vice-Chair (Mr. Paul Szabo): Mr. Pallister, I'm going to give you one last question.

But first, Mr. Dingwall, the question really alludes to a perceived benefit, as it might have been interpreted by someone. I think it might be helpful if Mr. Triassi could indicate to the committee whether the board was well apprised of all of the details with regard to the Tim Hortons contract, whether they are aware of all the details that have been discussed and mentioned here, and whether the board is satisfied that every due diligence was taken to ensure there was no conflict and that good business practices were followed.

Mr. Emmanuel Triassi: Mr. Chairman, I thank you very much for this opportunity. I will be quite brief.

I can tell you and the honourable member that there was no conflict of interest on my part or on that of the board members; to the best of my knowledge, there was none. The board was apprised of the deal that was being made with Tim Hortons. I think everybody took this deal in a very honest, open business fashion, and there wasn't any reason to believe either the president or the management would have any possible conflict of interest or that they would put themselves or us in any kind of danger.

This was a pilot project. I think it was recognized by the board that there was a need to go to a different channel of distribution. I believed, from what we got from management, that Tim Hortons was a good channel, at least for the pilot project. They reached across Canada, and they were willing to buy up front a certain number of coins so those coins would be distributed to the Canadian people in a very quick manner. That was the only motivation behind this action.

Obviously, as a board and as management, we're going to be looking at it this year. If we work on these kinds of deals in the future—and remember, this is not a procurement deal, as we did not buy, we sold—we will take measures to make sure total transparency is there.

The Vice-Chair (Mr. Paul Szabo): Thank you. That's very kind of you.

Mr. Pallister, a final comment.

Hon. David Dingwall: To answer the question, I can say to the best of my knowledge I'm in no conflict of interest, nor is any other member of the management team.

The Vice-Chair (Mr. Paul Szabo): Mr. Pallister has time for one last question.

Mr. Brian Pallister: Thank you for the civility of your second answer, sir.

It's important to learn from mistakes; we all know that. But when you sole-source a contract of this nature, it naturally leads to these kinds of questions. It is my responsibility and it's our committee members' responsibility to address these issues, so I won't apologize

for asking these questions, sir. The ethics of your operation should be a concern, and when it seems so clear that in the awarding of the contract itself to Wendy's International you circumvented the ethics code of your own organization, it naturally leads to concerns about other ethical issues. I hope you understand that.

I just want a final assurance that in future there will be proper use made of a fair and open tendering process for the awarding of contracts of this nature.

Mr. Emmanuel Triassi: Yes, we do learn from our experiences, and I think the motives were very good ones. I think the approach was a very positive approach. It was looked upon as, and it is, a strategic deal with a partner. We wanted to incite interest in possible partners.

I would also think Tim Hortons made a tremendous commitment to this, because they had never done this before. Nobody knew how it was going to turn out.

So we have learned and we will continue to learn, and then we will continue to improve our process.

The Vice-Chair (Mr. Paul Szabo): Okay.

Before I go to Mr. Boshcoff, in the member's last question there was a presumption of breaking the ethical rules, of guiding the Royal Canadian Mint. Are you going to let that stand, or are you going to respond to the allegation that you broke the ethical rules?

•(1635)

Hon. David Dingwall: Excuse me, I don't think the member said that.

Mr. Brian Pallister: Certainly not.

Mr. Chairman, you just misrepresented my question entirely with your comments, and I resent that. I asked what steps were being taken at the Royal Canadian Mint to address the potential for allegations of insider dealings. That was my question: what steps were being taken to address those allegations? I never made an allegation myself, nor would I. There's a pretty serious difference—

The Vice-Chair (Mr. Paul Szabo): Sorry, no, I apologize. I thought I heard the word “unethical” and I just wanted to be absolutely sure there was no misunderstanding by anybody here, because I think the chairman of the board has clearly stated that they've taken all appropriate steps. But I appreciate that.

Hon. David Dingwall: Mr. Chairman, it certainly wouldn't do for me to advocate the cause of Mr. Pallister, but I think he read into the record pretty clearly that he wan't making an allegation. I think he said that quite clearly, and I stand by that. Therefore, I didn't respond. I don't believe we've breached any ethical rules whatsoever, and we're here because we want to be accountable to Parliament.

The Vice-Chair (Mr. Paul Szabo): Thank you. I apologize for the misunderstanding, but everybody's clear now and the record is clear.

I'm going to move on now to Mr. Boshcoff, please.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Have you at one time during this presentation actually indicated how much was paid to Tim Hortons as either royalty or commission?

Hon. David Dingwall: No royalties. No commissions. Nothing was paid to Tim Hortons. What was paid out, if you will, was advertising, which is traditionally done for all distributors of our coin because it is legal tender, and as a result of legal tender, the Crown has an obligation to tell the country that there is new legal tender.

Mr. Ken Boshcoff: And that was about \$3.4 million, you said?

Hon. David Dingwall: It was between \$2.3 million and \$2.5 million.

Mr. Ken Boshcoff: Okay, so that's even better. On your outlay of expenses, what did you realize in terms of profit on this one project?

Hon. David Dingwall: I don't have the specific number.

Mr. Ken Boshcoff: You should.

Hon. David Dingwall: Well, I can give you the overall numbers: a \$15.9-million profit at the Royal Canadian Mint; \$63.4 million in terms of seigniorage to the Government of Canada; a \$1-million signed dividend to the Crown, and a \$4.9-million tax expenditure we've had to pay as a commercial crown corporation.

