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The Honourable Shawn Murphy

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• (1530)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): I'd like to call the meeting to order.

I invite the cameras to leave the room, please.

I want to welcome everyone here. This, members and visitors, is a continuation of the committee's hearings into chapter 9, "Pension and Insurance Administration, Royal Canadian Mounted Police", of the November 2006 report of the Auditor General of Canada.

We're very pleased to have with us today Staff Sergeant Mike Frizzell, who has been here before, of course. We have Chief Superintendent Fraser Macaulay, who has been before the committee on this particular investigation on several occasions. We have Acting Deputy Commissioner Kevin Mole, human resources, and also Tony Pickett, officer in charge of insurance renewal and modernization project. I want to extend, on behalf of the committee, a very warm welcome to each and every one of you.

Before we swear the witnesses in to proceed, I want to deal, colleagues, with the minutes of the steering committee, which was held earlier today. Those minutes have been circulated. I would invite a motion to have them approved and then we can open it for discussion. Is somebody prepared to move that?

Mr. Christopherson moves their adoption.

(Motion agreed to)

The Chair: I am now going to go back to the formal part of the meeting. I understand we have a presentation.

First of all, I will swear the witnesses in, and then we have a presentation from Chief Superintendent Macaulay and Staff Sergeant Frizzell. I'll turn the meeting over to you people to give the presentation.

Staff Sergeant Mike Frizzell (Staff Sergeant, Strategic and Operational Support, National Child Exploitation Coordination Centre, Royal Canadian Mounted Police): I, Mike Frizzell, do swear that the evidence I'm about to give shall be the truth, the whole truth, and nothing but the truth, so help me God.

Chief Superintendent Fraser Macaulay (Chief Superintendent, Royal Canadian Mounted Police): I, Fraser Macaulay, do swear that the evidence I shall give on this examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

Deputy Commissioner Kevin Mole (Acting Deputy Commissioner, Human Resources, Royal Canadian Mounted Police): I, Kevin Michael Mole, do swear that the evidence I give on this

examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

Inspector Tony Pickett (Officer in charge, Insurance Renewal and Modernization Project, Royal Canadian Mounted Police): I, Tony Pickett, also known as Anthony Pickett, do swear that the evidence that I shall give on this examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

The Chair: Chief Superintendent Macaulay, the floor is yours.

C/Supt Fraser Macaulay: Thank you, Chair.

We have brought with us today 15 binders with appendices. Unfortunately, they are only in one official language because they are appendices at this point in time. The presentation has been done up in both official languages. We have left them with the clerk and we were awaiting the indulgence of the chair to determine whether or not we could make reference to them here today. We have 15 copies, 15 binders.

The Chair: Chief Superintendent, the only way that can happen is if we have the unanimous consent of all committee members.

Just to put on the record exactly what you want to do, where are these? I don't see them.

So this is the binder. There is one binder for each member.

C/Supt Fraser Macaulay: That's correct.

The Chair: And these contain what?

C/Supt Fraser Macaulay: These are appendices and give evidence around the slides that are being spoken to. There are copies of letters. There are copies of e-mail transactions. They are issues that support the issues we are going to talk about here today.

The Chair: Of course your presentation is in both official languages.

• (1535)

C/Supt Fraser Macaulay: Correct.

The Chair: As everyone knows, the only way this is going to happen, as it is certainly against the policy of this and every House committee, is with unanimous consent. Then we'll receive them.

Mr. Williams, do you want to speak to that?

Mr. John Williams (Edmonton—St. Albert, CPC): Mr. Chair—man, thank you.

Not only are we veering off into some uncharted waters, as this particular investigation has been doing in the last number of weeks, but we also have a constitutional requirement to operate in both official languages, and as a national force, the RCMP operates in both official languages.

When I was in your position for a number of years, Mr. Chair, I was adamant about upholding that rule. It was not a matter of convenience for the majority who may speak one particular language or the other. We are an institution of official languages at all times.

We are a public body, Mr. Chairman. We are also televised, and we deal largely with verbal presentations. They may sometimes refer to documentation elsewhere, but the bulk of the material that we receive is oral.

Therefore, when I moved that these gentlemen come forward and make their presentation, I was hoping that they would make an oral presentation to us with some slides, and so on. Then we and Canadians could walk away from here saying we understood what this was all about.

If you're going to refer to 15 binders, and I hope that what Mr. Lake has isn't one of them—

Some hon. members: Oh, oh!

Mr. John Williams: —we will never ever be able to explain to Canadians what this was all about.

Therefore, I think that we should ask these gentlemen to make their presentation. We abide by the rules of this House regarding two official languages, and we can read these binders over the summer.

The Chair: I take it, Mr. Williams—and I agree with you, by the way—that you're not consenting to the binder.

Again, I know that sometimes we do it with witnesses who don't have the resources, the capacity, or the wherewithal to translate large volumes of documents. We make the House services available to them. Sometimes we don't get them, but normally we expect to have things before the meeting in both official languages, so that people here have the choice of which language they want to use.

Mr. Christopherson.

Mr. David Christopherson (Hamilton Centre, NDP): Thank you, Chair.

I appreciate what Mr. Williams is saying. I'd be interested to hear what other members might have to say, as to whether or not an exception is warranted at this time.

I agreed at the get-go that all of this should have been in both languages. It should have been run through the committee leadership well ahead of time, but that didn't happen.

I want to put on the record, in fairness to the RCMP officers who are presenting, that I can recall one or maybe two occasions when we gave that exception because there was so much, because there were e-mails, and all members of the committee were in support of it. It's not totally unusual that the RCMP might have expected that background reference attachment material would be allowed.

I want to put that on the record to be fair. We have gone this route with RCMP background material before.

The Chair: Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Mr. Chairman, I fully agree with Mr. Williams. There is no doubt that all documents have to be drafted in both languages. I would also just say that I think it's a shame these documents were unable to be translated.

The most important thing — and this has been our view in terms of the continuity of the work of the Standing Committee on Public Accounts — is for the Committee to be able to do its work, hear witnesses in public and give the public an opportunity to be informed of the testimony that has been given as well as the identity of the participants.

However, if it turns out that documents cannot be translated before being tabled, would it not be appropriate for part of the documents to be translated as soon as possible, so that they can possibly be used as evidence, even if that means tabling them a little later? Would it not be appropriate for the people tabling these documents to select those that are most relevant, so that either they or the Committee could then have them translated?

[*English*]

The Chair: Monsieur Laforest, the policy of the committee is that documents are not tabled until they've been translated into both official languages.

We did make an exception earlier in this particular investigation. It was for a very large document—and I forget which one it was right now—that from our information would have taken months to get translated. There was consent given to table it, with the understanding that certain designated segments would be translated. That was the KPMG report, and I believe that has been done.

So I take it that unanimous consent is not forthcoming.

Back to you, Chief Superintendent Macaulay.

● (1540)

C/Supt Fraser Macaulay: Thank you, sir.

At this point, I'll turn it over to Mike Frizzell. He will walk you through the slides, which I believe you have in both official languages.

S/Sgt Mike Frizzell: Just for the record, most of what's in the binder are excerpts from criminal investigation. We received permission only yesterday to make copies for you, so translation was an impossibility. It certainly wasn't because we wanted to show disrespect—

Mr. David Christopherson: I'm sorry to interrupt. May I, on a point?

Because you've raised this, Staff Sergeant, I want to be clear.

We had mandated you and Chief Superintendent Macaulay to go and do this. It had the blessing of the commissioner. We had absolute assurances from the commissioner that there would be total cooperation.

Just to clear the decks and make sure that everything was cool, is that the way it unfolded, Staff Sergeant Frizzell?

S/Sgt Mike Frizzell: I was given access to the information for my presentation; there was no problem at all. But getting you copies of it took a little longer.

Mr. David Christopherson: But there were no other major impediments?

S/Sgt Mike Frizzell: No.

Mr. David Christopherson: Good. The record should note that the commissioner was as good as her word, and it's appreciated.

Sorry. Go ahead.

S/Sgt Mike Frizzell: This will be a little more challenging, but I think we can do it. What I'm going to talk about today is the insurance investigation that took place.

As has been previously stated, the police investigation into the pension funds was broken into different streams. I was responsible for the contracting and the insurance streams. I'm only going to talk about the insurance today, because that's all we have time for. A lot of what we found in the insurance investigation is typical of the entire investigation, so it will give you a flavour for the types of things we were finding.

With respect to how it started, back in 1953 the Great-West Life Assurance Company became the underwriter for some life insurance plans for RCMP members. It was standard stuff. The insurance premiums came off the members' paycheques and were sent to Great-West Life. All the administration of that was conducted by the RCMP. This is what's known as an employer-sponsored group life plan—fairly simple.

What you need to know with the RCMP, and what's often confused, is that it's the Treasury Board who is our employer. For me, as a member of the RCMP, the Treasury Board is my employer, not the RCMP. That's under section 11 of the Financial Administration Act. As such, it's the Treasury Board that sets all conditions of pay and benefits.

