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Chair

Mr. Leon Benoit

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• (1530)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)):
Good afternoon, everyone. It's good to have you back after the week away last week.

Today we have a few items on the agenda. The first is to review the certificate of nomination of Dino Chiesa to the position of chairman of the board of directors of the Canada Mortgage and Housing Corporation. Before we get to that, I do want to mention that at the end we'll look for approval on the fourth report from the subcommittee on agenda and procedure. I don't think it will take very long. There was general agreement, certainly, among the members when we had our in camera session on it. We'll go in camera just for maybe ten minutes or so at the end to deal with that, if that's acceptable.

We'll start with Mr. Chiesa, and then we'll go to the Royal Canadian Mounted Police and their representative on Bill C-11, if that's all right with the members. Okay, we can go directly to Mr. Chiesa, then.

Mr. Chiesa, perhaps you could tell us a little bit about yourself and make your opening statement, if you wish to do so.

Mr. Dino Chiesa (As an Individual): Thank you, Mr. Chair and honourable committee members, mesdames et messieurs.

First let me say I'm very happy to be here with you today. I look forward to responding to any questions you may have regarding the government proposal to appoint me as chair of Canada Mortgage and Housing Corporation's board of directors.

I believe this to be a time of important challenges and opportunities for CMHC in the face of profoundly changing business in a competitive environment. I believe CMHC needs to find new ways to help Canadian communities, large and small, urban and rural, come to grips with the need for affordable housing. I'm extremely proud of what we have already accomplished at CMHC in this and other regards. I'm even more pleased to be considered as chair of its board of directors. As I'm here today to talk to you about my proposed appointment, I want to briefly review for you my qualifications and the work I have taken part in during my past three and a half years at CMHC.

As you can see from my curriculum vitae, I have a bachelor's degree in economics from McMaster University. I also have more than 30 years of experience in housing in both the public and the private sectors. I believe this combination of public service and private sector experience will assist me greatly in maintaining and

meeting the challenges of CMHC's role as a competitive corporation and as a public representative of the Government of Canada.

My first contact with CMHC was in 1975, when I joined CMHC as an employee, a senior clerk. I spent the next 12 years working in numerous areas and business lines within CMHC and in different parts of the country until I left my position as manager of operations in 1987.

Since then, I've held a number of positions in government and in the private sector, including executive vice-president of Shiplake Management Company, chief executive officer of the Ontario Housing Corporation, and chief executive officer of the Ontario Mortgage Corporation. I was also assistant deputy minister of Ontario's Ministry of Municipal Affairs and Housing, and I was CEO of Residential Equities Real Estate Investment Income Trust. My current role is vice-chair of the board of trustees of Canadian Apartment Properties Real Estate Investment Income Trust, one of Canada's largest residential real estate investment trusts.

Over the years I've also been privileged to serve on the boards on a number of highly worthwhile and commendable organizations, including as chair of Villa Charities Inc. and the Don Mount Court Development Corporation. I've been a member of the board of the Social Housing Services Corporation, the Olympic Sports and Waterfront Development Agency, the Toronto Olympic bid, and on the advisory board of the Schulich School of Business at York University.

In June 2001 I was delighted to formally make my acquaintance with CMHC when I was asked to join the board of directors. In June 2003 I was appointed vice-chair, and in April of last year I was honoured to assume the responsibilities of chairman of the board on an interim basis.

Since October 2001 I've also served as chair of CMHC's audit committee, which I'm proud to say recently received its fourth consecutive clean opinion from the Auditor General of Canada. I believe the results of this report are a direct reflection of the sound governance processes we have instilled at CMHC.

Mr. Chair, I'm a firm believer in the importance of good governance. Today, more than ever, the purpose of a corporate board must be to provide clear and compelling stewardship by setting strategic direction for an organization, overseeing its financial management and corporate systems, identifying and managing potential risks and opportunities, and ensuring accountability.

In closing, I want to say that I believe Canadians are among the best-housed people in the world. Our quality of life is exemplary. But despite the prosperity most of us take for granted, far too many Canadians—almost as many as 1.7 million households across this country—still lack a safe, affordable place to call home. I believe we need to continue to work to improve the quality of life in our communities and the strength of our families.

● (1535)

[Translation]

We still have a lot of work to do.

Thank you, Mr. Chairman. I would be more than pleased to answer your questions.

[English]

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

We'll go directly to questioning.

For the Conservatives, with seven minutes, Mr. Komarnicki.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): Thank you, Mr. Chair.

I have several questions. I'll start with one that is of some interest to me, and that's the minister's most recent announcement that a good portion of the budget that he anticipated, \$1.5 billion, would have rental supplements or assistance to low-income people to rent property, especially if their incomes didn't meet a certain threshold. That announcement was made. In looking at the statement relating to the activities of CMHC, I notice that there is presently rental assistance to the tune of \$71 million.

Could you tell me your understanding of the new program that the Minister of Housing is proposing in the recent funds and how that differs from what is presently in existence? Could you explain both rental assistance programs?

Mr. Dino Chiesa: On the rental assistance program, I believe the minister was talking about some flexibility that he's proposing. In the new program, the government announced about a billion dollars in new money in two phases, \$680 million and then \$320 million. There was some rehabilitation funding on top of that.

I'll talk about the \$1 billion. In the first phase, they signed agreements with all the provinces. In the second phase, they haven't announced or signed all the agreements. One of the holdups had to do with some provinces wanting flexibility specifically for rental supplements. As you are aware, there are high vacancies and there are low vacancies in many markets.

On the rental supplements they're talking about in the \$1.5 billion, I believe he was referring to income support subsidies for residents, where it would cover the difference between what they can afford to pay, based on 30% of their income, and what the actual rent is.

Mr. Ed Komarnicki: Whatever the landlord would charge for rent, and whatever the income was, it would be the difference.

Mr. Dino Chiesa: It would be income support to help them.

Mr. Ed Komarnicki: How does that differ from your present rental assistance program for which \$71 million is allocated?

● (1540)

Mr. Dino Chiesa: Mr. Chair, I don't know specifically what \$71 million rental supplement the honourable member is referring to. The rental supplement program that's envisaged almost mirrors the existing program.

Mr. Ed Komarnicki: Having said that, I'll ask one more question and move to another area.

You were the vice-chair of one of Canada's largest owners of multi-family rental communities. Would some of those multi-family rental units be rented to lower-income people or not?

Mr. Dino Chiesa: That's a good question, Mr. Chair.

I'm currently vice-chair of what is commonly known as CAP REIT. We own 24,000 apartments across Canada, and we have a range and mix of incomes in those apartments. As well, we offer our units across the country to the provinces and municipalities for their rental supplement programs.

In a number of our buildings, we have very-low-income people who are subsidized tenants in some of our buildings. There's a range and mix of incomes. We have a very high-end product that's very unaffordable except to a very few, and we also have apartments at the low end, Mr. Chair.

Mr. Ed Komarnicki: Does the Minister of Labour ever ask for any input from you in terms of how the funds are allocated in his toolbox to rental supplements or to other types of endeavours? Does he have any discussions with you about how he proposes to utilize the \$1.5 billion and specifically how much might be allocated to rental supports?

Mr. Dino Chiesa: No. The discussion that we have is really on giving provinces and municipalities flexibility. Each community has different needs. In parts of Quebec, the vacancy rate is very low. They may need new construction. In parts of Ontario and others where vacancy rates are high, income support programs make more sense. We talked about how one assesses those things, but that's all.

Mr. Ed Komarnicki: Do you have some input in the end in terms of how the provinces may react to the programs that are out there?

Mr. Dino Chiesa: Yes. We give the minister some advice as to affordability thresholds, what the core need is by province and by municipality, and those kinds of things. We give them the data.

Mr. Ed Komarnicki: Do you find yourself conflicted at some point between the fact of your interest or ownership in the corporation we just talked about a moment ago and the programs the minister proposes?

Mr. Dino Chiesa: No, because the program the minister is proposing, if it's new construction, the company I'm involved with doesn't get involved with new construction, and on rent supplements we basically do it as a public service; it's not a business line for us. I don't see a conflict there.

Mr. Ed Komarnicki: In the sense that if a particular tenant was able to receive a rent supplement that would make him more inclined to move into or up to a rental property in which your corporation may have an interest.

Mr. Dino Chiesa: It hasn't come up because we're running at about a 98% occupancy level. We have no problem getting tenants. Most of our products are in big markets and we're approached by municipalities. They actually ask us, would you please give us an apartment?