I can get that item. Would you like it now?

Mr. Ken Boshcoff: Sure.

How many other similar companies over the course of time have approached the Mint with similar marketing ideas, that is, in distributorships?

Hon. David Dingwall: On circulation coins, none that I can recall. As a result of the Tim Hortons strategic partnership, a number have now expressed interest. Some have backed off because of some of the heat that has been drawn to this particular issue. We suspect that in the fourth quarter of this year, when we go out with our RFI, a number of retailers will come back and express some interest to us in terms of distributing our product.

Mr. Ken Boshcoff: You mentioned that your motive for spending the \$2.4 million, \$2.5 million on advertising was to keep a value in Canadians' minds about the necessity of using coinage as legal tender. In terms of the competition for these types of gift coins, proof sets, or mints that are actual legal coins that have a true face value to them, your competition is essentially coin facsimiles made by those people who make medals or commemorative types of issues or collectibles that have no real value in themselves or very marginal metal content of silver, gold, whatever. To what degree would a campaign such as the Tim Hortons campaign, by putting real value into the Canadian collector, so they will have something that is of true value and represents something they can actually redeem, versus these quasi-serious collections....

Hon. David Dingwall: There are a lot of questions in your preamble.

I would just make the distinction that the Canadian circulation coin is one business line that we have. Our competition in that business line is very fierce: it's commercial financial institutions, it's the e-payment system, it's the credit card, and it's the debit card. It's very serious, and it is growing at a rapid rate.

On our numismatic commemorative-type coin, our competition there is other collectibles, whether they be plates, stamps, or whatever they might be. The competition there is quite fierce, because you have to offer big margins to retailers as you move on.

The advertising done for the legal tender of the Canadian circulation coin will assist Canadians in knowing there is a new legal tender. It will have some positive impact for the overall operations of the Mint in terms of giving it a better profile within the community, but primarily the focus is to advocate the legal tender.

• (1640)

Mr. Ken Boshcoff: Was this decision made—

Hon. David Dingwall: If I may go back to your first question in terms of the exact profit, it was \$2.6 million in seigniorage to the Government of Canada.

Mr. Ken Boshcoff: Thank you.

Was this a board decision? Was it discussed by the board, or between the two of you, did you just come up with this and phone Tim Hortons?

Hon. David Dingwall: No, sir, in 2003 we as a management team identified a risk. It was part of our corporate plan going forward that we would explore the possibilities. The board approved that. We came into 2004 and the management began discussions with the various partners, and we proceeded on that basis. We kept the board updated, but the board doesn't get into operations. They deemed it, I believe quite properly, an operational decision, and that's the way in which we proceeded.

Mr. Ken Boshcoff: You talked earlier about the difference in marketing, that once the contract was signed there was essentially one cheque from Tim Hortons for the value of the coins.

What would that mean in terms of operations? Perhaps you could answer this in terms of the amount of time in accounting or in chasing Tim Hortons. For example, if you sold 37 coins this month, what would this mean, doing this kind of thing with several sets of banks and doing accounting in dribs and drabs for a longer period of time? What's the difference in terms of simplicity?

Hon. David Dingwall: In terms of an operations point of view, it's much easier for us to be able to deal that way, both in terms of the time factor.... You don't have to send it to the coin pool, which has 12 operations throughout the country, and you wait for the coin to be pulled by the financial institutions to give to the customer.

In this particular instance, what we had in this partnership was coinage going directly to Tim Hortons. It was on the counter and out to the Canadian people within four weeks, and they signed over a cheque for us.

Mr. Ken Boshcoff: So it has to be a lot better in terms of—

Hon. David Dingwall: It was much more efficient, yes.

The Vice-Chair (Mr. Paul Szabo): We'll have five-minute rounds now.

We're going to move to Mr. Poilievre, please.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Who in particular, or which official or body in the Mint, decided on Tim Hortons?

Hon. David Dingwall: I did, as the CEO.

Mr. Pierre Poilievre: You made that decision?

Hon. David Dingwall: Well, in concert with my management team, yes.

Mr. Pierre Poilievre: Okay.

You mentioned that there are no conflicts at the board level. Can you assure us that none of your board members are shareholders in Wendy's International?

Hon. David Dingwall: To the best of my knowledge, sir.

Mr. Pierre Poilievre: To the best of your knowledge. So there is no disclosure mechanism in place? We have to sign very detailed disclosures as members of Parliament. You don't have a disclosure mechanism to assure that none of your board members might indirectly benefit from this decision?

Hon. David Dingwall: Well, the board members all comply with the conflict of interest guidelines. As you know, this subject matter is subject to the Privacy Act. You heard the chairman give you a statement earlier about himself and other board members not being in a conflict of interest. To the best of our knowledge, we feel very confident that's the way it is.

Mr. Pierre Poilievre: So you can't give us a full assurance that none of your board members or their family members are shareholders in Wendy's International.

• (1645)

Hon. David Dingwall: To the best of my knowledge, they're not, sir.

Mr. Pierre Poilievre: Let me tell you why this is very important.

Tim Hortons is the key driver of Wendy's International shares, accounting for half of its revenue, and the awarding of this contract resulted, according to many financial analysts to whom we have spoken, in a surge in Wendy's share value that may have been predicted in advance of the deal.