From 1953 to 1995, the plans were held by the RCMP, with the commissioner as the policyholder. The RCMP at the National Compensation Policy Centre, also known as NCPC, its various forms before that, and the compensation specialists, who are out in the field, are the ones who deal with the members face-on. That's how the administration of the insurance took place. Great-West Life was the underwriter. They took in the premiums; they invested them, and they paid off the claims. They were paid a flat rate for that, along with a profit margin.

An insurance committee was formed quite a ways back. The insurance committee was made up of members of the sponsor, senior management of the RCMP, and the plan participants, the regular members of the RCMP. Their role was to act as representatives of the members to decide how the money should be invested—T-bills, whatever—to get a good return, without worrying too much about the money disappearing. These are self-insured plans, meaning they're not held by Great-West Life. Members of the plans are responsible if there are too many claims; the members are also responsible for any surplus.

In 1995 a fair surplus had built up in these plans due to the members paying more than there were claims. And 1995 was also a year—I think it was called “program renewal”—when things were kind of tight in the government. Programs were being cut, departments were being downsized. So the director of the NCPC decided that with the moneys sitting in these funds perhaps they should pay for their own administration. What in effect happened was that this representative of the RCMP decided they would now go into the premium funds that belonged to the members to fund what up until then had been an employer responsibility.

That started in 1995. In 1997 a number of other costs came into effect with changes to the plan, so they decided they would bill those costs to the plans as well. What started as a fairly small amount started to grow.

In 1998 a couple of interesting things happened. The disability insurance, which is paid 85% by Treasury Board, started getting billed for administration, and also the employees who had been working for the RCMP were changed over to Great-West Life employees.

• (1545)

This is significant, in that these employees were for all intents and purposes part of the National Compensation Policy Centre of the RCMP, but they were paid for out of the plans and they were called Great-West Life employees. They didn't work at Great-West Life. The ones we talked to had never even been to a Great-West Life office.

What this did was allow us to keep employees on. There would be no audit trail. Until then, Great-West West Life had been cutting a cheque to the RCMP to pay for the administration costs. They would take the money out of the members' plans, cut a cheque that would go to the Receiver General and then be routed back to NCPC, which of course makes a fairly clear audit trail. Once the employees were Great-West Life employees, they were no longer on the RCMP books.

That gives you a little background of how the moneys went from belonging to the members to being used by the RCMP.

In 2000 Mr. Crupi came to the NCPC, the National Compensation Policy Centre. When he arrived there had been talk at the RCMP that the computer system used to store insurance data was deemed to be unreliable. There was no guarantee that it would have good data integrity, which created a risk to the RCMP—you know, if a member was under-insured or they said the member was insured and he wasn't, that sort of thing.

It was decided that you could no longer rely on that system, so they would outsource and go to another company that would have good systems in place. An outsourcing should have had Treasury Board approval. Instead they went to the insurance committee and said, "We've got a great deal for you. It's good for the members. You guys will be very happy with the service."

The way things are going these days, the plans have to pay their own way. This was right around the time when it was legislated that the pension had to start paying its own administration. The members of the insurance committee thought it was the same thing, so they didn't really feel it was their place to say no. They were told it was going to be great for the members. There are minutes here in the binder that contain the sales pitch that Mr. Crupi made. The bottom line was that it was good for the members, the plans could handle it, the plan should pay, and it was just the way things were going.

Around the same time, they went to Great-West Life and asked it to be the administrator. Because the RCMP had been doing the administration up until that point, the RCMP was outsourcing a service they were responsible for. That's the kind of thing that goes to tender. Other companies should get a chance to bid for this, but it was much easier to go to Great-West Life. Nobody would question that, because Great-West Life was the underwriter. Any outside observer would assume that Great-West Life had been paying for the administration because there had been Great-West Life employees on site.

Great West Life said, "Sure. We'll look at it. We have a couple of clients we do administration for, so we will look into it." What they found, almost immediately, was that there was no process documented at NCPC, certainly not to their satisfaction. They learned that the payroll comes from PWGSC and not from the RCMP; there were a whole bunch of things. They ended up spending a quarter of a million dollars of the plan's funding—moneys in the premium accounts—before they realized they couldn't do it. They told NCPC they couldn't do it. NCPC was not very happy.

What has happened up until now on the committee is a lot of "he said, she said" stuff, so what I thought I would do today is actually read from some of the e-mails that went back and forth so you could hear from the people who were doing these deals.

• (1550)

The Chair: Point of order, Mr. Williams.

Mr. John Williams: As long as he understands, it's perfectly okay for Staff Sergeant Frizzell to read these e-mails; it's just that they can't be tabled in two official languages. If he feels that some content of the e-mails is important, he can read them and they will be translated.

The Chair: Oh, yes, he knows that.

S/Sgt Mike Frizzell: They have the meeting, and Great-West Life is told by NCPC, "Keep it quiet that you're not going to do the administration. You guys should go see Morneau Sobeco. You just got them as a pension outsourcer. They're going to do the pension administration, and I'm sure they can do your insurance administration at the same time."

Then there is an e-mail from Great-West Life to NCPC stating: "Following the meeting in Ottawa that our members attended, it was

our understanding that your investigation into an alternate service provider was to be treated as confidential and not to be shared with our resources."

They decided to cancel the next meeting because they didn't have an outsourcer, and they had to look for one. An e-mail is sent out to let everybody know the meeting is cancelled, but they're not told why. The e-mail reads that some of the members of the project team couldn't be there, so they were going to cancel the January 7 meeting "due to the scheduling conflicts of some team members". This is from one of the people who knows Great-West Life isn't doing the outsourcing any more, or doing the administration. One of his co-conspirators—for lack of a better term—writes back to him giving some feedback on the e-mail, just one word: "Smooth".

Within a few days—

Mr. Borys Wrzesnewskyj (Etobicoke Centre, Lib.): Point of order.

The Chair: Mr. Wrzesnewskyj, on a point of order.

Mr. Borys Wrzesnewskyj: Would it be possible to know who the individual was? There is an individual being quoted.

The Chair: Yes, you probably should identify who the e-mail was from and who it had been sent to.

S/Sgt Mike Frizzell: I'm in a bit of a bad spot. That was the idea of having the books in front of you. It was a police investigation, but because this is a public forum it's something for which I could give the names in camera, but these are people who were subject to a criminal investigation.

The Chair: I'm not following. You have consent from your superiors to come forward with the information. They obviously vetted it and didn't see a problem. Once it's translated, it's going to be tabled the minute after it's translated. Do you follow the problem I'm having here?

S/Sgt Mike Frizzell: When it's tabled, it's just to the committee members.

The Chair: Not really, no.

S/Sgt Mike Frizzell: I was given a letter explaining the ATIP process, and I think this would fall under that. I would defer to my senior officers here to give me some guidance.

The Chair: I can tell you once these documents are tabled, Staff Sergeant Frizzell, they are public documents. A document tabled in this committee is a public document.

Mr. Williams.

Mr. John Williams: Perhaps we can have our legal counsel tell us that we don't operate under ATIP; we operate under parliamentary rules.

●(1555)

The Chair: Do you have anything to add, Mr. Tardi?

Mr. Gregory Tardi (Senior Parliamentary Counsel (Legal), House of Commons): Mr. Chairman, I think Mr. Williams is quite right in the sense that the Access to Information Act and the Privacy Act were meant to cover relations between institutions of the executive branch and private individuals. They were not meant to cover relations between institutions of the executive branch of government and the legislative branch. In other words, in this forum, access to information and privacy have very limited, if any, application. When the committee requests information, it is entitled to be given it.

Obviously, in the interest of fairness and equity, some accommodation can be made, but I'm having a bit of difficulty when a witness comes, starts reading from a document, and then says that one part of the document has to be protected and others do not.

The Chair: When the intent is to table documents, would they not become public?

Mr. Gregory Tardi: Absolutely, and in that sense public means public to the world at large.

The Chair: Mr. Christopherson.

Mr. David Christopherson: Thank you, Chair.

I suspect that we're very quickly heading to the point where we can force the issue if we want. That seems to be. But in fairness, I would at least like to hear from the most senior officer here what the implications are for something being divulged. Let's not just run roughshod here. Let's understand the implications of this material being released publicly.

D/Commr Kevin Mole: Mr. Chairman, certainly the implications for the RCMP in holding that information is to respect the Privacy Act and all the requirements of the Access to Information Act. So in releasing the information to the committee, we would be releasing our responsibility under the Privacy Act and the Access to Information Act.

Mr. David Christopherson: Okay, that part is good; we can deal with that, because we have the authority to override that. I was just concerned because I was left with the impression that there was a criminal investigation. I'm looking for implications beyond just the political. In other words, are we able to do something that's going to screw up an important case, divulge something that really does some harm to something that most Canadians would want kept confidential if it meant the effectiveness of what you do. I just want to give you a chance to tell us to wait a minute before we do this, and I'm giving you a chance to tell us what to think about. Otherwise, I suspect we're going to go right ahead and direct that this be tabled.

D/Commr Kevin Mole: Again, this is a criminal investigation, so the information that's contained within the report is subject to a criminal inquiry. So if for whatever reason the intent was to reopen the investigation at some point, then there is the opportunity that it could—

Mr. David Christopherson: Before I relinquish the floor, nothing said at this committee can ever be used in any other proceedings, so

I'm not hearing anything yet, officer, that's telling me—I'm sorry, you're acting commissioner. Is that your title, sir?