Mr. Ed Komarnicki: But you would agree with me that the rent supplement would make the tenant upwardly mobile?

Mr. Dino Chiesa: No, a rent supplement doesn't. What a rent supplement does, basically, is if the market rent is \$700 in an apartment and the tenant could afford \$400, the tenant pays \$400 and they're subsidized that additional \$300. It basically lets that tenant who couldn't normally afford that accommodation, through no fault of their own, have a safe and clean place to live.

I don't know if that answers your question.

Mr. Ed Komarnicki: Yes, it's close enough.

I'll shift my questioning now to the CMHC revenues itself, if there's still time.

I note from the financial statements of CMHC that the equity presently is at over \$3 billion, with an estimated or projected increase in 2004 of another \$663 million and upwards, which is building quite a fund at CMHC. Is that fund administered by CMHC? And do you have the authority and ability to direct its use, or does the government itself have some input into that aspect of it?

• (1545)

Mr. Dino Chiesa: How I would answer that question is that CMHC is an insurance company. There are good times and there are bad times. I happened to be an employee at CMHC in the late 1970s and early 1980s, when, as you recall, the interest rates were quite high. CMHC, I can assure you, did not have a surplus issue; it was the opposite.

The \$3 billion that the honourable member is alluding to is a fund basically put aside to capitalize ourselves for those times when the economy is not as robust as it is now. In the last year we've been very lucky that interest rates are low and business bonds are quite high. In 2003, you're absolutely right, we made a net income of \$670 million.

CMHC and the board have some flexibilities in dealing with fees it could charge. It could reduce premiums, and it can do certain things within its mandate. If it wants to spend money on programs, it has to get policy direction from government. I can assure the honourable member that we are fully engaged with the minister and the board in looking at options and how to deal with the surpluses at CMHC.

The Chair: Thank you, Mr. Komarnicki.

For the second round, Madam Thibault, followed by Mr. Szabo, seven minutes each.

[Translation]

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Thank you for being with us today, Mr. Chiesa.

As part of the CMHC's housing assistance programs and services, the Department of Indian Affairs and Northern Development has certain responsibilities. I would like to talk to you about that for a few moments and ask a question about the Inuit.

As you are undoubtedly aware, the Inuit are facing a very serious housing crisis. In fact, it is the most serious crisis in Canada. Statistics Canada confirmed in 2001 that 53 per cent of Inuit people were living in extremely overcrowded conditions, whereas that was the case for 7 per cent of Canadians in general and 19 per cent of people in other aboriginal communities. We know that almost all construction materials must be transported to Nunavut by plane, which puts costs through the roof, to such an extent that many people in those communities depend on social housing. We know that 45 per cent of housing in Nunavut is social housing, that 15 per cent of the population is waiting for social housing, and that the shortage of housing is having a considerable impact on the health of people, especially very young children, given the population density in these housing units. Children suffer from chronic lung diseases, among other things, and child deaths are attributable to these living conditions.

The Government of Canada has the same responsibilities vis-à-vis the Inuit as it does to other aboriginal communities as regards housing, but there is a huge difference between the assistance that the CMHC provides to aboriginals and the assistance it provides to the Inuit. The Auditor General pointed out that in 2003, while \$3.8 billion was spent by the CMHC and the Department of Indian Affairs and Northern Development on aboriginal housing, the Inuit did not receive a cent. As chairman of the board for the corporation, how are you going to resolve this serious crisis in collaboration with the Department of Indian Affairs and Northern Development?

[English]

Mr. Dino Chiesa: Thank you very much for the question.

We acknowledge that there is an overwhelming need, on the aboriginal file specifically and on the Inuit file. As a board we go on tour twice a year, and we tour many reserves and facilities where the housing conditions are not pleasant. There are all kinds of issues over crowding, mould, and under-supply, clearly.

There's only way I can answer that question without dealing with government policy and directing a fund, which it's not within my purview to talk about.

We have \$1 billion to spend. We've spent a lot of it already, but we still have a lot to spend on the new affordable housing program, part of which will be directed to those communities most in need. The government in its electoral platform talked about 1.5 billion additional dollars. There's a whole consultation now on a national housing framework, which includes discussions with people in the far north on their needs.

In the February budget there was \$300 million set aside over five years for on-reserve housing. We have what they call RRAP funding, rehabilitation funding, which deals specifically with issues of mould and with rehabilitating housing that's quite poor. There always seems to be more need than ability to fund that need, and we're doing our best within the fiscal framework we have.

• (1550)

[Translation]

Ms. Louise Thibault: Mr. Chiesa, when you started, you said that you valued the new way of doing things. You talked about our quality of life in Canada, which is exemplary. Of course, there are exceptions.

You told us about your career path. Given your expertise as a privileged stakeholder, what solutions are you going to propose to these problems as chairman of the board of directors at the Canada Mortgage and Housing Corporation?

You do not report to government authorities, but as a participant in these major discussions, as a person with influence in terms of strategic objectives, what would you propose? Can you give us some examples of the new ways of doing things that you are going to suggest to help the Inuit in Nunavut?

Give me one or two very concrete examples. I am a very concrete person. What could we do so that these people have a quality of life that is as exemplary as ours?

[English]

Mr. Dino Chiesa: Thank you.

I think the challenge is to find ways to have aboriginal or Inuit housing owned and managed by Inuit and aboriginal people. There's an issue of capacity-building that we've got to deal with without sounding paternalistic about it. We want to build aboriginal institutions. We've got to provide access to private capital to some of these markets. That's one concrete example, because many banks and financial institutions will not lend either on reserves or in remote areas. That's one of the reasons the CMHC does ensure loans everywhere across Canada, and facilitates those loans.

So I would say two concrete examples would be, as for capacity-building, to find ways to have support to build aboriginal institutions, and to help make sure there are no impediments to having private money going in to help.

The Chair: Thank you very much, Madame Thibault; your time is up.

Could we have Mr. Szabo, followed by Monsieur Lauzon?

Mr. Paul Szabo (Mississauga South, Lib.): Thank you, Mr. Chairman.

Welcome, Mr. Chiesa. I thought I would note right off the bat that based on what we've heard so far there does not appear to be any question whatsoever with regard to your credentials. I think that's a very good start. People are talking a little bit more about CMHC.

I would like to, however, talk to you about process and governance issues. It's extremely important to parliamentarians that we do have a process with regard to appointments to important bodies. Can you advise the committee whether you are aware of the process that was undertaken to nominate you for the chair position?

• (1555)

Mr. Dino Chiesa: Yes, I am aware of the process that was used.

Mr. Paul Szabo: Could you, as a member of the board since 2001 and having seen how the board operates, advise us of the process that

in fact has been executed in the board in terms of recruiting new board members, and indeed has been used for your own appointment?

Mr. Dino Chiesa: I'll try to the best of my recollection.

The board received papers from the Treasury Board outlining what process should be used. We looked at it. We concurred with the thrust in that report. We thought it was very important to go through a public process. Being on a board is a serious thing, especially a board like CMHC. It's quite a large financial institution. It's quite complex.

At the time I was vice-chair of the board, and became acting chair of the board. I felt that I wanted to put my name forward, so I excused myself completely right off the bat from any of the nomination processes of that whole piece. There was a separate nominating committee set up by the board. That nominating committee set up selection criteria, core competencies that they felt were required by the chair of the board. They hired an outside recruiting firm; I believe it was Renaud Foster in this case. They advertised the position. I understand ten names were retained by the recruiting firm. I never saw the names, nor did I ask, nor do I want to know.

I also understand that four candidates, including me, were interviewed, and that I was the selected nominee. It was a very public process, and I can assure you I was very nervous and was grilled quite openly in that process with Renaud Foster and the nominating committee.

Mr. Paul Szabo: Thank you.

I think the committee is very pleased to hear that the process and the spirit of the draft document, which we have been considering using, appear to have been followed. You're satisfied that it was a transparent and objective process. That's good news.

I have just one other question, Mr. Chairman, or maybe two quick ones.

First, are there any other vacancies on the board of CMHC?

Mr. Dino Chiesa: If I'm chosen, there will be one vacancy in Ontario and there are currently three possible reappointments that may be openings.

Mr. Paul Szabo: Finally, with regard to the CAP REIT, conflict of interest issues really have to be vetted, and I would simply ask you straight out whether or not there is anyone who could be concerned, either in appearance or in fact, that there would be any measure of conflict of interest between your position, as not only chair, but a member of the board of CMHC, and your connections with CAP REIT.