Let me give you an example. Between October 21 and November 29, Wendy's International stock increased by 10% compared to McDonald's, which rose by only 1%. Between October 21 and December 1, it rose by 20%, almost three times as fast as McDonald's stock. Between October 24 and December 31, it rose by 24%, two and a half times quicker than the McDonald's share value. Between October 21 and May 31, Wendy's stock increased by 42%—42% in just a series of months. That's quite extraordinary. McDonald's grew during that same period by only 9.6%.

What I'm getting at here, Mr. Dingwall, is that if any of your board members decided, after the revelation of this arrangement, to take an interest in Wendy's International, they would have profited very handsomely. As a result, I would like to have some assurance that none of them actually did purchase Wendy's shares.

Mr. Emmanuel Triassi: Perhaps to answer your question I could refer to a letter that was sent to us by Mr. Pallister, and I believe the board members who received it answered that letter. To my knowledge, there is no board member who has profited or has any interest in Wendy's International at all.

I want to repeat that I think the board members saw this as an opportunity to find a new partner. Nobody, in their mind, had any intention to look at the stock value and what benefit there could be to the stock value. The benefit that was looked upon when this was presented was for the Royal Canadian Mint, for the Legion—

Mr. Pierre Poilievre: My problem is, what checks exactly are in place to ensure that this is the case? I don't know the board members. They might all be terrific people. But my question is, what specific checks are in place to assure all of us skeptical members of this committee who are concerned about the fact that rules were broken in the first place to set up this arrangement that—yes, that's the assertion we've made, and I stand by it—members of the board do not profit from it? I want to know specific steps.

Mr. Emmanuel Triassi: The only steps we have are the conflict of interest guidelines and the code of ethics. That's what we have. But again, following this meeting today, we will look back and perhaps we're going to reanalyze it, because if we deal with banks, does it mean that the board members should not hold shares of any of the banks? This is something that perhaps what you're indicating today—

Mr. Pierre Poilievre: No, I don't think there's any parallel there at all, because you're not giving all the distribution rights to a single bank. You're allowing banks to distribute equally, I think, on the basis of market share, whereas that is not the process that has occurred here.

Hon. David Dingwall: I want to correct the honourable member, if I may, Mr. Chair. We did have an exclusive arrangement with Royal Bank for the distribution of the lucky loonie coin. That, too, was a strategic initiative, a pilot project, if you will, in 2004.

I just didn't want to misrepresent.

Mr. Pierre Poilievre: Thank you. I believe I've exhausted my time.

The Vice-Chair (Mr. Paul Szabo): Mr. Triassi, was the deal with Tim Hortons subject to board approval prior to the signing of the contract?

Mr. Emmanuel Triassi: No, sir. The board was kept apprised of the project. Because of the nature of the deal, it was felt that it was an operational issue, and management did go ahead—

The Vice-Chair (Mr. Paul Szabo): So the board members had no opportunity to declare a conflict of interest—

Mr. Emmanuel Triassi: Well, the board members did not.

The Vice-Chair (Mr. Paul Szabo): —because it was never voted on by the board.

Mr. Emmanuel Triassi: No.

The Vice-Chair (Mr. Paul Szabo): Thank you.

[Translation]

Mr. Gagnon, you have five minutes.

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

I've learned a lot today. In the past I was a businessman and when we complained about fierce competition, we used to say that we were not the Royal Canadian Mint. However, I've learned that you also have competition.

If I understood correctly, you face competition from credit card companies or other such institutions. However, as far as striking coins is concerned, do you have competition? Could the Royal Canadian Mint get its coins struck elsewhere?

• (1650)

[English]

Hon. David Dingwall: Technically, it could be made elsewhere, but we are a crown corporation with the mandate to develop Canadian circulation coin.

[Translation]

Mr. Marcel Gagnon: So, where does your competition come from? You mentioned competition several times. Who competes against you?

I would also like to ask you another question. You talked about good management or improved management. I don't doubt that this is the case, but whom or what do you compare yourself to? Do you compare yourself with other mints in other countries? How do you know whether you are as well managed as is claimed?

[English]

Hon. David Dingwall: Well, Mr. Chairman, the competition at the Royal Canadian Mint is predicated on the four different business lines. On the Canadian circulation side, which is one business line, our competition, which I've referenced as being fierce, is the credit card, the e-payment system, which is growing at a phenomenal rate. There are a lot of people who would like to do away with coins and just go to the credit card, the debit card. It's growing each and every year.

On the other business lines, we have competition from other mints throughout the world. We have other manufacturers of commemorative coins, medallions, etc., that are strict competition. We compare ourselves in part to other mints. There are 43 other mints in the world. We also compare ourselves to medium-sized manufacturing facilities. We have adopted some new programs and new procedures at the Royal Canadian Mint where we're trying to continuously improve our operations in order to lead the pack.

I think, quite frankly, from a variety of perspectives—well before I got to the Mint—that it has an international reputation for quality and innovation.

[Translation]

Mr. Marcel Gagnon: Fine.

If there is one sector where, in my opinion, competition could be profitable, it's precisely in the distribution of your products, such as the coin you mentioned and which was distributed by Tim Hortons. Many competitors could have done the job. In Quebec, for instance, it could have been the credit unions. It could have been a restaurant; there are many restaurant chains. I wonder why you did not take advantage of this opportunity to put out a call for tenders and try to get the best service at the best possible price.