D/Commr Kevin Mole: Assistant Commissioner.

Mr. David Christopherson: Assistant Commissioner, I haven't heard anything yet that would suggest we're going to damage something; that's what I'm looking for. I realize you may not want it released, but that's a different matter. So I have to tell you that I haven't heard anything yet that precludes us from doing this. It's just one e-mail with who it's from and to. There's no context. We don't know what part of an investigation. So I haven't heard anything yet, but I would afford you another opportunity, sir, to make that case.

D/Commr Kevin Mole: Again, Chair, the information contained in the investigative report is of a criminal nature, so once that's released in a public forum, there is some jeopardy to the investigation. As well, the information contained in the report, the names of people who are possible suspects or whatever, hasn't been disclosed to this point in a public forum.

Mr. David Christopherson: Sir, is it the whole report or just one e-mail we're talking about?

S/Sgt Mike Frizzell: There are a number of e-mails between parties. The content isn't protected. The people are protected just to defer to counsel. It's been announced publicly that this is a criminal investigation. I'm just worried about some of these folks who aren't part of the RCMP and haven't been named in this forum before.

●(1600)

Mr. David Christopherson: I see, and they may be just brought in and damaged as a result.

Before I relinquish the floor, I'll just say this. Is there some way we can take it upon ourselves, Mr. Tardi, that we can agree to hear the evidence, the wording actually put on the record? Do we have the option of saying we will receive those names in camera to be true to our system? Do we have that luxury?

The Chair: I would have thought the proper way to handle this issue would have been if there were references to individuals who had not been charged—and we don't want to damage anyone's reputation—that those names would be eliminated from any report we receive. Up until three minutes ago, I was clearly of the impression that once those documents got translated, they were tabled before this committee, and once they're tabled, they become public documents. Again, if we're dealing with a private matter involving a criminal investigation and people who were never charged, I would have thought they would be taken out of that report.

Mr. Williams, you have a comment?

Mr. John Williams: Just because we have the power doesn't mean to say we use it and bring into the public domain issues that are normally private. When the RCMP are conducting a criminal investigation they're entitled to conduct their business in private until charges are laid.

I find it disappointing that these witnesses who have been here many times think we're operating under access to information legislation, which we're not. We see in *The Toronto Star* today that people want to be subpoenaed by this committee rather than come here voluntarily. That shows a woeful, inadequate comprehension of the way the parliamentary committees operate with the RCMP.

I've always deferred to the people's right to privacy, and will only allow these names out in public if it's absolutely mandatory. This discussion we're having came from Mr. Wrzesnewskyj, who asked for the names of these people. They weren't being offered by Staff Sergeant Frizzell. Therefore I would ask that the RCMP continue with their presentation and leave the names out of it. Our own particular curiosity need not be satisfied at this time.

The issue of the 15 binders still remains to be resolved. Therefore I suggest that the RCMP give some thought to whether they're going to recall them so we never actually see them, or give them to us on the basis that they're embargoed—or we decide on what basis they will actually become public documents.

The Chair: Or they can recall them and take out references to the individuals. That's what I would prefer to see happen, because I don't want to have any references to people who were not charged.

Mr. Fitzpatrick.

Mr. Brian Fitzpatrick (Prince Albert, CPC): I'm going to try to put this in perspective. We started on this inquiry based on the Auditor General's report about some serious issues surrounding the pension insurance administration. We've spent the last two or three months trying to grapple with what went wrong and what the issues were to get a clear picture of it.

I find it personally troubling at this stage of the game, after we've had basically full disclosure before this committee, to have quotations presented to the committee that present pretty relevant and cogent evidence about things that are relevant to our inquiry without knowing who said these things—no hint about who said them. The four w's in an inquiry are who, when, why, and where. We're leaving a lot out of the equation.

I find it troubling to proceed without knowing the source of this information. We're deviating here if we say we're not going to ask for names, because we've been doing it all along. I'm sorry, but I'm a bit puzzled by the position we seem to be taking here. The invisible person is going to be involved in this from here on in, with quotes being attributed left, right, and centre. We're going to have invisible men and women, and nobody seems to know where they came from or where they fit into the picture.

• (1605)

The Chair: Mr. Wrzesnewskyj.

Mr. Borys Wrzesnewskyj: I'd like to move a motion that Staff Sergeant Frizzell continue without providing the names of the senders or recipients, and that those names be provided to us in camera.

The Chair: Mr. Williams.

Mr. John Williams: Once we have the names, what are we going to do with them? That's the question. Is it for our own personal curiosity, or are we going to have these names given to us in confidence so we can do something? What can we do with the names? We're not an investigation committee. We don't lay criminal charges. We don't do criminal investigations. We're normally a committee of accountability. We hear the testimony and pronounce our judgment on what we hear.

We've got ourselves into this complex and difficult situation. I can understand the need of the RCMP to give us the information, which we asked for. I understand that by the rules under which they operate they can't divulge the names. I don't need these names. I'm not going to do anything with the names once I get them. Why are we even asking for these names in the first place?

The Chair: Well, I didn't, Mr. Williams.

Anyway, perhaps I can suggest a compromise, Staff Sergeant Frizzell. I'm going to ask you to continue. Do not refer to the names. Perhaps at the end of the hearing, you and Chief Superintendent Macaulay can take back the binders—Mr. Williams talked about 15 binders, but there are actually 15 copies of one binder—and if there are confidential references to people, I think they should be deleted.

We're just looking at the reference for the relevant documents to try to keep this as succinct and brief as possible.

Mr. Borys Wrzesnewskyj: Chair, there was a motion on the—

The Chair: Do you want to put your motion now and deal with this in camera after?

Mr. Borys Wrzesnewskyj: Yes.

The Chair: Okay, you can make the motion.

[Translation]

Mr. Jean-Yves Laforest: Mr. Chairman, I asked for the floor before he made his motion.

[English]

The Chair: No, you didn't, but you're on the speakers list. He proposed his motion.

[Translation]

Mr. Jean-Yves Laforest: I had asked for the floor before he presented his motion.

[English]

The Chair: Go ahead.

[Translation]

Mr. Jean-Yves Laforest: I am inclined to agree with Mr. Fitzpatrick. We find ourselves in a very difficult position, primarily because the documents were not translated before being tabled. They have not been tabled and, for that very reason, we are unable to divulge the names of the people involved. That being the case, I fail to see the value of this testimony or the quotes intended to explain facts Mr. Frizzell will be presenting.

As we all know, this is a public forum. We have agreed that the value of the Public Accounts Committee lies in the fact that what it does is public. However, if someone tells us that such and such an individual said this and then called somebody else, without any names ever being given, what exactly is the point? We can hear that testimony, but in my view, it carries very little weight.

[English]

The Chair: Mr. Wrzesnewskyj, do you want to put your motion that the evidence be received in camera?

Mr. Borys Wrzesnewskyj: No, not the evidence, but the names, the senders and recipients of the e-mails. Then we can judge at that point how to proceed, once we have those names.

I do believe it is of relevance. There's a significant difference if these are e-mails between minor officials or e-mails between senior levels of the RCMP. What I'm suggesting is a way to perhaps protect individuals who have been or may be subject to a criminal investigation while at the same time doing our due diligence and knowing what the sources are of these particular e-mails and who the recipients were.

The Chair: Mr. Christopherson.

Mr. David Christopherson: Chair, my only concern, the way I think the motion is being amended, if I hear it being amended, is that we'll deal with the question when we get in camera; we just won't do it right now. That leaves us the option of hearing the names and positions in camera, and leaving it at that. It gives us the option of bringing it public if we decide that's in the best interests.

My concern about not leaving an ability right now is that I would certainly like to have Mr. Tardi, and perhaps even the law clerk, present to ask them what the implications are of allowing testimony to be given when at no time anywhere does a witness have to acknowledge where that came from or who they're talking about. It just seems to me that at some point in natural justice there has to be an accounting that we've held this witness—not that we question his integrity, but that someone who may be damaged by all of this understands that we didn't just deal with a quote that came out of nowhere and accepted it as the truth, when we haven't accepted anything else without checking it.

All of that is to say that if the amendment is that we proceed now and the question of whether names are made public or not will be dealt with in camera at a future meeting, that certainly meets my needs.

•(1610)

The Chair: Mr. Lake.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): We've been naming names throughout the entire process. I just would like to stop for a second and have Mr. Frizzell or perhaps Mr.

Mole please explain to us the difference in treatment between the people named throughout this entire process and those who we're not naming today. Why the difference in treatment?

S/Sgt Mike Frizzell: I can speak only for myself. The only names I've named are people who were sitting at the table with me. I've made a point not to, because these names are linked to the investigation, whereas others, to my observation, came out in speaking of other things—"he said, she said", as opposed to "we investigated and found that this person did that".

Mr. Mike Lake: So you would say that many of the names that have been named through the process by other people at other times—not by you—would be names that you would not have named in the same circumstances?

S/Sgt Mike Frizzell: I'm an investigator. I came across this information as part of the criminal investigation. That's the big difference. I'm under different rules. I'm under a sworn oath that what I find during a criminal investigation I don't divulge. That's well past the Privacy Act; it's part of my oath. Where other people are talking about hearing this from so and so, I saw them do that, I'm talking about what was discovered during a criminal investigation. That's the big difference, in a nutshell.