Mr. Dino Chiesa: I had a long discussion with CMHC regarding that. There is no direct relationship between CAP REIT and CMHC. If we get mortgage insurance, we get it through the bank, and the relationship is with the bank. But should there ever come a situation where there is a conflict, real or perceived, I can assure you that I will excuse myself in the normal fashion. It hasn't come up yet. CMHC has cleared and reviewed my position.

Mr. Paul Szabo: Thank you, Mr. Chiesa.

Mr. Dino Chiesa: I'm not an employee of that company, Mr. Chair. I simply sit on the board. So it's a different view. If I were one of the company, it might be a little different, but there is not a conflict there either.

The Chair: Following up on a question from Mr. Szabo, you said you excused yourself from the process. When did you have the meeting referred to in the process synopsis, as included in the information received from the minister? It says that a discussion took place during a special meeting of the board of directors and that the acting chair excused himself from the meeting, citing a conflict. Do you remember when that meeting was?

• (1600)

Mr. Dino Chiesa: I don't. I can't remember the specific date, but it would have been the meeting that would have got the board to agree to the recommendation and nomination going forward. As soon as the board said it was going to be talking, and the nominating committee was going to do its report, that's when I declared a conflict because I had put my name forward. I excused myself and left the room. That would have been two months ago.

The Chair: It was a couple of months ago.

Had any of the meetings or any part of the process that is outlined in this synopsis taken place while you were sitting in the chair's position? That includes putting out hiring an executive search firm, putting the notice in the Canada Gazette, or any of that.

Mr. Dino Chiesa: No, sir. That was done independently by the nominating committee, and I did not have any discussion with either member of the nominating committee who was on the board. We did not engage in any discussion on it. I was not involved with the process at all, sir.

The Chair: Thank you.

Monsieur Lauzon.

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Thank you very much.

Welcome, Mr. Chiesa.

I will be sharing my time with Mr. Preston.

I understand you've been a member of the board for four years, almost.

Mr. Dino Chiesa: Yes, it's been three and a half years.

Mr. Guy Lauzon: Okay, three and a half years. How much of that time were you vice-chair?

Mr. Dino Chiesa: I was vice-chair for about three months.

Mr. Guy Lauzon: Okay.

In our briefing notes we see that CMHC has identified savings of \$6 million in 2005-06 and a further \$10 million per year thereafter for administration and program efficiencies in its housing programs. An obvious question to me would be this. As a member of that board for three and a half years, how come those savings weren't identified prior to this?

Mr. Dino Chiesa: The scale on which we operate is that we are a very large financial institution. Our budgets are in the billions. When we go into a fiscal year, we budget a certain amount for capital and operating expenses and staff, and in some cases we have some savings, so there is some flexibility in part of that. Those are the savings I believe you are referring to. Even though they seem large in quantum, they're not large, given the size of the organization.

Mr. Guy Lauzon: No, but I'm saying why were they not affected in the past three years, if they were there?

Mr. Dino Chiesa: I'm sorry, I misunderstood your question. I apologize, Mr. Chair.

They weren't additional efficiencies, surplus efficiencies. In other words, our plan was to spend x number of dollars, and we spent less through finding efficiencies, either through computer systems or doing some outsourcing, or whatever the purpose was. So it wasn't as if we were spending the money before. There was an increase in budget, and we saved from that budget.

Mr. Guy Lauzon: So you saved \$6 million last year as well?

Mr. Dino Chiesa: I can't remember the number last year, but we did have some savings from budget last year as well, yes.

Mr. Guy Lauzon: If I understand this report right, they've identified that they're going to do business next year, for the next 12 months, and save \$6 million in the process over last year's budget.

Mr. Dino Chiesa: No. What you do is you plan and you budget for 2004-05. Within a certain fiscal framework, you intend to spend a certain amount of money.

Mr. Guy Lauzon: Maybe I'll just read this to you:

CMHC has identified savings of \$6 million in 2005-2006 and \$10 million per year thereafter through administration and program efficiencies in its housing programs.

Mr. Dino Chiesa: Social housing programs going forward.

Mr. Guy Lauzon: Yes, and the obvious question would seem to me to be, if those savings were there, why weren't they put into effect?

Mr. Dino Chiesa: I can't answer that question. And I misunderstood the question in the first place. Once again, I apologize. You were referring to going forward.

Mr. Guy Lauzon: But as a person on the board, that is your job.

Mr. Dino Chiesa: Yes, it is.

Mr. Guy Lauzon: Okay.

Thank you.

The Chair: Thank you, Mr. Lauzon.

Mr. Preston, for about three and a half minutes.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): What's the term of your appointment?

Mr. Dino Chiesa: I believe the term is three years.

Mr. Joe Preston: Three years. Have you read the review of governance, the government's framework for crown corporations?

Mr. Dino Chiesa: Yes.

Mr. Joe Preston: What are your views on it?

• (1605)

Mr. Dino Chiesa: I think it outlines—

Mr. Joe Preston: Perhaps better asked, how will CMHC act differently from how it used to act because of the new governance framework for Canada's crown corporations?

Mr. Dino Chiesa: I don't think there's that much of a change. We report to a minister. We take policy direction from the minister, as we always have. We try to give the minister the best advice a crown can give, within a certain framework. But from that side, governance at CMHC has always been our strong point. In 2003 we won the Conference Board of Canada award for good governance, and we try to maintain that.

So I don't think there are going to be a lot of changes for CMHC, sir.

Mr. Joe Preston: Okay.

What are your views on reappointments at crown corporations coming back to parliamentary committees for review for us to assess how well you've done in this three-year term?

Mr. Dino Chiesa: Once again, it's probably a question you would better ask government policy centres, but my view is that all crown appointees, if they're qualified.... There should be some qualification process. It's really government policy. I can't comment on government policy, but I do support the initiatives here and making sure key appointments go through a quite rigorous public process.

Reappointment may be a little different, because it provides for some continuity. I'm not quite sure that reappointments necessarily should come to a committee, but certainly key appointments should, in my view.

Mr. Joe Preston: If we assume that the Government of Canada is the shareholder of a crown corporation, who then would assess the performance of the chair if it didn't come back to a committee for review for reappointment?

Mr. Dino Chiesa: Oh, no, if you're talking about the reappointment of a chair, the minister reviews the performance of the board. We have a regular audit that reviews how we do. I wouldn't have a problem with reappearing here, if that should be the case.

Mr. Joe Preston: Thank you.

You have some openings on the board, so some reappointments are coming up. How many times can a member of the board be reappointed?

Mr. Dino Chiesa: I don't think there's a maximum, but from what I recall, the normal protocol is that there are usually two. They're reappointed once.

Mr. Joe Preston: So two terms—sit, and be reappointed once. And that's a way to fill the majority of the vacancies, but then also there are the nominating committees looking to fill those—

Mr. Dino Chiesa: Right.

The nominating committee sets out some criteria for skills sets, whether you need a CA on the board, or an engineer, or someone from a social policy background, whatever that might be, and then they try to make it fit. And of course there is regional representation.

Mr. Joe Preston: In total, how many members are there on the board?

Mr. Dino Chiesa: There are ten.

Mr. Joe Preston: You mentioned some geography piece to it, an Ontario vacancy?

Mr. Dino Chiesa: Yes. In the case of CMHC, there's one from the east coast, two from the province of Quebec, two from Ontario, one from B.C and the territories, and one from western Canada, the chair, the president, and there is a deputy minister of civil servants on the board as well.

Mr. Joe Preston: So with that mix, you also look for, as you said, a professional or functionality mix.

Mr. Dino Chiesa: Professional, functionality, gender, anglophone, francophone.... We try to do a mix as best we can that reflects Canada.

The Chair: Thank you, Mr. Preston. Your time is up.

Monsieur Godbout, for seven minutes, and then we'll get to the second round.

[*Translation*]

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

Welcome, Mr. Chiesa.

Last May, the government announced that housing cooperatives would probably have a greater role to play. There was even talk about creating an agency that will enable them to administer some of the Canada Mortgage and Housing Corporation programs.

What do you think about that? That could be an attractive solution for affordable housing in many situations in Canada. Do you agree that the corporation has moved quickly enough in that direction?

• (1610)

[*English*]

Mr. Dino Chiesa: Let me answer the first question first.

The CMHC is fully engaged with the co-op sector, and after working on this agency, I think if you asked the co-op sector, they would probably feel that we're going a little slowly on it. If you ask CMHC, I think we're going at a measured pace. You want to do it in stages. We have no problem and in fact support an agency relationship, but we want to do it in steps. We want to make sure that the sector does parts first. I think the first part we're trying to deal with is troubled property, to see how they handle troubled properties, and from there we'll go forward. So we're actively engaged and support that going forward.