It seems to me this was a golden opportunity. I also have my doubts. I wonder why you chose Tim Hortons.

[English]

Hon. David Dingwall: Mr. Chairman, we chose Tim Hortons as a strategic partner to move forward with the distribution of our coins for many of the reasons I have already alluded to. In the fourth quarter of 2005 we'll have a new framework for other retailers to look at to see if they would like to participate with us.

In the province of Quebec we are talking to the caisses. They seem to be interested on a number of fronts. We're going to look at working with them, but it's early stages right now. We'll wait for our RFI to come out and judge and assess their interest on the various characteristics that we believe to be important for the purposes of distributing our coin.

[Translation]

Mr. Marcel Gagnon: Nevertheless, you have experience in this area. I remember Expo 67. I remember many opportunities where you struck coins in the past. This was not the first time. In the past, how did you distribute special coins like this one?

• (1655)

[English]

Hon. David Dingwall: To be fair here, the poppy coin was the first ever in the world that was coloured. So that in itself is very distinctive. What would happen in the past is that coins would go into the coin pool, which we'd share along with all the other financial institutions, be distributed across the country, and depending upon the demand of the bank or the financial institution in the region or the town or wherever it was, they would pull the coin from the coin pool and then utilize it.

As you can see, that would take a great deal of time. It's predicated on trade and commerce. Therefore, you don't get your product to market as quickly as you would have done under the strategic partnership going forward.

The Vice-Chair (Mr. Paul Szabo): Thank you very much, Monsieur Gagnon.

Je suis désolé.

Monsieur Martin, pour cinq minutes.

Mr. Pat Martin: Thank you, Mr. Chair.

Mr. Dingwall, having listened now, I can only say that notwithstanding the unfair competitive advantage Tim Hortons has enjoyed in all this, it just seems cheesy and trite to roll out the currency of the realm, our legal tender, at a doughnut shop, no matter what doughnut shop it is. You know, it was even more so given the nature of this commemorative coin: the poppy, the symbol of our veterans.

You made a point in your introductory remarks that you may want to think about. You said that the Royal Canadian Legion and Tim Hortons share similar values or share the same values. I think it trivializes the commemorative nature of this particular coin to have it rolled out in a commercial doughnut shop.

But that's not the question I have. The question I have is whether any other commercial enterprises have complained to you about their lack of ability to bid on what I would argue is a plum privilege of being the one to roll out this coin. Have you had any complaints from other commercial ventures?

Hon. David Dingwall: We've had no complaints from other commercial retailers. We've had a few retailers suggest that if we're going to roll other coins out, they would like to be participants. Hence, that's why we're aiming, at fourth quarter, to have our RFI out so that we can sweep the landscape to find out exactly who is actually interested.

Mr. Pat Martin: Has anybody threatened to sue the Mint for lost opportunity for being denied the right to bid on this privilege? Companies usually have to pay to advertise their products. Are you prepared to accept that the \$2.3 million worth of advertising you spent to promote the coin was inadvertently benefiting Tim Hortons because the message was that to get this very desirable new interesting product you had to go to Tim Hortons to get it?

Hon. David Dingwall: No, I wouldn't agree with the premise of your question, Mr. Martin. The advertising component of legal tender is an obligation the Crown has to take and has to exercise. With any coin that is legal tender, a particular Canadian circulation coin, Canadian people have to know about it. That is the provision for advertising. The advertising was to tell Canadians from coast to coast where they could get that coin, as we do with all other advertising campaigns, whether it's in financial institutions or indeed elsewhere.

Mr. Pat Martin: Even more than just the market share that Tim Hortons might have benefited from by virtue of your advertising, they benefited enormously in credibility. They're almost elevated to the stature of a Canadian institution now, because they're in partnership with the Canadian government to distribute the very money that we spend. Can you not see what an incredible advantage that is to Tim Hortons?

I wonder—and I've asked you—do you think maybe it's a good idea, if you're going to do this again, to actually charge the company something for the privilege of being the distributor? Could you not charge a pretty good fee to somebody like Tim Hortons so that they could be associated with the rollout of the coin?

I'm not a capitalist, but aren't you missing some opportunities there?

Hon. David Dingwall: That's certainly one of the lessons we've learned, and we'll take that into consideration as we move forward with the purposes of exposing, if you will, our Canadian circulation coin across the country.

It's a good suggestion.

Mr. Pat Martin: Who's helping to distribute the victory nickel?

Hon. David Dingwall: That is being done by the financial institutions.

• (1700)

Mr. Pat Martin: No one exclusive...?

Hon. David Dingwall: No one exclusive.

As I said, in 2003, identify the risk; in 2004, pick two partners. The victory nickel, the Terry Fox coin, the celebration of the 400th anniversary of the Acadians were all done through the financial institutions. We had two in 2004.

Mr. Pat Martin: You just shipped boxes of them to the various banks? Do you charge them for delivery of the coins?

Hon. David Dingwall: No. What happens is that we have the obligation to assume that cost. What happens is that our Winnipeg facility, which you and Mr. Pallister are very familiar with, makes our Canadian circulation coin. It's taken from there to various coin pools in the country, of which there are approximately 12. They are

managed, if you will, by armed courier cars and trucks across the country.