Mr. Mike Lake: Do you have anything to add, Mr. Mole?

D/Commr Kevin Mole: Basically the information, as I understand it, came from the criminal investigative file. Although the file has a current status, I believe I've concluded it doesn't mean that it couldn't subsequently be opened with new information that comes to light. Again, these people certainly haven't been charged. I'm not sure the folks that Staff Sergeant Frizzell is being asked to name are even aware of the discussion here today.

The Chair: Mr. Poilievre.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Friends, I fear we only have two options here. One is to demand that the names that Mr. Frizzell is quoting be given, in which case we can hear the quotes, or to ask Mr. Frizzell to neither give us the names nor the quotes.

It is unfair to the public to have a bunch of unnamed sources quoted into the record—people the existence of whom we have no evidence. It is equally unfair and unproductive to hear those names in private. The only purpose for holding these hearings, as parliamentarians, is to write a report about it. If those names cannot go in our eventual report and in our findings, they are no more use to us in private than they would be if we didn't know them at all. If we go into private, we find out the identities of these people for whom we're getting quotes, and we can't use their identities for anything, then why would we have their identities, other than for our personal curiosities? We couldn't achieve anything with those identities. We couldn't use their identities as evidence of anything. We couldn't use those identities to produce any sort of conclusion because we would not be able to cite those identities in the final report.

Our options are to ask Mr. Frizzell to use the privilege afforded to him before a parliamentary committee to cite the names of the people whose words he is using, or to totally omit mention of their identity and their words. Those are the only two options that are consistent, practical, and acceptable.

Thank you.

The Chair: Mr. Rodriguez.

[Translation]

Mr. Pablo Rodriguez (Honoré-Mercier, Lib.): Thank you, Mr. Chairman.

Personally, I am more interested in the motion moved by Mr. Wrzesnewskyj. What is interesting is that this would give us an opportunity to hear the names in camera, without their being made public. In that way, we could establish or clarify certain facts, make certain connections and perhaps gain a better understanding of some of the things that occurred, without always having to ask who said what to whom. Furthermore, to a certain extent, this would give us a chance to see whether we should take action, make this information public and determine what is feasible. Of course, all of that would be done in cooperation with the RCMP.

• (1615)

[English]

The Chair: Mr. Williams.

Mr. John Williams: The comment by Assistant Commissioner Mole I think was important.

When we started this little discussion, Staff Sergeant Frizzell said there was an ongoing criminal investigation. When there's an ongoing criminal investigation, I tread very carefully. However, since Assistant Commissioner Mole said the investigation had concluded and no charges were laid, that actually does put a different light on the matter.

Am I correct, Assistant Commissioner, in saying that the investigation has been concluded? I'm not asking whether you agree that charges should or should not be laid; I'm asking whether the investigation has been concluded and no charges have been laid.

D/Commr Kevin Mole: I haven't been involved in the criminal investigation at all.

Mr. John Williams: Okay. Let me ask Staff Sergeant Frizzell.

Have charges been laid?

S/Sgt Mike Frizzell: Not to my knowledge.

Mr. John Williams: Do you expect charges to be laid?

S/Sgt Mike Frizzell: No.

Mr. John Williams: That actually throws a different light on the issue, Mr. Chairman, if in essence it's not before the courts.

An hon. member: Is there an ongoing investigation?

Mr. John Williams: Is there an ongoing investigation? I don't believe there is.

S/Sgt Mike Frizzell: Mr. Brown's is the only one.

Mr. John Williams: Mr. Brown's is the only one, and that's not this investigation.

A voice: It's not even an investigation.

Mr. John Williams: Well, we will debate that one.

Therefore, it's not before the courts, Mr. Chairman.

People have to be held accountable for what they write. Therefore, I am now leaning towards the idea that we let these names out in public, because these are public servants writing and making decisions and so on, and it's up to us, as an investigation, to put this in the public domain. So my objections are perhaps not there any more, now that I know that it's not before the courts.

The Chair: Ms. Sgro, do you have a comment?

Hon. Judy Sgro (York West, Lib.): Mr. Frizzell, you have brought so many witnesses and given us so many tons of information today. How crucial and critical is it that you read out the e-mails we're currently discussing?

S/Sgt Mike Frizzell: My apologies to the committee. I thought this would bring clarity because of the whole he-said-she-said nature of it. Rather than me sitting here yammering on about what I believe happened, I would read to you the exact words of the people who were involved. And I can preface it by saying that a criminal investigation did happen, but no charges were laid.

I have an interpretation of these words, but these words may be interpreted completely differently by you or by a court. I quite simply don't want to make myself a target by breaching any laws.

Hon. Judy Sgro: Is there going to be a significant difference from what we've already heard as a result of you giving us the information from the e-mails? Is it going to change anything we've already heard?

S/Sgt Mike Frizzell: I don't think I can draw a conclusion.

The Chair: Do you have a point of order? What's going on?

Mr. Pierre Poilievre: I have a quick question.

The Chair: No, hold on, there's a speakers list.

Mr. Pierre Poilievre: Oh, is there? Well, I'll just ask to be put on the list.

The Chair: We'll have Mr. Fitzpatrick.

Mr. Brian Fitzpatrick: I'm mixed up. We've heard people say that this is a committee of accountability, so we can have quotes from unnamed sources that are very important evidence. But as for the person who made the quote, we're guessing where this quote came from. How can you have accountability without knowing who said it? It's an impossibility. So I'm really puzzled by that argument that we can have accountability without knowing who said what. This is unreal.

As to the point about us going in camera with the names, I wish I had Mr. Christopherson's quotes on some of this. We can bring these names in our own little secret meetings and go over them, and I guess we'd have some special insights that the public can't address and so on, and we can be the guardians. That's a position that I don't think is tenable and that I don't want to take.

The second point I'll make is that for in camera names and so on in this committee, we haven't had a very good track record of keeping them in camera. They'll probably be in the press the day after we get them. So what is that going to accomplish? We've seen that enough times to know that it isn't going to work. So if we're going to proceed with Borys's motion, I think we'd better go in there with our eyes wide open, because the names are going to get out. Somebody in this committee, in the past, has been releasing names from in camera, and it's going to happen again.

These are the points I'll make on that. There's no accountability without knowing where those quotations came from.

● (1620)

The Chair: Go ahead, Mr. Wrzesnewskyj.

Mr. Borys Wrzesnewskyj: I was the one who originally requested that the names be given to us in this committee. I had attempted to provide an accommodation, after some of the comments were made on the opposite side, that would give us the option of getting the names and going public with them after hearing who these individuals were. I'm more than happy, now that I see that a consensus has been arrived at, to go back to my original request.

I'll remove my motion and request that the names be tabled along with the e-mails.

The Chair: There seems to be a consensus emerging on that point.

Mr. Poilievre is next. Go ahead, Mr. Poilievre.

Mr. Pierre Poilievre: I want to get to the core of your concern here. Were these e-mails derived from your investigative work?

S/Sgt Mike Frizzell: Yes.

Mr. Pierre Poilievre: Okay. Are you concerned that if you reveal the identities of sources of that investigation that you will then discredit yourself as a trustworthy gatherer of information in your future investigations? Is that what you're worried about here?

S/Sgt Mike Frizzell: Not so much that. I'm worried that I'm breaching my duty as a peace officer gathering information.

Mr. Pierre Poilievre: So you're worried that you're going to be breaching your duties as a police officer.

S/Sgt Mike Frizzell: Yes. Normally in a court setting I would give this information, but the people I'm talking about could be called.

I'm in the chair's hands.

Mr. Brian Fitzpatrick: On a point of order, Mr. Chair, we follow parliamentary procedure. We follow rules here. The rule that I understand is that there's no privilege before the parliamentary committee, the privilege that he's raising. Maybe our legal counsel could enlighten us on that. But for a police officer to say he has a legally bound duty to keep this information—

An hon. member: It's not a point of order.

Mr. Brian Fitzpatrick: It is a point of order. I want to know whether that's the rule or not. We go by rules here, and that's my understanding of the rule, that that's not a privilege.

The Chair: Mr. Williams, for a comment.

Mr. John Williams: Let's put this to bed, Mr. Chairman.

Mr. Pierre Poilievre: I actually have a point of order. I didn't finish my questions. I never got a chance to do that. So if I could just proceed with the rest of my speaking time, I'll wrap up very quickly.

In your understanding of the law, is there anything prohibiting Sergeant Frizzell from bringing the information forward, the identity of people who have provided him with that information throughout his investigation? Is there anything, from a legal point of view?

Mr. Gregory Tardi: Mr. Chairman, my understanding is that Sergeant Frizzell, as an experienced police officer, has had to respect all of the statutes and the jurisprudence that deal with police work throughout his career. That's what he's used to and that's what he is bringing, as his custom and habit, to this committee.

The rules in this forum are somewhat different. If the committee demands the information, my understanding is that under parliamentary law the witness has to reply. In that sense, parliamentary privilege trumps the professional obligations, even those derived from statute and jurisprudence.