On the broader question of have we done enough, I can't sit here before the committee with 1.7 million Canadians in need, but we are doing a lot. We're spending \$2 billion a year on ongoing programs. We have a billion-dollar program that we're going forward on now. We have many hundreds of millions in the RRAP program and many hundreds of millions in the aboriginal program. We've spent \$1.1 billion on homelessness initiatives. So we're trying to do what we can with the resources available to us.

[Translation]

Mr. Marc Godbout: From a slightly broader perspective, as chairman of the board of the Canada Mortgage and Housing Corporation, what new avenues do you intend to explore to modernize management at the CMHC in light of these new initiatives?

As you stated earlier, it is a large investment corporation, one of the largest in Canada. You are sometimes criticized for having a somewhat traditional approach. What influence would you like to exert to open the doors of this CMHC initiative a little wider?

[English]

Mr. Dino Chiesa: I think there are three ways I would look to answer that question. The first one would be doing more public-private partnerships, more partnerships with community-based organizations, municipalities, and provinces to try to get at all funding sources, because the answer to social housing isn't just a cheque from the federal government; it's a series of community-based organizations that actually do it. So a lot more work, I think, is needed there.

Also, linking CMHC and its programs to broader public policy objectives I think is another thing we can do, whether it be skills development or whether it be energy usage. I also think we should encourage and work with municipalities and cities on the cities agenda when it comes to regeneration of public housing sites. There are a lot of very old public housing sites across the country that need our work, and there's a lot of land intensification and other objectives that can be done from that, and brownfields as well, dealing with contaminated sites. So I think that CMHC could use both its financial resources and its technical resources to do probably a little better job in some of those areas of linking other public policy objectives and doing work with other community groups.

Now, having said that, there's a national housing strategy being formulated, and our minister is out, going across the country and having very successful discussions. There is a report coming out shortly, and I think a lot of the initiatives you'll see he'll be announcing, hopefully all in the right direction.

The Chair: You still have time.

Mr. Marc Godbout: You have mentioned the fact that you are more and more going to work directly with municipalities, so you share that view that they might be closer to the needs of the different communities, and you would go forward in that direction more aggressively.

Mr. Dino Chiesa: As you can appreciate, our relationship is more with the provinces. However, the municipalities are closer to the ground in terms of what their community needs are. So in our best scenario we want to see a relationship with the province, the province having municipal input and municipal delivery on a lot of things, and work together towards it. So a community-based approach is what I would see.

• (1615)

The Chair: We'll go to Mr. Komarnicki, but I do want to ask just a couple of questions in follow-up.

In an earlier question, Mr. Komarnicki asked you about roughly an \$80 million program, and you weren't aware of that particular program. I just want to get a sense for how much knowledge you gain about the corporation in your role as chair, and roughly how much time you spend at the job and how much you get paid for the time you spend at the job. We have the pay rate here, \$12,000 to \$14,000, plus \$470 to \$555 for every day you attend committee meetings. Roughly how many meetings would you attend in a year, for example?

Mr. Dino Chiesa: There are maybe eight meetings in a year, plus there are two four-day sessions, and then there's work that you do during the week when you go to different functions. You go to openings. You do work with community groups. So I guess, on average, in my case it would work out to about four days a month, maybe five days a month.

The Chair: So in that time, do you feel you gain an in-depth knowledge of what goes on in the corporation? An \$80 million program isn't insignificant, and I was kind of surprised—

Mr. Dino Chiesa: No. I do gain, and I also chair the audit committee. It's just that I don't know which particular program that was. If I knew the name of the program, or if I had the piece, I could answer it more fully.

I am engaged and I do know how much money we spend by program line, but I'm the chair, not the president of the corporation, and we don't do the operational piece. So we do it at a high level to make sure.... We have an annual plan. We want to make sure that the corporation operates within that fiscal framework. There are checks and balances in that, and that's what we do, but we are not day-to-day with the operations of that corporation. From day to day, I don't know which programs are funded. Only when it's rolled up do we know how much is spent and if it's done in a proper way, and we have audits and checks on that.

The Chair: Thank you, Mr. Chiesa. I just wanted to get a sense of that. I appreciate it very much.

Mr. Komarnicki.

Mr. Ed Komarnicki: What I was referring to, of course, was the rent assistance program and its distribution of expenses. That was the \$71 million I referred to.

My question to you is this. In the CMHC you have two roles. You have the commercial insurance side and you have the social policy side, which is determined according to the minister's directives and policy setting. The two are mixed together. Do you find any difficulty in distributing costs to the appropriate function, and does that duality cause you a problem or not?

Mr. Dino Chiesa: There is absolutely a dual role within CMHC. It has a commercial enterprise, which is the mortgage insurance business, and it has a social policy side. It's a government transfer agent because it receives about \$2 billion a year in government money that it transfers back out.

The two pieces are separate, with separate vice-presidents in the organization, and they're accounted for separately, so that's generally not a problem. And we've had roughly fifty years' experience in dealing with the "duality", if you want to call it that, but the main purpose of our insurance operation was initially a public policy one, to provide access to housing.

Mr. Ed Komarnicki: Let me ask you a quick question flowing from that. You essentially have revenue, as any corporation would have, and part of that is raised through the insurance program, the commercial side. I understand the corporation actually pays taxes to the government on the income. Do you find that somehow contradictory, that when you have a surplus of \$600 million or \$700 million, you pay tax on that and charge homeowners a greater insurance amount to cover it? Isn't there some inconsistency and problem with that? It's like they're double-taxed. They're paying for the insurance and inside the insurance they're paying the tax that's going back to the government.

Mr. Dino Chiesa: CHMC is in a commercial business; we compete with others in the mortgage insurance business. We charge approximately the same fees and premiums as the other insurance agencies. We are a taxable entity and we do pay tax.

In the last two or three years, as I say, the economy has been very robust. Interest rates have been low, volume has been high, we have made surpluses, and we have been capitalizing ourselves like a good insurance company should. But our competitors also pay taxes, so we're on an equal footing. There are Competition Bureau issues there, and I don't see an inconsistency.

• (1620)

Mr. Ed Komarnicki: Going back to that conflict issue that was raised by the vice-chair, I just want to go a little further. I'll give you a hypothetical. In the rental corporation you're a director of, would it be possible—this is a hypothetical situation—that but for a rental supplement, a unit might not be rented?

Mr. Dino Chiesa: But for a rental supplement? No.

Mr. Ed Komarnicki: In particular, it might not be rented? You have a vacancy rate and you do have them across the board from low to high. It would seem that if you acknowledge that, then there's a possibility that but for a rental supplement, that particular unit might not be rented.

Mr. Dino Chiesa: We could fill every vacant unit through rent supplements if we had to, but we don't. As a corporation we choose to have the rent supplement in the program, really, as something that's corporately positive for us to do to support an initiative. It's not something that's a source of revenue.

The tenants who live there who are subsidized are no different from anyone else, but if you advertise, for example, that you have rent supplements in your building, many market tenants won't move into that building. So it's not a commercial activity. I don't want to say to you that a unit wouldn't otherwise be vacant, but we don't go out searching for opportunities to give rent supplements.

The Chair: Thank you, Mr. Komarnicki.

Mr. Gagnon, followed by Ms. Longfield.

[*Translation*]

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

I have been listening attentively since the start of the meeting. Talking about social housing worries me, because the situation is hardly rosy. You started your comments by saying that we were among the best-housed people in the world, and that worries me. Of course, the majority of us have adequate housing, but some difficult situations exist. My colleague mentioned a few of them.

In the north of my riding and the Joliette riding, there are aboriginal people living in impossible conditions. Housing is not the sole cause, but it does not help improve the situation. Within the past month, there have been three new suicides in the north of my riding and the Joliette riding. Fifteen people often live in the same house, in unhealthy conditions. Instead of hearing you tell us that we are among the best-housed people in the world, I would have liked to hear you tell us that there are a lot of things that need to be done and changed. Often, when we are comfortable, we are less inclined to think about people who are not. The Canada Mortgage and Housing Corporation will have to quickly change course, and not just as far as aboriginal people are concerned.

I would like to know if you are really concerned with these people. I will also ask some questions not only about remote areas like the aboriginal reserves located in the forest, but also about municipalities like La Tuque or Shawinigan. I would like to know if you are concerned with the development of these regions.