When a bank has a demand for quarters or nickels or dimes, it goes to the coin pool. The coin pool then ships the coins to the bank. It's at that time that the bank pays the face value for the coins. So we absorb all of those costs, and of course the seigniorage, which is the difference between the face value of the coin and the cost of the coin, goes to the Government of Canada. That's how the normal system works.

We did it differently here because they were commemorative coins—limited editions, if you will—going forward, and we got them out in a much quicker timeframe of four weeks.

The Vice-Chair (Mr. Paul Szabo): Just to let the members know how we're going to work this, Mr. Lauzon's going to have five minutes. Mr. Boshcoff and Mr. Godbout are going to split a five-minute slot. Madam Thibault will have a chance to ask a *petite question*, and then we will be done. I would then offer the witnesses the chance—it doesn't have to be picked up—to make one final statement or comment to the committee, if they would like. We would certainly welcome that.

Mr. Lauzon.

Mr. Guy Lauzon: Thank you very much.

Welcome, gentlemen.

I've been reading through the contract, and there are a number of things that caught my attention. One of them is in the agreement, in appendix A, where it says: "Poppy Coins will be distributed by Tim Hortons counter staff sales associates, only to customers of Tim Hortons". The very next sentence is: "Tim Hortons customers cannot purchase rolls of the Poppy Coins from Tim Hortons stores and restaurants".

If I was looking for somebody to distribute something like poppy coins in Canada, obviously I'd want the Legion involved; there'd be no question of that. You suggested there were 1,600 legions in Canada. There are 2,300 Tim Hortons stores. In my riding, for example, we have 10 Tim Hortons stores, nine of them in one city and one of them probably 20 miles away. But we have legions in just about every community in the riding. We also have post offices, which you do business with, in every community with 300 people.

If you really wanted to get to the Canadian people, why would you not distribute them through someone you've done business with, someone with whom you've got a track record? They're secure; there's no question about that. How could you ever overlook Canada Post and the Royal Canadian Legion?

Hon. David Dingwall: Well, in point of fact, Mr. Chairman, these are some of the lessons we have learned. But I want to be clear; there are 1,600 legions, but only 363 decided to participate in the program. That was their choice. They had that opportunity.

Mr. Guy Lauzon: But if you'd spent two million dollars advertising the Legion, I suggest, sir, that you would have gotten total buy-in, do you not think?

Hon. David Dingwall: Perhaps. Do you mean the Legion? Well, the Legion is just like Canada Post. They're not—

Mr. Guy Lauzon: Two million dollars, sir, to the Royal Canadian Legion would be very impressive, I suggest.

Hon. David Dingwall: Yes, I'm sure it would be. However, the advantage with Tim Hortons is that they're set up to take cash. Canada Post is not set up the way a Tim Hortons is to handle cash.

Mr. Guy Lauzon: You distribute the coin now through Canada Post.

Hon. David Dingwall: Yes, but they're a commemorative product. People go in looking for a commemorative product, and they take a lot of time in terms of making their decisions.

But back to the legions, if I may, because I think you're making a valid point, legions are not set up for the purpose of handling coin very quickly. Again, I think this is something we should look at in terms moving forward, particularly with any commemorative product we may have that involves armed forces personnel. I think you make a good suggestion.

● (1705)

Mr. Guy Lauzon: I think it would be wonderful if you were to cooperate with Canada Post. It would seem like such a natural fit. I can't for the life of me believe that when the decision was made, which you said was in consultation with your board, someone didn't think about doing this. Surely to God, if there are six to eight people sitting around, a light would go on and somebody would say, why the heck don't we use Canada Post? It's such a natural.

It's in every community, not just downtown Toronto or downtown Montreal or wherever the Tim Hortons are. I would suggest that probably 40% to 50% of our population don't go near Tim Hortons. Do they not have access to those coins? If they do take a trip into Tim Hortons, they have to buy a coffee or a doughnut to buy a coin.

Hon. David Dingwall: I should put you on the marketing team.

Mr. Guy Lauzon: How do you rationalize that?

Hon. David Dingwall: How do we rationalize it? Tim Hortons is set up to handle large volumes of traffic, large volumes of—

Mr. Guy Lauzon: I'm looking at the contract, Mr. Dingwall. You put it in the contract. You signed that contract, did you not?

Hon. David Dingwall: Yes, I did.

Mr. Guy Lauzon: So you agreed that for a Canadian to buy a commemorative coin they had to buy something.

Hon. David Dingwall: No.

Mr. Guy Lauzon: That what it says here.

Hon. David Dingwall: No, it does not say that.

Mr. Pierre Poilievre: It does say that.

Mr. Guy Lauzon: Just a moment, here's what it says: "Poppy Coins will be distributed by Tim Hortons counter staff sales associates, only to the customers of Tim Hortons". If I'm not a Tim Hortons customer I cannot have a poppy coin.

Hon. David Dingwall: Exchange.

Mr. Guy Lauzon: Where?

Hon. David Dingwall: At a Tim Hortons. That's where we had some incidents across the country. If I may, Mr. Chairman, may I give an answer?

The Vice-Chair (Mr. Paul Szabo): Mr. Lauzon, let him answer the question.

Hon. David Dingwall: We had incidents, just as you have said, where Canadians walked into a Tim Hortons store and they said, I want to exchange my 25¢ for another 25¢. They said you had to buy a product. That was certainly not the intent. That was certainly not the direction that Tim Hortons was to give their franchises, and that is certainly not the direction that we gave to Tim Hortons. And there were a few incidents that were reported, and we are accountable for that. Lessons learned.