Mr. Pierre Poilievre: So what you're saying, then—

Mr. Gregory Tardi: If I may just finish that point, there may be some way of accommodating the situation in the sense that the committee may decide to hear this kind of evidence in camera, if the committee—

Mr. Pierre Poilievre: Chair, that's not my question. I have a very specific question. Is there any aspect of law that would prevent Mr. Frizzell from bringing forward this information to this committee? That's all we need to know, so that we can proceed with knowledge of the law.

Mr. Gregory Tardi: Mr. Chairman, the short form of the answer has to be no.

● (1625)

The Chair: Mr. Williams.

Mr. John Williams: I would hope we could bring this to a conclusion, Mr. Chairman. We have heard Staff Sergeant Frizzell's concern about his oath, and I'm glad that he takes it seriously. He is now apprised that parliamentary privilege trumps his oath. Therefore, I would suggest that he be judicious, if he feels somewhat constrained when he quotes from e-mails, but I would not have him feel that he can't.

If you, Mr. Chairman, on behalf of this committee, direct him to answer that question, then he is required, as our law clerk, Mr. Tardi, has told us, to answer all questions put to him, which overrides and supersedes the oath that he has with the RCMP. Each time a name comes up that he feels that under his professional conduct he can't name, he can be directed by you to do so, and in that way he is protected by his oath and fulfills his obligation to the general public.

The Chair: I believe we have a consensus emerging that we're going to continue with the presentation by Staff Sergeant Frizzell and that he will be, if it's germane to his presentation, referring to the names in the e-mails.

So I'm going to turn the floor back to you, Staff Sergeant Frizzell.

S/Sgt Mike Frizzell: This is going to be kind of anticlimactic here now.

As I understand now, so that I'm in the chair's hands, you are asking that I provide the names of the people.

The Chair: I'm demanding that you provide the names of people.

S/Sgt Mike Frizzell: Okay. So going back to where we were, the people who were involved in the meeting were Dominic Crupi, Pat Casey, and Gary Roy. Dominic Crupi you all know. Pat Casey was a consultant who was hired several times over within NCPC. Mr. Roy is a civilian member of the RCMP.

Mr. John Williams: He's not the inspector in the Ottawa police, just for the record.

S/Sgt Mike Frizzell: It's a fairly common name in Ottawa.

Mr. Casey sent the e-mail around saying that this meeting was rescheduled. It was Mr. Roy who replied, "Smooth". My interpretation of that was everyone had bought the reasoning, even though it was untrue.

Four days later someone from Great-West Life was speaking to Mr. Casey, and her recollection of the conversation was that the way

Pat spoke—that's Pat Casey—it almost sounded as if it was a done deal unless the cost was prohibitive. So within four days of being told that Great-West Life could not do the administration of the insurance, it seems there was a done deal with Morneau Sobeco.

That same day a letter was received at NCPC with the proposal from Morneau Sobeco. This is important because you've been told up until now that Great-West Life subcontracted the administration duties to Morneau Sobeco. It's clear from this that Morneau Sobeco made the pitch to NCPC, got approvals, got the thumbs-up to be the administrator, and then later they were concerned about how to make that happen.

At that time the ongoing fees were quoted at \$46,000 a month with implementation fees of \$450,000. Again this is significant. Great-West Life had just received a quarter of a million dollars for implementation or startup fees, and Morneau Sobeco was going to charge an estimated \$450,000. By the time they were done it was over \$600,000.

Later that month Mr. Roy and Mr. Casey had another e-mail exchange in which Mr. Roy stated, "Uh-oh, the foxes have the scent". Mr. Casey's reply seemed to indicate that someone was asking questions about the insurance outsourcing, and he was devising answers that would put her off the scent. Mr. Roy replied, "Sounds good, and we should be able to come out of the closet soon as well". This would seem to indicate that again they were keeping it well hidden that they were having these negotiations with Morneau Sobeco.

On February 4, 2002, a business case appeared for the insurance outsourcing. It was around this time they realized that if they just went to Morneau Sobeco as the outsourcer, people were going to ask questions. So two consultants, Mr. Casey and Jeff Molson, were sent to Great-West Life to "discuss the possibility of having the Insurance Admin contract with GWL as prime and MS as sub." Great-West Life would investigate the possibility of this option, but mentioned some concerns. These concerns were that they were stuck in the middle of a deal they didn't want to be part of.

However, a couple of weeks later an e-mail within Great-West Life stated that they had discussed it with their legal department and they were prepared to contract with the RCMP for the services and then subcontract to Morneau Sobeco under certain conditions. So again this shows that Great-West Life was not the administrator at this point, but they were going to be injected into this process.

On March 15, 2002, a final draft of the business case—

● (1630)

The Chair: Yes, on a point of clarification.

Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC): I'm concerned that if I leave some of the very specific questions until the end, it may be difficult for Staff Sergeant Frizzell to go back. Is it better to leave these specifics until the end for questioning? If we have a question on detail, as you go along, is it easier?

The Chair: We don't want to interrupt him at every sentence, Mr. Sweet. But if there is something you think he's misleading the committee on or you're looking for more clarification, you can jump in.

Mr. David Sweet: Now that we have stopped, I want to get a specific answer on this. Who was the author of the business case of February 4, 2002?

S/Sgt Mike Frizzell: I believe Pat Casey was the author.

Mr. David Sweet: Thank you.

S/Sgt Mike Frizzell: The final draft of the business case appears to have been done on March 15, 2002. It contained an evaluation grid that would make it appear as though a proper bid evaluation took place. This evaluation grid showed a bid from Great-West Life and a bid from Morneau Sobeco versus keeping it internal. It showed the costings and, son of a gun, Morneau Sobeco won.

When we interviewed the people who were supposed to have been part of the bid, the evaluation committee told us no such process ever took place. This was merely a paper exercise to add legitimacy to the process.

In April of 2002, an e-mail within Great-West Life stated:

If the RCMP balked at the three way agreement Dallas would split it into two two way agreements.

Great-West Life wanted a three-way agreement among the RCMP, Morneau Sobeco, and Great-West Life.

The reply was from Great-West Life internally:

the RCMP will not want a three way agreement. They will want us to subcontract with MS. They want to avoid putting things out to tender through PWGSC.

We are dealing with a 50 year client that has never had a documented agreement with us. Getting things on paper could be a challenge.

This created quite a bit of fuss back and forth. Great-West Life was being asked to act as a conduit. There was nothing in it for them except to retain the RCMP as a client.

An internal e-mail within Great-West Life stated that a Great-West Life representative has had discussions with the RCMP:

In the discussion with the RCMP they indicated that they would like to avoid signing any agreement as this would require involvement of the Commissioner and RCMP legal. Somehow they would like to be able to just do it through a letter of authorization/commitment. If we go the agreement route it may force a tendering process.

The reply to that was:

Regarding the RCMP's request that no agreement be signed, the law department has serious concerns related to the risk involved in proceeding this way.

Of course they do.

These legal agreements are going back and forth, and RCMP legal is being kept out of the loop. These are contractors and Mr. Crupi's shop that are going back and forth.

At one point, Mr. Casey sent a copy of a contract to another consultant that said:

Dom suggested that you and your colleagues could review these clauses and give us your interpretations/suggestions concerning the following.

Instead of using legal services, he's asking another consultant to have a look at this. It is a significant risk to both the members of the RCMP and the Government of Canada, and this is the way it's being handled.

While all this is going on, a briefing note was being written by a young man in corporate procurement. He had noted all the things that were happening within internal procurement. Before he wrote this briefing note, he also found out about what was going on at CAC and that Mr. Crupi had gone to CAC. It's Consulting and Audit Canada, the KPMG reference there.

He wrote a briefing note that started with the issue:

Questionable contracting practices relating to the pension reform project, and more specifically, related to Mr. Dominic Crupi, the project manager. Mr. Crupi entered into a number of service agreements with CAC totalling more than \$2.5 million. Mr. Crupi does not have the delegation of contracting authority to enter into these agreements.

This is a two-page little briefing note, the last recommendation being:

A letter of notice is to be submitted to CAC to inform them of our delegations of authority matrix and that no other representatives other than RCMP procurement personnel have the authority to enter into these agreements on behalf of the RCMP.

•(1635)

While Mr. Crupi was trying to negotiate yet another very questionable contract, this young man was bringing all of these goings-on to the attention of senior members of the RCMP.

An hon. member: Did they give a name to that?

S/Sgt Mike Frizzell: The author was Mr. Shawn Duford, who has since passed away. The date of it was between July 10 and July 17, 2002.

This is very significant to me, because here is a young man, a member of the public service—

Mr. Brian Fitzpatrick: Did you say it was sent to the CAC people?

S/Sgt Mike Frizzell: No, it never went to CAC as far as we could tell. It was stopped long before that.

It was brought to the attention of the senior procurement personnel and Mr. Crupi's supervisor. And according to the senior procurement personnel, it was brought to Mr. Gauvin's attention as well.

The point is that while all this was going on, a red flag came up about Mr. Crupi and what he was doing, and very little came of that.

We have yet another e-mail. This time it's between Great-West Life and Morneau Sobeco. You have to understand that these two companies were a little frustrated by now. They were being asked to do something very unorthodox.