I would also like to know if you want to invest enough energy on the board to encourage directors to spend money where it is needed rather than to simply generate savings.

[English]

Mr. Dino Chiesa: Thank you.

I don't want to leave the impression that I think all Canadians are housed. When I made the comment about the best-housed nation in the world, I mean by objective standards, the average Canadian. I can assure you that 1.7 million Canadians in need is not a pleasant thought.

If you go back to my CV, I've spent countless hours, days, and years as a volunteer for basically housing-related organizations. The Don Mount Court Redevelopment Corporation is a public housing corporation the City of Toronto owns. I chair that. It was the first redevelopment of a public housing site going forward.

On the Villa Charities, we have homes for the aged, buildings for seniors, and homes for the disabled. In every volunteer moment I have, I commit myself to trying to help and improve the housing needs of those less fortunate, as best I can.

I live in a urban setting, but I empathize with the honourable member about what's happening in the north. As an employee, one of my files early in my career was the aboriginal file, and I visited every reserve in Ontario. I can tell you it was heart-breaking to see what was going on in those reserves. I don't want you to think for a second that we're doing enough. I can assure you that the board is fully engaged, and every time we have a board tour we visit reserves and rural communities.

On CMHC and INAC, we have about a \$240-million global budget. We try to build about 2,200 units a year. We know the need is about 4,500. You do what you can with the resources you have.

I can assure you I commit all my personal time to social housing and affordable housing for those disadvantaged in the housing sector. When all members of the board go to a reserve we see the housing conditions, the mould, and the over-crowding. We come back and do what we can.

We are fully engaged with the minister in dealing with the surplus. I don't want to go out there and be a fan for the minister, but we have a Minister of Housing whose portfolio also happens to include mortgage insurance. He's committed.

●(1625)

The Chair: Sorry, Mr. Chiesa, but I have to cut you off. We're over time.

Thank you, Monsieur Gagnon.

Ms. Longfield is next, followed by Mr. Boshcoff, and that will be all the time we can squeeze out.

Hon. Judi Longfield (Whitby—Oshawa): Thank you, Mr. Chair. I appreciate the opportunity to be here today.

I think we need to remember what the role of a standing committee is in terms of certificates of nomination. There has been some very interesting discussion about CMHC and what this particular nomination appointee might do as chair of the CMHC, but I think we also have to remember that what we should be looking at is the process.

Was there a publicly articulated, transparent appointment process? I think all members of the committee would admit that there was.

Next, was it adhered to? I think Mr. Chiesa has indicated the rigour that he went through and that there was a private sector firm hired to do it. There didn't seem to be any interference from the minister or anyone else. The nomination was given to the board, they made a recommendation, and the recommendation is the gentleman who's sitting before us.

Then you have to determine whether Mr. Chiesa's personal credentials have fulfilled the mandate that was set out by the committee.

I think the answer to all three of those was yes. So I think, should this committee concur with the recommendation, it would be prudent to have this committee perhaps have this chair come back from time to time.

On the question about when there's a reappointment, I think it's appropriate that, if Mr. Chiesa is up for reappointment, we come back and look at that and see how well he actually fulfilled the mandate. But I'm going to suggest that the committee has done due diligence in determining whether there was a process, whether the process was adhered to, and that the nominee actually has the requisite credentials.

Mr. Chair, I'd like to make a motion that we waive further consideration of the nomination of Mr. Chiesa to the position of chair of the Canada Housing and Mortgage Corporation and that we convey our support for his nomination. I would ask for unanimous consent to table that.

●(1630)

The Chair: Ms. Longfield, you aren't properly substituted in. You can't make a motion. But if the committee would agree to allow that to happen....

Is there any objection to—

Hon. Judi Longfield: I'm certain Mr. Boshcoff is going to take up the rest of my time.

The Chair: Could someone else move the motion?

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): I so move.

The Chair: Okay, Mr. Boshcoff.

Did you get the gist of the motion?

Hon. Judi Longfield: Just to speak for Mr. Boshcoff—

The Chair: Yes, put words in Mr. Boshcoff's mouth.

Hon. Judi Longfield: —it is that the committee waive further consideration of the nomination of Dino Chiesa for appointment to the position of chair of the board of the Canada Mortgage and Housing Corporation and that this committee convey its support of this nominee.

The Chair: Could we wait until we finish the questioning, one more individual, and then deal with that?

Hon. Judi Longfield: Sure.

The Chair: Okay, Mr. Boshcoff, you have a couple of minutes, and then I'd like to make a comment.

Mr. Ken Boshcoff: Thank you.

You've seen the roll-out of the RRAP programs and their presentation to us nationwide. What is your assessment of those in terms of helping apartment owners, seniors, and the disabled? Is it adequate? Is it meeting the needs?

I'm asking these questions as briefly as possible due to the time constraints, so I expect the answers to be brief.

Mr. Dino Chiesa: RRAP is our most popular program—homeowner RRAP, rental RRAP, RRAP for persons with disabilities, emergency....

We can always use more money. There was an indication in the last budget that the programs that were going to sunset, RRAP and SCPI, were intended to be looked at in a positive way. So we think we're going to promote and push for more money for RRAP as an organization.

Mr. Ken Boshcoff: Is the uptake...?

Mr. Dino Chiesa: The uptake is 100%, absolutely. There's never a dollar left on the table. We reallocate to those communities that are more in need, if someone doesn't take it up.

Mr. Ken Boshcoff: On the access for those persons with disabilities, are you feeling confident that enough is being done, or again, the uptake for those groups?

Mr. Dino Chiesa: The money is fully utilized. If in fact they need more, we'll try to find more.

Mr. Ken Boshcoff: Okay.

The issue nationally over the past decade or so has seen the downloading of housing from the provincial governments to municipalities, covering not only municipal housing but aboriginal housing and asking municipalities to take over these functions or overseeing the administrative part of it. There's been a considerable hue and cry in the past couple of years requesting that be up-loaded to the federal government. How do you see your role as chair in guiding CMHC through this essentially political process?

Mr. Dino Chiesa: I think you've answered the question for me a little bit, where it is a political decision, but housing is a provincial responsibility. Some provinces decided to download to municipalities. I'm not so sure that social housing should be on a municipal property tax base, but that's a personal view. I can tell you that we're engaged with our provincial counterparts and municipal counterparts to see what we can work out, but it's really a government decision.

Mr. Ken Boshcoff: From a policy standpoint, does CMHC infer a policy bias or requirement for legislation that supports policies such as urban renewal, urban in-fill, as opposed to accelerating sprawl or

the diminution of green belts and farmland protection? Is there something in evidence in the way you approach national housing for the protection of the nation from sprawl and congestion?

● (1635)

Mr. Dino Chiesa: It's a great question talking about sustainable development and what CMHC is or isn't doing. I can assure you that as Canada is hosting the World Urban Forum in 2006, and this is part of the agenda, we'll talk about it. There were measures in the last budget for grants for sustainable development and the EnerGuide. There was \$300 million in the last budget over five years to enrich what we call the green municipal funds or brownfield funds. We fully support intensified projects and we try to do it through our insurance programs and facilitate as best we can. We certainly support intensification, and sprawl is not a good word.

Mr. Ken Boshcoff: Last quick question. If the resolution carries and you are appointed to the board, when you leave the board, what do you want to be able to say you achieved, after these next few years?

Mr. Dino Chiesa: I think I'd want to leave three things. First of all, I would want to be part of and involved in the first national housing framework and help deliver it—absolutely. I want to see what dent I can make and we can make as a board for the 1.7 million Canadians. And I really want to see what we can do on the aboriginal file to help them with capacity and doing something on their own there. If I had to pick, those are three things. The things I would pick are more social equity than financial, but finance is important too.

The Chair: Before we go to a vote or excuse the witness, I want to mention two points. The first was, Ms. Longfield, you made a comment that we should be looking at the process, not at CMHC. I believe it's certainly legitimate, in terms of questioning nominees, that we test their knowledge, and how else do you test their knowledge other than asking questions about the corporation? I think those are completely in line. I think we have to look at both.

That leads to my second point, which is an error we made in this process. We should certainly have had, along with the nominee, the head of the selection process so we could ask questions about process, as well as test the candidate for their appropriateness for the position. I apologize, Mr. Szabo, I will not let it happen again. In the future, automatically we will have both.

Now we're at a point where we've had a motion put before the committee. I'd like to ask the committee one very short question.