Mr. Guy Lauzon: Mr. Dingwall, this is the agreement you signed. So I would suggest that's the direction, because that's the agreement you signed. The sales associate had no choice but to refuse to allow that person to get a coin. It doesn't say anything about exchanging a coin there. It says I have to buy something from Tim Hortons before I can get a coin. I think that's not Canadian at all.

The Vice-Chair (Mr. Paul Szabo): Thank you.

Now Mr. Godbout had a brief question, and Mr. Boshcoff will finish off the five-minute section.

Mr. Marc Godbout (Ottawa—Orléans, Lib.): Thank you, Mr. Chair. I just have a few questions, because many have been answered.

First, out of curiosity, I'd ask you, did you not say you didn't have any such initiative in 2005?

Hon. David Dingwall: No strategic initiatives.

Mr. Marc Godbout: Is there a reason for that?

Hon. David Dingwall: Because we're still learning from what occurred in 2004. We want to make sure that we have the appropriate RFI to inform all retailers how to do it before we embark upon looking at other alternative distribution partners. But I can tell you there are going to be other alternative distribution partners for the purposes of our coin.

Mr. Marc Godbout: That was my next question. Did I understand correctly that for future initiatives—and how many there might be is for you to decide—there will be a different process, like an RFP process or an RFI process? I think it's Mr. Triassi who mentioned that. Am I understanding correctly that for future ventures this will be the case?

Hon. David Dingwall: Yes. In the fourth quarter we're going to have the RFI out. We'll hear from the retailers across this country; we'll have consultations with them. We'll see what arrangements can be made, taking into consideration all the lessons we have learned, all of the suggestions that people have made to us in terms of improving upon that, and then we'll make our decisions and proceed in an orderly fashion.

[Translation]

Mr. Marc Godbout: I would like to make a comment, Mr. Chairman. I simply wanted to remind everyone that our legions also serve very good coffee.

[English]

The Vice-Chair (Mr. Paul Szabo): You don't want to comment on that right now, but Wendy's probably has good stuff too.

Mr. Boshcoff, please.

• (1710)

Mr. Ken Boshcoff: On the issue of value of taxpayer savings, I don't know how much of the public is aware of how much the Mint saves taxpayers on an annual basis by going to \$1 coins and \$2 coins, loonies and toonies, as opposed to using paper money. Could you give us a very fast answer as to what the annual savings per denomination is?

Hon. David Dingwall: I can give you a little bit of history here. On the \$2—

Mr. Ken Boshcoff: We don't have time for history, sir.

Hon. David Dingwall: Sure we do. On the \$2 coin we netted the Government of Canada \$780 million seigniorage in terms of profit in three years. That's the kind of money you're talking about.

Mr. Ken Boshcoff: How does that manifest itself in the annual benefits to us? If we make a million dollars in dividend, should it not be much higher?

Hon. David Dingwall: In subsequent years we would like to make the dividend higher. This is the first time in ten years that the Royal Canadian Mint was able to pay a dividend. As we move forward with our corporate plan, increasing our revenues, cutting our costs, becoming more profitable, we'll look at that as a management team and as a board in terms of the kind of dividend we could pay to the shareholder.

Mr. Ken Boshcoff: Your corporate culture, then, is clear that it's now trying to become more profitable as opposed to what it was doing before.

Hon. David Dingwall: In 2001 we lost money, in 2002 we lost money, and in 2003 we lost money. So we turned it around in the latter part of 2003 and 2004 to make it profitable. Yes, that is our overall objective. In fact, our mandate by statute states that we have to be profitable.

Mr. Emmanuel Triassi: For the poppy coin, the Government of Canada, through the Department of Finance, made roughly \$2.5 million. The Mint did not make the money; the government did—not through dividends, but through seigniorage.

Hon. David Dingwall: None of the seigniorage goes to the Royal Canadian Mint. In the United States, for any coin that they produce and provide to their financial institutions, they keep all the seigniorage. In Canada, it's the Department of Finance that keeps the seigniorage.

The Vice-Chair (Mr. Paul Szabo): *Finalement, Madame Thibault.*

[Translation]

Ms. Louise Thibault: Thank you, Mr. Chairman. My question goes back to what my colleagues generally said.

Don't you think, Mr. Dingwall, that exclusivity has an extraordinary value? We have many universities, colleges and cultural landmarks, and I could just give one example, namely the Colisée Pepsi. Exclusivity is worth a fortune.

Why did your organization not take into account the fact that the exclusivity given to Tim Hortons was also worth a fortune?

[English]

Hon. David Dingwall: We believe that by having the strategic partnership arrangement with the company in question, we were able to get our product to Canadians in less than four weeks from coast to coast. That for us was a formidable accomplishment that we at the Royal Canadian Mint would like to duplicate in subsequent arrangements with various retail partners beginning in 2006.

[Translation]

Ms. Louise Thibault: You repeatedly mentioned a strategic partner. I would like to point out to you that something which goes by the name of strategic planning exists, even if it is only for one month.

That's all I wanted to say.

[English]

The Vice-Chair (Mr. Paul Szabo): Thank you, Madame Thibault.

Gentlemen, a final thought from you, if you care to make one.