Great-West Life states to Morneau Sobeco:

If circumstances permitted, the RCMP and Morneau Sobeco would contract directly and Great-West Life would have no additional liabilities. Great-West Life's role is one of being a conduit so that Morneau Sobeco can provide the required services to the RCMP. Our main role in the agreement is to simply pay the authorized bills.

The two companies reached an impasse, and Morneau Sobeco was quite exasperated and sent an e-mail to Great-West Life, stating, "We are not prepared to give the RCMP a direct indemnity in this agreement."

I don't pretend to know what that means, but it sounds to me that they were not going to cover the RCMP's butt in the agreement between Morneau Sobeco and Great-West Life.

They say: "First, the RCMP is not a party to this agreement—the agreement deals with our contractual obligations to you"—that is, Great-West Life. "This underlies the fundamental nature of a subcontracting relationship."

Great-West Life replied,

This may be, but practically speaking, everyone understands that Great-West Life is merely a conduit for payment. The real relationship is between Morneau Sobeco and the RCMP. This argument is strengthened by considering the real nature of this arrangement.

That's from Great-West Life legal.

The point of all this is that neither company was comfortable with what they were doing, but they were trying to make it work for their client.

Great-West Life then wrote another internal e-mail, talking about a conversation they had had with Mr. Casey.

Pat now understands that Great-West Life will not indemnify the RCMP for damages related to the performance of services by Morneau Sobeco.

In other words, if Morneau Sobeco screws up, Great-West Life isn't going to wear it.

It was made clear to Pat that as it stands, the RCMP cannot rely on indemnification from either Great-West Life or Morneau Sobeco. I advised Pat to obtain the advice of his own law department as to the way to manage this risk. He replied that he didn't want to involve them.

The idea behind reading these is so you could hear the actual words going back and forth. My interpretation of what I read was that these two companies were doing something they were not at all comfortable with, but they were doing it at the behest of their client.

The other reason this is important is that when this agreement was eventually set up, it had to be paid. And part of the deal, which you heard about earlier, was about money coming from the pension and going into the insurance. Morneau Sobeco was going to charge far more than what they'd anticipated it was going to cost. The plans were never designed to pay for administration, only claims and underwriting costs, so the plans would be drained at quite a rate.

They came up with this idea—and when I say "they", I mean contractors working at NCPC—of taking money out of the insurance plans. But in order to do that, somebody had to sign the bills.

• (1640)

Mr. David Christopherson: May I just ask a quick question?

Why, again, were NCPC so anxious to go with Morneau Sobeco? What was the win for them?

S/Sgt Mike Frizzell: The win was that we had just taken on Morneau Sobeco as the pension outsourcer. So it's keeping it within the newly formed family.

Mr. David Christopherson: So it's a matter of their convenience. They just think it's easier. You're not finding anything else questionable about their motivation for doing these unorthodox things?

S/Sgt Mike Frizzell: We specifically did not look into that.

Mr. David Christopherson: Why "specifically"?

S/Sgt Mike Frizzell: We were specifically told not to look into it.

Mr. David Christopherson: Why?

S/Sgt Mike Frizzell: You might have to ask Mr. Dave Gork.

Mr. David Christopherson: Okay, thank you.

S/Sgt Mike Frizzell: I'm sorry, it actually was given a reason: it wasn't part of the mandate of the investigation.

Mr. Brian Fitzpatrick: Pat Casey's name keeps on showing up. What was Pat Casey, or where does—

S/Sgt Mike Frizzell: Pat Casey was a consultant hired to do the insurance outsourcing.

Mr. Pierre Poilievre: And is that Kim Casey's husband?

S/Sgt Mike Frizzell: Yes, I believe it is.

The agreements go into place in April of 2003. Now we have a whole bunch of bills to pay, both for the \$600,000 in set-up costs plus the ongoing bills to supplement the insurance plans. An invoice is sent to our finance section, and from my understanding of the FAA, when you find a breach of the FAA, you're to report it up. What happened was they simply told NCPC, you need a contract, go see procurement, which they did.

This is the same procurement section that was very well aware of Mr. Crupi's goings-on with contracting both within the force and within the CAC. NCPC brings to them these two contracts, and you've just heard about how they were put together.

This creates quite a stir, but they're paid. The different documentation is done up to authorize this. It's signed by Mr. Crupi, by Mr. Crupi's boss, by Mr. Ewanovich, who's Mr. Crupi's boss's boss—

• (1645)

Mr. Borys Wrzesnewskyj: On a point of order, Mr. Chair, when the staff sergeant is referring to the bosses, could we have the names?

S/Sgt Mike Frizzell: I'm sorry. So that's Mr. Crupi. Mr. Crupi's boss at the time was Chief Superintendent Yves Bouchard, whose boss at the time was Jim Ewanovich, and then it was also signed by a procurement representative, who was then Inspector Guy Rochette.

What happened? We don't actually know exactly what happened here. There were very poor memories around this event. What we do know for sure is that two people from NCPC took an agreement to then Deputy Commissioner Lange, who was the chair of the insurance committee. Mr. Lange signed an agreement that basically committed the RCMP to \$6.3 million, to be paid out over eight fiscal years to cover the cost of the insurance, and 40% of those costs would be taken out of the pension.

When it came to the procurement office, they decided not to send it to legal. They decided that Mr. Crupi had signed on the line, therefore he had ostensible authority. I learned the word "ostensible" much like I learned the word "fulsome". It was new to me, but I became intimate with it. Ostensible authority, as it was explained to me, was that nobody from outside could tell that Mr. Crupi wasn't a bona fide representative of the RCMP and therefore they wouldn't question that he could sign this contract, therefore the RCMP would be liable, so they had to pay these bills.

You heard evidence before this committee that that was the interpretation of our chief financial officer. The truth of the matter is that the bills came from Great-West Life. As we've heard, Great-West Life did no work. They were merely the conduit for payment. Had anybody picked up the phone, had anybody done any checks whatsoever—"due diligence" is definitely the term here—they would have found out exactly what I found out, and believe me, I'm no financial or procurement expert.

The bills were paid. This was September 2003. You've heard evidence that as soon as finance knew about it, they had to pay the initial bill but immediately they put an end to it and made it all better.

The evidence is also that the moneys weren't paid back to the pension until March 2005, after the investigation found it and made it quite an issue. I'll leave it to you to draw your conclusions, but a year and a half seems to be a long time to continue paying bills that you believe shouldn't be paid.

Just give me a moment to catch up to myself.

Of note, something I skimmed over here, when Shawn Duford had written out the briefing note talking about Mr. Crupi's issues, Mr. Crupi obviously wasn't too concerned, as a week later he wrote to his boss saying that he needed a promotion, that because of all his responsibilities, he should be bumped from an EX-01 to an EX-02.

Mr. Borys Wrzesnewskyj: The name once again...

S/Sgt Mike Frizzell: Sorry. Mr. Crupi's boss at that time was Mike Séguin, who was an assistant commissioner of the RCMP.

Also of note that year, even the person who ruled on the ostensible authority said, "You know, we're going to have to pay it"—in his opinion. But he states in his e-mail where he gives that opinion,

"Furthermore, it is critical to the interest of the Force that the performance by the aforementioned individual"—Mr. Crupi—"be addressed immediately as to mitigate any and all further occurrences and possible risks to the RCMP."

This is the year that Mr. Crupi actually made a performance bonus of five times the average in the public service.

• (1650)

Mr. Brian Fitzpatrick: Who do we attribute that to?

S/Sgt Mike Frizzell: Staff Sergeant Stew MacDonald, who was a legally trained member working in procurement at the time.

So that's what happened with the investigation. When I found all this out, I was taken aback. Although there were a lot of questions around procurement's actions and corporate's actions, it seemed to me that once they knew about this, the senior members of the RCMP would do something about it right away. That's why I told Mr. Roy, who then said, "Well, you've got to tell Mr. Gork." I told this whole deal to Mr. Gork, whose response was, "Oh, my God." I'm paraphrasing. He immediately set up a meeting with Ms. George. His response to me was that Barb has to know about this.

So on February 9, 2005, I met with Ms. George—Mr. Roy and Mr. Gork were with me—and I explained all this. I further explained something that I haven't covered here, but I'll briefly cover. The way the moneys were being taken from the plans by this time wasn't based on effort; it was based on which plans had the most money. It seemed that the highest percentage was being taken out of the disability insurance, which is 85% funded by Treasury Board. This was the richest plan, and one would have noticed the money draining from it the least. That seemed to be a red flag, as well, for me.

I explained all this to Ms. George on February 9. Again, as I explained, this was at Mr. Gork's urging. He thought this was a big deal.

On February 9, I received an e-mail, which I have already read into the record, that Mr. Gork felt I had done a very good job and that I explained it very well. But the next day I received an e-mail that was addressed to both me and Mr. Roy:

Gentlemen: After our discussions of the past two days and knowing that you are meeting with the audit personnel today, I would just like to underline the aspect that once you have determined if there are no criminal charges to come out of the insurance stream—then we turn our information as to the workings over to the audit personnel for their follow up. If there will be charges then we carry on as normal.

I do not want us spending time on investigations that we know are not criminal in nature.