I apologize, I had promised Mr. Gagnon that I would allow one short question, but just before you ask the question, I would put this to the committee. Before we vote on this motion—and in the future we'll be facing similar situations—do we want to do this in the full public committee meeting, or do we want to go in camera to do it as a matter of normal process for this committee in dealing with appointments like this?

Hon. Judi Longfield: I think we should be transparent.

The Chair: Okay. We can certainly do that, but we will have a very short question from Monsieur Gagnon.

[*Translation*]

Mr. Marcel Gagnon: Thank you, Mr. Chairman, for giving me the opportunity to thank our guest.

I have two other points to which I would like to draw his attention. I am talking about cities, or municipalities, where the vacancy rate is acceptable, but where the available housing is uninhabitable.

It would be very interesting if you could develop a program for that housing. You could congratulate yourself on that at the end of your mandate. It is an extremely important area.

It is said that the vacancy rate in La Tuque and Shawinigan is acceptable, but that the housing is unacceptable. We must work in that direction.

I welcome you as chairman of the organization. I know that you will do an excellent job. I wish you the best of luck.

[*English*]

The Chair: Thank you very much, Monsieur Gagnon.

Madam Thibault, you may have had a question about the vote. Go ahead with it.

[*Translation*]

Ms. Louise Thibault: Thank you, Mr. Chairman. I do have a question on that.

I fully agree with my colleagues about being transparent, but I do not think that giving ourselves some time is a sign that there is a lack of transparency. That is not the case here, but if we had questions or wanted to think about the situation before making our final decision, it would be quite appropriate, in my opinion, for us to take a few moments to do so in camera. That would not at all be a lack of transparency.

Thank you.

● (1640)

[*English*]

The Chair: Again, I will go to the committee. If the will of the committee is to just take the vote right now, we'll do that. I'll ask, though, if the committee would agree to Madam Thibault's suggestion that we go in camera—which we will be doing at the end of the meeting—and just discuss this a little bit before we go to the vote. Then we can choose to either take the vote in camera or go public again just to take the vote.

Mr. Boshcoff.

Mr. Ken Boshcoff: Thank you, Mr. Chair.

I would have to endorse Madame Thibault's position, because that's a very normal way of approaching something of this nature. Even if there's nothing for us to say, we will have presented ourselves with the opportunity.

The Chair: Is there agreement for this, and we'll discuss how we deal with it in the future?

As there is no disagreement, we'll do that.

I'd like to thank you very much, Mr. Chiesa, for coming today, for answering the questions, and for your presentation. Thank you very much. Good luck to you.

Mr. Dino Chiesa: Thank you, Mr. Chair.

The Chair: We'll suspend now just for a couple of minutes as this witness leaves and the next comes forward to the committee. Thank you.

● (1641)

_____ (Pause) _____

● (1644)

The Chair: We'll reconvene our meeting now with our witnesses from the RCMP.

Thank you very much for coming, gentlemen.

Mr. Lange, if you could introduce the gentleman with you, we'll just have you make a short opening statement, and then we'll get right to questioning.

● (1645)

Deputy Commissioner Pierre Lange (Federal Services, Royal Canadian Mounted Police): Mr. Chair, to my right is Gilbert Groulx. He is a legal adviser for the RCMP.

Thank you very much for the opportunity to address the committee on Bill C-11. The RCMP is quite pleased to be here. My name is Pierre Lange. I'm the deputy commissioner for federal services. Unless there are any objections, if you don't mind I'll switch to French for my general presentation.

[*Translation*]

During this presentation, I will touch on the following two areas of interest to the RCMP pertaining to Bill C-11: the exclusion of the RCMP members from Bill C-11; and the duty of the RCMP to protect sensitive information relating to police operations, investigations, ongoing cases, and intelligence, etc.

I will start by talking about the exclusion of RCMP members from Bill C-11. While the RCMP fully supports the principles of disclosure protection to allow all employees to disclose wrongdoing, the RCMP agrees that members of the RCMP should be excluded from the application of Bill C-11, as drafted.

Members of the RCMP are appointed by the Commissioner under the authority of the RCMP Act. Bill C-11 cannot easily be made applicable to members without significant amendments to either Bill C-11 or the RCMP Act.

In fact, there exist important distinctions between members of the RCMP and public service employees engaged in other departments; in that it is the very nature of a peace officer's duties to take action in respect to wrongdoing. Also, the RCMP has already in place measures and processes to ensure that acts of wrongdoing are reported and investigated. The RCMP Code of Conduct imposes a duty on members to report the improper or unlawful conduct of any other member. In fact, members have a duty to report the improper or unlawful conduct of anyone, even if they are employees who are not members.

The RCMP Act provides the mechanism to report any contravention of the Code of Conduct by other members and establishes the procedure to ensure that all allegations, including those of job reprisals such as acts of harassment, are investigated and dealt with accordingly.

Under section 46 of the RCMP Code of Conduct and section 37 of the RCMP Act, members are under a legal obligation to disclose wrongdoing by other members and a failure to do so is in and of itself a contravention. Once a possible violation has been brought to the attention of management, the RCMP has no choice but to investigate. Section 37 of the RCMP Act provides the standards applicable to all members, and these include the duty to disclose all illegal and unlawful acts.

Under the RCMP Act and the RCMP Regulations, members must abide by a specific set of rules contained in the Code of Conduct of the RCMP. In addition to all other legal obligations under the Criminal Code or any other act, the provisions of the Code of Conduct are applicable to both on-duty and off-duty conduct of members of the RCMP.

The RCMP Act currently provides members considerable protection from job reprisal through its discipline and adjudication processes and appeal procedures, which includes a review of the External Review Committee. The exclusion of members of the RCMP from Bill C-11 must be maintained in order to preserve the integrity of existing internal disciplinary processes and the Commissioner's authority as the decision-maker on appeals and grievances, as well as the unique nature of the RCMP as a national, provincial and municipal police force.

To apply Bill C-11 to members of the RCMP by subjecting the decisions of the Adjudication Boards and the decisions of the Commissioner to the Public Service Staff Relations Board would erode the integrity of the disciplinary process in the RCMP. Furthermore, this will create additional delays to the process which are likely to cause prejudice to the RCMP members and the public interest.

However, the RCMP is committed to examining its internal procedures to ensure that we meet fully the intent and spirit of Bill C-11. If new disclosure protection procedures are required, the following considerations will have to be taken into account: the integrity of the RCMP disciplinary process, Adjudication Boards and the authority of the Commissioner, police independence, protection of operational information, including operational procedures, integrity of ongoing investigations and criminal proceedings, and national and international relations between the RCMP and other police forces and agencies.

That leads me to the confidentiality of information and the protection of sensitive information. Although the RCMP supports the intent of Bill C-11, there are a few areas of concern which we would like to address concerning confidentiality of information.

• (1650)

The proposed legislation, as it is presently drafted, will cause significant concerns relating to police operations, investigative techniques and our relations with other agencies in Canada and internationally.

Without proper safeguards, the disclosure of sensitive information by an employee of the RCMP has the potential to compromise investigations and relations with other agencies and endanger police officers and the public.

As employees of a law enforcement agency, RCMP employees may possess information that non-law enforcement personnel would not be authorized to collect or access. Use and disclosure of this information is strictly restricted by the criminal law, the RCMP Act and other federal statutes.

Sensitive operational information typically concerns wiretaps, undercover operations, witness protection, human sources, and intelligence on criminal activities, including organized crime and national security.

Without proper controls, the disclosure of sensitive operational information by an employee of the RCMP to any third party or the public could seriously compromise officers' safety, public interest, including the lives and safety of individuals, ongoing investigations, court proceedings, investigative techniques, and the ability to share and receive information and intelligence from other agencies and governments.

In conclusion, the RCMP reiterates its support for the intent and spirit of Bill C-11. For the above reasons, it is respectfully submitted that members of the RCMP remain excluded from Bill C-11 as presently drafted. Sections 52 and 53 of the Public Servants Disclosure Protection Act will allow us to create separate disclosure procedures and protection for RCMP members.

I thank you for your attention.

[English]

The Chair: Thank you, Mr. Lange, for your presentation. We'll go directly to questions. We have an abbreviated time because of bells for a vote. This happens.

Mr. Preston, you have seven minutes.

Mr. Joe Preston: Thank you very much for coming today. I have a few questions pertaining to Bill C-11. I'll be very quick.

You'd like to exclude the members of the RCMP from Bill C-11. Where is the RCMP currently on constructing its own whistleblower protection?