Mr. Emmanuel Triassi: Yes, Mr. Chairman, I just want to say a few last words.

I appreciate the opportunity to appear before this committee. I have to say it's my first time. I can assure the committee that I have taken a lot of notes on your concerns and comments. I will take them to my board, and we will take them into consideration as we move forward and prepare our corporate plan for 2006 and beyond.

Thank you again.

The Vice-Chair (Mr. Paul Szabo): Thank you, Mr. Triassi.

Mr. Dingwall, we appreciate your dialogue with the committee and we thank you for your attendance. The committee has a couple of other items, but you are now excused.

We don't have to go in camera on this. Colleagues, there are two other items I want to do. One was Mr. Lauzon's motion. You were given notice of that. There is one quick item. You know we deal with appointments, and we also deal with certificates. I believe Madame Marleau has a motion that you might find acceptable.

•(1715)

Hon. Diane Marleau: Before I come with the motion, you all received notice of a certificate for the appointment of Mr. McArdle. It's an order of reference. It cites Mr. McArdle's appointment "to the position of secretary of the Canadian Intergovernmental Conference Secretariat". I don't think the chair or the clerk has heard whether anyone was interested in calling this person before the committee. This is a career bureaucrat. If we decide not to hear from him, we should pass a motion saying that we're approving it. So I've got a motion here.

[Translation]

It is something which we have already received. People are waiting; they don't know if it will come to pass. I will read it in French.

That, in accordance with sections 110 and 111 of the order of reference of the House dated Monday, May 9, 2005, the Committee dispense with the study of the certificate of nomination of Mr. André McArdle to the position of secretary of the Canadian Intergovernmental Conference Secretariat.

[English]

The Vice-Chair (Mr. Paul Szabo): One of the reasons we are considering this is that this civil servant is unable to take up his work and get paid until we address this, and if we wait for thirty days, if there is no interest in here.... We might want to dispose of it right now.

So Madam Marleau has proposed a motion that we approve the certification—

Hon. Diane Marleau: In English it says that we waive further consideration of the certificate of nomination of Mr. André McArdle to the position of secretary of the Canadian Intergovernmental Conference Secretariat.

The Vice-Chair (Mr. Paul Szabo): Does the member have the approval to move that motion? Are there any questions or comments?

(Motion agreed to)

The Vice-Chair (Mr. Paul Szabo): Now we're going to do Mr. Lauzon's motion.

Mr. Gagnon.

[Translation]

Mr. Marcel Gagnon: I simply wanted to ask for a minute after we have discussed the second motion. Is that possible?

The Vice-Chair (Mr. Paul Szabo): Absolutely.

[English]

Mr. Lauzon, due notice has been given, and the matter is on the order paper. I'd ask Mr. Lauzon to remind us of the motion that he is making, and any other comments he wants to make pertinent to that, and then we'll address members' comments.

Mr. Guy Lauzon: I don't think it's necessary to read the motion. Everyone has the motion in front of them.

In view of recent revelations regarding a supposed war room, or what have you, I think it would be in everyone's best interest if we were to call some senior people from the Privy Council Office to

come and explain exactly what those millions of dollars are being spent on.

I so move the motion, as submitted.

The Vice-Chair (Mr. Paul Szabo): Thank you.

Are there comments or questions from members?

Mr. Godbout, go ahead, please.

[Translation]

Mr. Marc Godbout: Mr. Chairman, I have no problem with this motion. However, I have to say that I don't like what is contained in the parentheses:

[English]

also known as the "Gomery War Room".

[Translation]

It's even worse in French: *cellule de crise Gomery*. It's as if we were at the height of the FLQ crisis.

If we could remove that part, I would support the motion. It's grandstanding, and childish. Taxpayers will think that the committee's work is not serious.

I also don't understand why we want to invite representatives from the Privy Council Office. Why don't we invite the minister? That's normally what we do. I don't understand why we would only call the officials. I'm surprised. Perhaps Mr. Lauzon would like to amend his motion to also invite the minister.

[English]

The Vice-Chair (Mr. Paul Szabo): Which minister are we referring to?

[Translation]

Mr. Marc Godbout: I think Minister Lucienne Robillard is the President of the Privy Council.

[English]

The Vice-Chair (Mr. Paul Szabo): Okay.

Mr. Martin has some input here.

Mr. Pat Martin: First, the motion of Madam Marleau that we just passed in good faith was for a civil servant working in the intergovernmental...something, something.

•(1720)

Hon. Diane Marleau: It was for the position of secretary of the Canadian Intergovernmental Conference Secretariat.

Mr. Pat Martin: So it's not the Intergovernmental Coordination Group?

The Vice-Chair (Mr. Paul Szabo): No.

Mr. Pat Martin: I thought maybe we just hired another guy for the Gomery war room inadvertently.

The Vice-Chair (Mr. Paul Szabo): We didn't slip one through, honestly.

Mr. Pat Martin: I would only point out that it isn't really our language. The "Gomery war room" apparently is the language, the term that people use on the Liberal side. The insiders, whoever it is who works in the PCO, etc. apparently use that term. Now, I don't care if we delete it for the purposes of our motion. Maybe Mr. Lauzon wants to consider that.

The Vice-Chair (Mr. Paul Szabo): Do you have any other substantive input to this?

Mr. Pat Martin: I have one point, please.