This is an example of Mr. Gork giving the direction to both Mr. Roy and me as to how the investigation should go.

I replied that as far as I was concerned, that was the stream that charges were going to come out of. Mr. Roy replied back to me that he and I need to sit down and that he needs more details about it.

Again, that's just to give you an idea. There was a drastic change in Mr. Gork's outlook. An internal audit into the insurance had started at that point as well. There was some indication that our investigation would be shut down and the internal audit would be allowed to go, much the same as what happened in 2003. I was adamant that this not happen again. With respect to my personal relationship with some of the auditors, I struck a deal that we would work together as to what should have happened in the first place.

On that note, there is something else I forgot to mention. The contracts that allowed the money to go from the pension into the insurance funds were signed in the middle of the internal audit. The first one, the one that was called after the investigation, was cancelled. So even though the NCPC were breathing down their necks, they were still able to work these deals.

In March 2005, I met with Deputy Commissioner Gauvin and a number of others from finance and HR. The meeting was all about the insurance. I've given evidence previously, but I'll just summarize by saying that my interpretation of that meeting was that the RCMP was going to take back responsibility for the administration.

• (1655)

Up to this point, the audit had also found that it was inappropriate for the moneys to be removed. So it wasn't just the investigation; the internal audit found the exact same thing: it was inappropriate for the moneys to be removed from the insurance plans for administration.

My understanding was that it was going to stop, and then they were going to look for authority to pay back the moneys that had already been removed. My understanding, from the evidence I've heard since, is that this was the intent. But the evidence is that even though that was the intent, they received a legal opinion that they couldn't do it. My understanding is that the legal opinion was received a month or so after the money had already been taken out, so the timeline was a little off.

I didn't find out about the money being removed from the insurance plans—that half million dollars—until June, when Mr. Roy actually called me into his office to point out—and I've given this evidence—that another \$542,000-plus had been removed from the insurance plans. He asked me if I knew about it. I did not. It came as quite a shock.

I asked Mr. Roy to forward that e-mail to me so I would have it, which I do. I immediately called the chief financial officer at this meeting I've talked about. He was put in charge of putting together an insurance committee to figure all this out.

He and I met. I expressed my concerns. He stated that he remembered things a little differently than I did.

An hon. member: [*Inaudible—Editor*].

S/Sgt Mike Frizzell: No, this would have been a gentleman named Claude Caron. He reported to Mr. Gauvin.

He said that this was an HR decision. It was an HR issue, which you've heard a few times here, but he agreed to set up a meeting with

him and HR, and he would have me along to try to provide the information to, hopefully, set the record straight.

At the same time, I contacted members of the insurance committee to find out how it was, because I had been told that they had agreed to this money coming out of the plans. When I contacted them, they told me that no, actually, they hadn't agreed to the money. In fact, they were assured at the meeting that the money was coming out of the RCMP's budget, not the plan's. I asked him if he had seen the minutes, because the minutes said something different entirely. He then asked for a copy of the minutes, determined that the minutes were different from his—

Mr. Borys Wrzesnewskyj: Once again, he is—

S/Sgt Mike Frizzell: Sorry. The gentleman in question is Brad Chugg. At the time, he was a division representative and a member of the insurance committee.

I have strong reason to believe that Mr. Chugg has since laid a complaint, forwarded to Ms. George, complaining that the minutes had been changed and that the person who changed the minutes knew full well what he was doing. To my knowledge, that was never investigated. But perhaps Mr. Mole knows more about that than I do.

An hon. member: Who said they'd been changed? Who made that statement?

• (1700)

S/Sgt Mike Frizzell: It was Mr. Chugg.

I spoke to another member of the committee, a gentleman named Allen Burchill, who is, I believe, a retired assistant commissioner of the RCMP, and he agreed that at the meeting it was agreed that the money would come out of the RCMP's A-base and not the—

Whether the insurance committee agreed to it or not is really a side issue. But the fact that somebody thought it was important enough to apparently falsify the minutes—

Mr. Brian Fitzpatrick: Was Mr. Crupi still around at that time?

S/Sgt Mike Frizzell: No. From the evidence I've heard here, apparently he was still on the books, but he wasn't working.

Mr. Pierre Poilievre: He was being paid, though.

S/Sgt Mike Frizzell: Apparently.

That's when I made the phone call to Rosalie Burton. I received notification that the meeting that Mr. Caron had set up had been cancelled and had been cancelled by Ms. Burton. I called her, expressed my very sincere and very profound concern, and said that I'm writing up the final report for this big investigation and I want to be able to put in there that yes, all this happened, all this nonsense happened, but that as soon as the senior members of the RCMP found out about it, an end was put to it and it was made right.

Shortly after that, I was summoned to Ms. George's office. It was shortly after that that I didn't go. And then we know the part about my being ordered off the investigation.

I believe that takes us up to slide K, and that's where my presentation ends and Chief Superintendent Macaulay's begins. But of course I'm available for questions.

C/Supt Fraser Macaulay: I will do a quick summary of basically what we have gone through here today. Just before I do so, it is important for the committee to understand that as Staff Sergeant Frizzell started to get down this path, work on these things, and see that more money was coming out of the fund, this was when he was removed. This was when the order was made that we've all heard about, and the references made to—

The Chair: Mr. Williams, on a point of order.

Mr. John Williams: I ask that Chief Superintendent Macaulay be instructed that he has to supply names where appropriate. He is no longer bound by the RCMP oath, and that if this committee requires a name, we have to be given these names.

The Chair: Yes, Chief Superintendent Macaulay, I instruct you to make full disclosure in your testimony.

I also ask—I know that we're in a bit of a difficult position here with the way it's flowing—that you try to not refer to “bosses”, or “he”, or “they”, and make it flow for the members of the committee.

C/Supt Fraser Macaulay: Right, thank you.

As I was stating, it was at that time that Staff Sergeant Frizzell was removed from this investigation and the investigation was stopped. I think it's imperative that, as you've heard as a committee, the phone call was played back to you, the testimony that's been brought forward. Since then, there have been numerous other events, including people suggesting that the interviews that Mr. Frizzell had done throughout this investigation, whether it be with Mrs. Bellemare, with Mr. Hutchinson, with Mr. Ewanovich, were all people he did not interview. The key components were back to these were the events that led to his removal, and, as you can now start to piece together, there were some serious issues he was dealing with as a police officer to try to get to the bottom of this.

Having said that, I will quickly go over what has been said to you folks today. It starts in 1953 with the RCMP insurance fund being paid and administered through funds that were coming from Treasury Board. In 1995 there's an MOU to Great-West Life, not to the employees and not with the knowledge of the employees of the RCMP or with the knowledge of Treasury Board, that changes the benefits without consultation. In other words, it was at that time, during program renewal, that due to some cutbacks in our budgeting from Treasury Board a decision was made to start administering the insurance funds from the members' funds and no longer from Treasury Board appropriations.

In 1997 this got further entrenched into the organization, and in 1998 got even further entrenched with the changing of employees' relationships in regard to the RCMP and back to Great-West Life, and the addition of the disability insurance plan.

By 2000, NCPC's insurance administration outsource decision gets made, and it's being done under the guise that it's good for the members of the plan and that this is a good thing for the members,

and not as much about the issues, which were again management driven, around the fact that there was an evergreening process with regard to the insurance computer systems and those types of things that needed to be corrected.

Great-West Life then spends \$250,000, or a quarter of a million dollars, out of the members' funds to examine the outsourcing responsibilities, with no contract, no issues, no anything else. And again, the members are paying for that.

By 2002, Morneau Sobeco, which had been approved as the pension outsourcer through an appropriate process, is then asked to do the administration outsourcing of the RCMP's insurance plans, and they spend another \$612,000 out of the plan in order for them to adjust and determine what they need to be able to do.

With the assistance of NCPC and Great-West Life, Morneau Sobeco then signs an agreement for \$800,000 a year, or thereabouts, to conduct the administration of the benefits for the members. Again, all of this money is coming out of the members' funds, as opposed to the administration costs that should be coming out of Treasury Board appropriations. During that time, RCMP corporate services procurement facilitates that contract after they find out about it, don't do their due diligence, and the contract is signed. And today we are still living that.

At that same time, because of the increase in cost from the \$400,000 and something that was proposed to the insurance committee, when the bills are now coming in around \$800,000, the decision is made to start pulling it from the lucrative pension fund plan, which had been sitting on the sidelines. You've heard about how that was just a cash cow for the organization and NCPC. As a result, we now have 40% coming out of there and 60% coming out of the serving members' funds.

What's interesting to note is that the 40% was then covered up under the guise of being administrative and O and M costs under the PAC committee, or the pension advisory committee. We have heard that numerous people of the senior managers sat on that pension advisory committee, including the chief financial officer. When you look at the books and start to see that the costs for PAC increased that year by close to \$600,000 or \$700,000, there was no question by the senior managers at that table as to why all of a sudden there was an overrun of \$700,000 on the PAC.

●(1705)

It's all there, it's all documented. The money is showing there, but no questions are being asked as to where that money is going. It's not for the pension administration committee; it has simply been taken out under that guise and put into our insurance administration.