D/Commr Pierre Lange: From our point of view, the RCMP is actually quite advanced in that regard, because all the procedures under the code of conduct and under the RCMP Act already create the obligation to divulge any such activities. It's a question of clarifying some administrative processes to ensure that people are protected; however, we remain firm that the existing code of conduct and the RCMP Act already offer that protection.

Mr. Joe Preston: I recognize that your organization in its nature is there for people to report criminal wrongdoing. I recognize it's caught up inside the RCMP. But the RCMP Act and the Criminal Code are already there to protect someone from maliciously coming forward and reporting, if you will, secrets or pieces of information that should not be known to the public.

Why would the members of the RCMP, in areas other than areas of secrecy or information that should not be reported, not be accorded the same opportunity as all other public servants to come forward to another area—other than within their own area of work—to report wrongdoing they've noticed on the job?

•(1655)

D/Commr Pierre Lange: That's a very important question. We believe the RCMP Act, in section 37 of the act in particular, already creates that obligation, which is not found and is totally different from what is found in the code of conduct for public servants, for instance.

Mr. Joe Preston: Who are they asked to come forward and report to?

D/Commr Pierre Lange: They have to report it through their legal authority—to their superiors—and there are various mechanisms to report that information higher up in the organization, all the way to people who are totally independent from the current supervisors.

Mr. Joe Preston: We've had some consensus that on information other than what would be considered secret—information obtained, as you said, through wiretapping, the type of thing that shouldn't get out there—using the Bill C-11 format would also work. Under the current structure, if Bill C-11 were to go through—and you're currently suggesting the RCMP is exempt from it—and a member of your force decided the best route to report a wrongdoing was to go to the president of the Public Service Commission, or whoever is chosen under Bill C-11 to do the job, would they be found to be at fault or in wrong under the RCMP Act or the Criminal Code?

D/Commr Pierre Lange: Certainly not if their action is justified under the common-law principle that they divulge information under the whistle-blowing principles, under the common law. So the answer to your question would be no—in a situation in which they are supported either by our internal process or eventually through the courts, through the federal review.

Mr. Joe Preston: It may happen. Once whistle-blowing legislation is passed and there's a regime in place where it's occurring, all members who may consider themselves part of the public service—as I'm sure some of your officers and some of the members of the RCMP do—may take that route, rather than going through the system of their superior, their superior's superior...

D/Commr Pierre Lange: Yes. In fact, we have agreed to be party to the current Treasury Board policy to allow our members to go to the current public service integrity office, to ensure that option is there, as long as internal procedures have been followed—again, to protect the integrity of certain operations and very sensitive files. Nobody has all the information, so without that protection there's always a danger a person may think he's not going to damage operations, or international relations, or others, but that's for the management of the RCMP to determine.

Mr. Joe Preston: I have one last question.

In your brief, we talk an awful lot about the penalties on someone who was to commit...or punishing someone for coming forward with a wrongdoing. You're setting up an internal program to look at that. How do you feel your program is on the remedy of that? The person who has come forward and reported the wrongdoing has been

punished by their superior—has had a reprisal, if you will, taken against them. I don't really read much in there about remedy.

D/Commr Pierre Lange: Remedy is...if an action has been taken in violation of the principles of the code of conduct, the remedies are there in the act to take certain actions against that supervisor, or that person who has taken the measure.

Mr. Joe Preston: I recognize the punishment factors there against the person committing the reprisal—

D/Commr Pierre Lange: Absolutely.

Mr. Joe Preston: How do we reward the employee who has now had the reprisal taken against them? How do we remedy that problem, that reward?

D/Commr Pierre Lange: It is already written up in the RCMP policy. That's the part we're agreeing needs revision. However, it is already well covered that reprisal actions will not be tolerated and are, or can be, code-of-conduct issues. So we do ensure the supervisors are aware there are remedies for the victimized person. If ever a person is victimized, then we would take action to protect that person's rights.

•(1700)

The Chair: Thank you, Mr. Preston.

Monsieur Sauvageau.

[*Translation*]

Mr. Benoît Sauvageau (Repentigny, BQ): Good afternoon, gentlemen. I have to begin with a bit of a reproach. I apologize, but I need to raise this. You should change your translation program, because the French version of your document is not very satisfactory. The à are replaced by b and the o are replaced with some kind of symbol.

A voice: A Greek letter.

Mr. Benoît Sauvageau: I am told that it is a Greek letter. You need to fix the translation program. There maybe some kind of error there. However, I did want to point this out to you.

Mr. Lange, I did not really understand how the complaint process works at the RCMP. I would like you to explain that to us. If I understood correctly, you do not want to be covered by Bill C-11 because of national security concerns, various problems, etc. My view is that Bill C-11 is compatible with national security.

Instead of saying that you should not be covered by this legislation, it would be better to say that it would be all right if this or that aspect, such as the national security concerns, were addressed. You also said that you cannot do this, but that members who want to use the process in Bill C-11 could do so. As a result, some would be able to do it and others not.

You also said that RCMP members could file a complaint using the process in Bill C-11 if all the international resources had been exhausted. If an RCMP officer decided to file a complaint using the Bill C-11 process initially, would he or she be reprimanded by the RCMP, since all the internal channels had not been used?

You mentioned as well that there was an independent officer. You first said that employees could complain to their superiors and then, in answer to Mr. Preston, you indicated that there was an independent officer. I would like you to tell us if this independent officer does exist.

Finally, as an indication to us that the process is working well, can you provide us with the statistics for the past two or three years on the number of RCMP officers and civilians who have used your process, please?

D/Commr Pierre Lange: Very well.

When I said that the principles in Bill C-11 could be applied internally, I was referring to our various procedures, in particular the disclosure obligations and protection given to those disclosing information. These principles, which are laid out in Bill C-11, are also in the Royal Canadian Mounted Police Act, but not in the Public Service Employment Act. I was indicating in my comments that the RCMP was distinct in that way.

With respect to your second question, if I understood correctly, the RCMP has a number of internal processes already. They take into account possible reprimands and protect employees from them. That is set out in the principles in Bill C-11.

You mentioned an independent officer. There are various levels. Under the policy, employees report to their supervisors. However, employees who feel that the situation is conflictual can consult a different superior, someone who is not in the same chain of command.

Mr. Benoît Sauvageau: Would it be someone who works for the RCMP?

D/Commr Pierre Lange: Yes, it would be an RCMP employee.

• (1705)

Mr. Benoît Sauvageau: Would the person's independence come from the fact that he or she belongs to a different unit?

D/Commr Pierre Lange: It can be someone working in the same division. It can be the division commander or someone whom the employee respects for his or her integrity. If the employee is not satisfied with that procedure, however, there is also someone else who is totally independent. There is an ethics counsellor who reports directly to the commissioner and who is completely independent of any governance in the various divisions and even headquarters. This person is totally independent. This is the final recourse for employees, except, of course, the commissioner.

Mr. Benoît Sauvageau: Over the past two or three years, how many officers have used that mechanism?

D/Commr Pierre Lange: I do not have the figures here. Out of a total of...

Mr. Benoît Sauvageau: Are we talking about one person, ten, one hundred or zero?

D/Commr Pierre Lange: A number of investigations and procedures have been initiated. Since it is required by law, a number of employees...

Mr. Benoît Sauvageau: I would like to leave a bit of time for Ms. Thibault. So there is no annual report which gives the number of complaints and which parliamentarians could consult.

D/Commr Pierre Lange: I am told that there are in fact eight files. Treasury Board has amended the legislation concerning the Public Service Integrity Office, and the RCMP has agreed to let its members, who may not always be convinced of the commissioner's complete independence and integrity, have the possibility of taking their complaints to that office.

Mr. Benoît Sauvageau: Thank you.

Ms. Louise Thibault: What steps do you take at the present time to ensure that a whistleblower's identity is not disclosed? You told us that employees report problems to their superiors. So it is clear that the complaint cannot be anonymous.

The reason for my question, as you will understand, is that there can be reprisals. There are ways to make sure that employees keep quiet, feel intimidated, etc.

Thank you.

D/Commr Pierre Lange: The RCMP has a commitment to looking into how the identity of employees making complaints is protected in order to ensure, in certain cases, that this protection is provided.

That said, various federal statutes and Criminal Code provisions tell us that it is impossible to guarantee that a person's identity will be protected. The fact is that the courts do not agree. So even if we guarantee employees that their identity will be protected, the courts will override the protection when a case is sent to them under the Criminal Code or some other statute. The courts require us to release people's names.

Our view is that, depending on the situation, there are policies that could ensure that an employee's identity is protected at the outset, except where the case goes to criminal court and the person ends up being a key witness. But we could change our directives in order to comply with the spirit of the legislation.