The Vice-Chair (Mr. Paul Szabo): Sorry.

Mr. Pat Martin: In answer to Mr. Godbout's point, I think it is right that we call the representatives of that group or of the Privy Council, because what we're hearing from government is that all that group does is answer inquiries from the press and from the public about details of the Gomery commission. The allegation is that they do far more in a partisan way, and we want to know from the actual practitioners what kind of correspondence you are getting when you need a staff of four or five people to work full time, in our argument, doing damage control.

So we need to talk to the actual civil servants, or the employees—they're not civil servants—of the PCO, instead of getting a script from the minister.

The Vice-Chair (Mr. Paul Szabo): Madam Thibault.

[*Translation*]

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

As far as the suggestion we are discussing is concerned, I would like to hear from the person responsible for the coordination group. I don't know who this person is, but I would like to meet with him or her. I also agree that we should remove what is contained in the parentheses.

If it's possible, I would also like to set a deadline, because we don't know how long we will be here. We may be here until June 23. I hope so, because we have a lot of work to do.

I would like for us to agree to get this done before the summer break.

[*English*]

The Vice-Chair (Mr. Paul Szabo): I would now make a suggestion to possibly help. If it's acceptable to the mover, after Privy Council Office, we could add the words "and other relevant witnesses". We don't know who they might be, but let's leave it open that we're not going to restrict it to only the PCO.

We will make the necessary inquiries to find out who's involved. Hopefully, those who are in a position to answer the questions that we think might come forward could appear at the same time, so we can deal with it at this one meeting.

Secondly, we normally deal with matters of scheduling our meetings through the steering committee. However, I'm advised that next Tuesday is open for committee business. If that's acceptable, we'll instruct the clerk to make the necessary arrangements to be dealt with next Tuesday, if this motion is passed.

We have a motion with a friendly amendment, I believe.

Mr. Scarpaleggia.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): For clarification, is the friendly amendment to take out the parentheses? We passed that.

The Vice-Chair (Mr. Paul Szabo): No, I think that's a public domain issue. It was actually reported in the press and attributed to the former Prime Minister.

Mr. Guy Lauzon: It's Mr. Chrétien.

The Vice-Chair (Mr. Paul Szabo): Yes. It's not the language of the mover of the motion.

Mr. Francis Scarpaleggia: Is "cellule de crise Gomery" in current use as well?

The Vice-Chair (Mr. Paul Szabo): In terms of the French, I don't know whether or not it is. I understand the sensitivity. It is not desirable, but it's not out of order.

The friendly amendment was that we include "and other relevant witnesses" to the extent that we discover that there other persons who may be able to answer these questions. We may find that out, first of all, by communicating with the PCO. We may be instructed that there are others who are involved here.

D'accord? Is everybody comfortable with the motion? Is there any further discussion?

(Motion agreed to.)

The Vice-Chair (Mr. Paul Szabo): Mr. Gagnon.

• (1725)

[*Translation*]

Mr. Marcel Gagnon: Mr. Chairman, we have just heard witnesses from the Royal Canadian Mint.

I'm not familiar with the procedure, but I don't think we've learned very much. I think that at the very least our committee should send a letter and make a comment on what happened here today.

The Royal Canadian Mint was not born yesterday; it's been around for a long time. I'm a little tired of hearing people say that things will change in the future. I think it's a way of preventing us from getting to the bottom of things.

I just wanted to point that out. I have the impression that no one is really satisfied with what we heard here today. I feel that our committee should at the very least write a letter saying how it feels, and express its dissatisfaction with the way the special coin was managed.

I don't know if you will agree with me. In any case, I'm not willing to let things go at this point, after having asked only a few questions. I'm not satisfied with the answers we received.

[*English*]

The Vice-Chair (Mr. Paul Szabo): Let me suggest something.

First of all, the Royal Canadian Mint is a crown corporation, and it reports to this committee with regard to its operations, so we do have an opportunity.

Now, as to the point you made, I suspect there might be a little debate on this, but maybe what we should do is agree that this matter with regard to the activities of the Royal Canadian Mint is something we would like to look at. We are going to have another round on the estimates before you know it, but we don't have to wait for that. Should the steering committee find there is a good spot, maybe we would entertain having a session for them to present to us a little bit more and maybe fill in areas where members have some concerns. We could address Mr. Gagnon's issue more fully, make a report on the review, and even table it in the House.

Maybe there's a little bit more work to do, but if it's agreed, we'll refer it to the steering committee to schedule that, as the members of the committee feel appropriate.

Mr. Guy Lauzon: But Mr. Chair, if we get the same answers.... There's no point in just rehashing old stuff.

The Vice-Chair (Mr. Paul Szabo): Mr. Lauzon, you're absolutely right, but the answers we get are only as good as the questions we

ask. We have to do the job. If we do our job well, we're going to get all the information we need. As you well know, if we ask the direct questions, we have the tools to get the answers. Let's deal with this, knowing full well this is an area we'd like to do a little extra work in.

Mr. Guy Lauzon: I'm in agreement with Mr. Gagnon. I'm not comfortable that we're dealing with good business practices in what just happened.

The Vice-Chair (Mr. Paul Szabo): Well, I think, then, as a consequence of today's proceedings, that's a very good reason for us to have another session with them on the broader management of the Royal Canadian Mint. *D'accord?*

Further items? No?

Thank you, colleagues.

We're adjourned.

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