Mr. Benoît Sauvageau: I would like to point out that we were given the wrong version of the document, but the one that you provided it us with afterwards has been corrected and is clean and readable. There is no longer any problem with it.

[English]

The Chair: Thank you, Monsieur Sauvageau.

I wanted to mention that the error was in fact in the transmission, not on the part of the RCMP, when it comes to the French translation.

Mr. Lange, to follow up on the question from Monsieur Sauvageau, you said there were eight cases of whistle-blowers under the new act. I would like it if you could send to the committee an accounting of what has happened with them. Were there any cases where the individual claimed there was any kind of retaliation on the part of that person, the supervisor, or whatever? Without using names, of course, could you give an accounting of what has happened with these eight cases?

•(1710)

D/Commr Pierre Lange: On all the cases, we've had follow-up investigations. Of course, we've supported the Public Service Integrity Office to respond to the complaints. To my knowledge, there's only one case that has not been completed. In all the cases so far, including the one that has not been quite completed, the allegations have been found to be unfounded by the Public Service Integrity Office.

The Chair: That's interesting.

We will go to Mr. Szabo for seven minutes.

Mr. Paul Szabo: Thank you.

Mr. Deputy Commissioner, are you familiar with the definition of wrongdoing under Bill C-11?

D/Commr Pierre Lange: I'm sorry...?

Mr. Paul Szabo: Are you familiar with the definition of wrongdoing under this bill?

D/Commr Pierre Lange: I've certainly read it.

Mr. Paul Szabo: Then my question would be whether the procedures that are currently utilized by the RCMP are comprehensive enough to cover all of the wrongdoings that would be contemplated under the bill.

D/Commr Pierre Lange: Absolutely. This is a fundamental issue that we're reviewing before this committee, that all of our procedures are totally covered by the definition of wrongdoing in Bill C-11.

Mr. Paul Szabo: I certainly understand and agree with your comments with regard to concerns of frustrating processes and of privacy and integrity of investigations. I can assure you that I don't think there's anybody on this committee who has any interest whatsoever in encroachment in areas where clearly it's not in the public interest or.... Public interest, I think, covers it all.

Your comments have been made with regard to Bill C-11. It proposes that the PSC and the president of the PSC be the body under which this bill would operate. Would your opinion on the inclusion of the RCMP under the umbrella of Bill C-11 change if it was not the PSC, but it was some other independent party?

D/Commr Pierre Lange: No, it would not change. The same two elements that I've presented would still remain—first of all that we are totally covered by the intent of the bill. There is always the very huge risk that a person, not totally well informed.... Our argument is always that in most of our cases, and especially in fighting organized crime and terrorist activities, people work in teams. One person may see or hear what he or she believes is an infringement of an action or a wrongdoing. However, that person does not have all of the information, and we would find in many cases that once we have the full picture, then we can argue that the complaint was not valid.

So even if there was another body, we're not suggesting it would be a better solution.

Mr. Paul Szabo: You mentioned that should there be any concern on behalf of a whistle-blower that the process has not satisfied them, they could go to the integrity officer. The integrity officer is ostensibly a human-resources-issue body. Is that not the case?

D/Commr Pierre Lange: No, it's more than that. The office can actually receive any complaints that a person feels the RCMP has not

adequately responded to. Therefore, it goes beyond human resources. It's for any actions that a person feels—

•(1715)

Mr. Paul Szabo: I would maybe submit to you that if it was a comprehensive position, the need for another body would be somewhat redundant. There must be some difference.

Finally, if the RCMP continues to update its internal policies with regard to the overall whistle-blowing question, and it is an effective process, theoretically there would be no need for a whistle-blower to move outside of the umbrella of the RCMP because the process would be in place. Effectively, what I'm saying is that the better your system, the less chance there is that anyone would have to go outside of the RCMP umbrella.

My question to you is this. If you're very confident that your current process, updated for the issue of remediation, is totally adequate, why would you be concerned about someone having the opportunity to go beyond if they were not satisfied that there was a proper resolution of the allegation?

D/Commr Pierre Lange: First of all, if you'll allow me to make one correction, we're not saying that there would never be a need for a person to go outside. The common law principle protects a person if he or she has a valid point, under the common law practice of protecting whistle-blowers. If a person—member or employee of the RCMP—goes outside and has a legal valid point to do so, the person would be protected by the courts to do that. He or she would be acquitted, basically, and under our internal process would be deemed to be acquitted.

Mr. Paul Szabo: Thank you.

Mr. Godbout has a question as well.

[Translation]

Mr. Marc Godbout: I would like to ask a quick question, just out of curiosity.

If there were to be a complaint at the RCMP that led to criminal proceedings, would the RCMP do the investigation of its own organization, up to a certain point? What is your process for that? Do you turn to another police force, for example? This is not a trick question. I am just curious as to how that kind of situation would be handled.

D/Commr Pierre Lange: In the case of criminal investigations, the practice of the RCMP is to allow the police force that has jurisdiction over the matter do the investigation.

When we receive a complaint against an RCMP employee and it is a criminal matter, we do not have jurisdiction if the incident takes place in Quebec or Ontario generally speaking, and we turn the matter over to the provincial police force. Outside Quebec and Ontario, policing is done by the RCMP, and we assign independent people to carry out an investigation under the Criminal Code or the applicable act.

So we ensure the integrity and the independence of the process. If it is a criminal proceeding, we then turn the case over to a crown prosecutor under provincial jurisdiction.

Mr. Marc Godbout: So there is a mechanism.

D/Commr Pierre Lange: Yes, there is a mechanism.

The Chair: Thank you, Mr. Godbout.

[English]

We have about a ten-minute in camera meeting to do. Mr. Lauzon has a pressing, very short question.

Mr. Guy Lauzon: First of all, thanks for being here.

We had a witness here, about two months ago, I think it was, who was an RCMP officer. He actually found out that someone was selling visas in Hong Kong and he reported this to superiors who really didn't take any action. To make a long story short, the man, with I think 28 years of service, who sat right where you are, got turfed out of the RCMP. He was told to quit within two weeks, or else.

You talked about a code of conduct manual. By the way, I'm a former public servant with 22 years of experience. I know about codes of conduct and I know about reporting to your superior or to your superior who works in the other department. Do you really believe, when people like Corporal Reid have this happen to them, that the RCMP can have their own whistle-blower legislation, there own whistle-blower process? Do you really think it would be as effective as having an independent body?

• (1720)

The Chair: Mr. Lange, I must apologize, but I'll have to ask you to keep the answer very short. I know it hardly seems fair. Go ahead.

D/Commr Pierre Lange: Absolutely not. It is very fair.

I'm very familiar with the Corporal Reid case. I know the case inside out. What the committee has to know is that Corporal Reid's case was heard before an independent board, composed of an officer who is legally trained and two other officers who supported him. It was recognized that he was not justified in making his allegations.

Mr. Guy Lauzon: I'm sorry, Mr. Lange. My information is that commission ruled such complaints were not within its mandate; it's not that they weren't valid.

D/Commr Pierre Lange: Absolutely not.

I have to say I was actually the appropriate officer under the Royal Canadian Mounted Police Act on this case, and that's why I know this case inside out. The adjudication board found that Mr. Reid was not justified in his allegation and eventually an appeal was made. It went to the external review committee, and the external review committee made some recommendations to the effect that you mentioned. However, after a full detailed review by the commissioner, which was very extensive, the commissioner ruled that the board was quite right and found that the allegations against Corporal Reid were founded.

This case is presently before the Federal Court, and unfortunately we can't really comment any further. Of course, we are party to the arguments before the Federal Court, but there is no question in our mind that's a very clear example. If Corporal Reid had been found to be under the principles of whistle-blowing, then he would have been acquitted, or the allegation against him would have been unfounded. However, he was not under the whistle-blowing principles. He was violating a direct order, and without getting into the specifics, he had received a direct order not to reveal confidential information to the public, which he chose to do. So it is a different situation.

I do firmly believe, to answer your question, that our processes protect a person who would choose to go the route of the whistle-blowing principles.

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

We have to cut the meeting off now. Thank you very much both of you for coming today. I appreciate your input into Bill C-11, the whistle-blower legislation.

I'd now ask everyone who isn't entitled to stay for an in camera session to clear the room very quickly, if you could. We have to have a short in camera meeting before we go to the vote.

Thank you. We'll suspend for about a minute.

[*Proceedings continue in camera*]

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