In 2005, when senior management were shown the facts and what had taken place, we ran into the issue around the minutes. Great-West Life continued to take money out of the plans, Staff Sergeant Frizzell was removed, and the investigation was concluded. As of today, in 2007, we are still paying the same way we were in 2005.

As you've heard today, our conclusion is there was a deliberate plan to circumvent legal authorities, including a lack of personal accountability and inappropriate responses to those who were asking or ensuring or trying to ensure accountability. Members of the NCPC were more concerned about their reputation than doing the right thing, both corporately and personally.

As a lot of you have heard and asked questions about throughout the time we've been here, it's around why people did this and what they got out of it. One of the key beneficiaries is people's personal pension plans. When individuals are examined, with increases in both their salaries and in their pension contributions for their best five, you'll see a substantial increase that will now carry them until the time of their subjective lives, which would be somewhere around their eighties, with a huge benefit to them personally. The money didn't go into their personal pockets, but over the next 30 years they're going to benefit from the promotions they receive and from the fact that their salaries have gone up and these bonuses are all part of your pension.

In Mr. Crupi's case, as you can imagine, the 18 months he sat on suspension with pay, what was falling off the lower end of his salary, in comparison to the salary he is now at, is almost double. Therefore, his pension is increasing for the next 30 years as a result of his being able to sit at home. These are the impacts that people and employees are seeing around their behaviours. Again, while it's not a direct link into their pockets, there are extreme issues that needed to be looked at to determine the motive behind some of these decisions.

The question today, sir, when you ask what happened, why Morneau, and why all of these, it is the same question that all of us had in 2003 when we first started looking into this. It was our belief that by getting these people, including Staff Sergeant Frizzell and other members of the Royal Canadian Mounted Police, to investigate that these folks would have dug into those issues, especially around kickbacks or any other motives that would have relied on this.

We have heard at this committee from Mr. Gauvin that they hid money and did things around their PAC meetings, and from Mr. Crupi, who openly admitted he had received some form of tickets, etc., but once he found out, they were stopped. When these folks were questioned they were unable to continue along that path, along that stream, and have never been able to search where all this money and excess money went. The pieces of the pie that had been referred to on numerous occasions at this table were never followed up. Why would people go and contract three people for exorbitant sums of money if there was no value to them? Those streams were not properly investigated and those led to the complaints we made to you in the first instance.

The bottom line for us is that this is just another stream that adds up to a breach of trust that was never laid and never able to be brought forward through the courts, and that's where we're at today.

• (1710)

The Chair: Thank you very much.

Before we go to questions, do you have anything to add, Mr. Mole or Mr. Pickett?

D/Commr Kevin Mole: No, Mr. Chair. I haven't seen any of the information presented today except for the deck last evening.

The Chair: Officer Pickett, do you have anything to add?

Insp Tony Pickett: No, sir. I came into this situation in December 2006. I look forward to what the RCMP has done to try to rectify some of the issues that were brought forward. I'm here for questions with regard to that.

The Chair: Thank you very much.

Mr. Williams, point of order.

Mr. John Williams: I'd like to know whether this is a personal presentation by Staff Sergeant Frizzell and Fraser Macaulay, or if it's this a presentation by the RCMP. I'd like to think it was a presentation by the RCMP, an official presentation of the force. I think it should be taken in that light.

The Chair: All right, Superintendent Macaulay to respond.

C/Supt Fraser Macaulay: This presentation was run through these two gentlemen yesterday. Prior to that we ran it through other people, both from NCPC and corporate services. The purpose of that was to ensure that the facts being put before the committee are exact. That's why these two gentlemen are here today, for any clarity you would like around it. This is the corporate position as far as I'm concerned, and that's why we're here with our logos, etc., on the paper.

The Chair: Thank you very much.

We don't have a lot of time left. What I would like to do is just start a round of five minutes and go as far as we can.

Mr. Wrzesnewskyj, for five minutes.

Mr. Borys Wrzesnewskyj: If necessary, I'll share my time.

Mr. Gauvin sat on the PAC committee. Is that correct?

C/Supt Fraser Macaulay: That's correct.

Mr. Borys Wrzesnewskyj: A number of these issues were raised in the PAC committee, so he would have been aware of these various problematic issues. Is that correct?

C/Supt Fraser Macaulay: He was in attendance, and in some of the minutes you will see he was present when these discussions were taking place. I believe he was questioned before this committee around a presentation you received from Morneau Sobeco.

Mr. Borys Wrzesnewskyj: Mr. Gauvin testified before us here that he pulled Mr. Crupi's contracting authority. During the time Mr. Crupi's contracting authority was supposedly pulled by Mr. Gauvin, do we know approximately how much Mr. Crupi signed off on?

Perhaps Mr. Frizzell—

S/Sgt Mike Frizzell: Mr. Crupi would have had standard authority of a director, which I believe is \$5,000 for goods and \$10,000 for services.

Mr. Borys Wrzesnewskyj: While the internal audit was going on, do you have any idea of the sorts of numbers we might be looking at that he was signing off on while he was under investigation through the internal audit?

S/Sgt Mike Frizzell: It was \$6.3 million. That's just the one contract. There were lots of others.

Mr. Borys Wrzesnewskyj: Also, in testimony before us here, Barb George has given us various conflicting versions of the reasons you were removed from the investigation. She referred to your interview techniques. Rosalie Burton named an individual, a Mr. Bellemare. Did you interview that particular individual? This individual was quite emotionally stressed.

S/Sgt Mike Frizzell: No, I did not.

Mr. Borys Wrzesnewskyj: Okay, I'd like to pass it on to Ms. Sgro.

Hon. Judy Sgro: Mr. Frizzell, you raised a lot of points again today. Certainly the e-mails and the verification of the individuals who you spoke to back and forth are there to substantiate a fair amount of this information. Is there anything else you haven't shared with this committee that you think we should know as we go forward to start producing a recommendation?

• (1715)

S/Sgt Mike Frizzell: The investigational binder is over 300 pages, so I've tried to be selective. I'm hoping what you heard today lets you see the nature of the dealings that were going on and the complete inability of people who were in place to stop those goings on.

Hon. Judy Sgro: We have talked about having a public inquiry here at the committee. Do I suggest, then, that you're fully in favour of there being a public inquiry?

The Chair: Mr. Williams.

Mr. John Williams: I have a point of order. I don't think it's a position to ask a staff sergeant or a chief superintendent of the RCMP whether we should have a public inquiry. That's a political decision. It's not a decision of the force. Therefore I don't think it is an appropriate question.

Hon. Judy Sgro: Perhaps I can just clarify, Mr. Chair. Asking Mr. Frizzell if he feels it would be beneficial to have a public inquiry, clearly knowing it is our decision to go forward with it—As a committee, if we want to make that recommendation, I'm simply asking him if he feels there is additional information that would be beneficial through a public inquiry.

Mr. John Williams: I appreciate that, Mr. Chairman, but on my point of order, he is sitting here. He made a presentation as a member of the RCMP. He is sitting here in uniform, and I don't think it is appropriate to ask any of these gentlemen sitting before us whether that is appropriate.

The Chair: Mr. Williams, I allow a certain latitude. The committee has already spoken on the issue of a public inquiry. The answer that this witness will give adds nothing to the debate whatsoever. That decision is not made by this committee, but I'll allow the question.

And then, Ms. Sgro, your time is up.

S/Sgt Mike Frizzell: Truthfully, I have no opinion. I've been through enough, sitting in front of a public inquiry.

[Translation]

Le président: Mr. Laforest.

Mr. Jean-Yves Laforest: Thank you, Mr. Chairman.

In your initial testimony, Mr. Macauley, you said that the first time you spoke to Ms. Barbara George about all the anomalies we are discussing today, her response to you was that you were alone on your island. Now, having answered the question about whether your testimony today reflects the position of the RCMP, do you feel a little less alone on your island?

C/Supt Fraser Macaulay: There is no doubt, Mr. Laforest, that since the work of this Committee began, many things have changed. That was Ms. George's opinion in 2003.

Mr. Jean-Yves Laforest: Of course, the information being given or that we are hearing about for the first time is extremely complex. The Public Accounts Committee has been hearing witnesses on this for almost a month and a half. At one point, we received testimony or documentation which referred to the use of a fund called N2020, I believe.

Are you in a position to tell us what the connection is between that fund and the summary we were given today? At what point was that fund used in a way that could be described as dishonest, if that is the case?

C/Supt Fraser Macaulay: I believe it was in 2002. It was in 2002 that they began to use the N2020 fund, which is really just an accounting code for the pension fund.

Mr. Jean-Yves Laforest: And that code should normally have been used only for—

C/Supt Fraser Macaulay: —pension administration.

Mr. Jean-Yves Laforest: —payments to be made to Great-West or Morneau Sobeco?

• (1720)

C/Supt Fraser Macaulay: No, it was only to be used for pension administration, which was handled by Morneau Sobeco. They decided — given that the cost was 800 000 \$ a year, rather than 400 000 \$ a year, and that they had noted that 40 p. 100 of insured participants already receiving a pension were still alive — that they would use the pension fund to pay those costs.

Mr. Jean-Yves Laforest: So, it was used completely unnecessarily. For example, we know that it was used for contracts awarded to people who were very close to some of the individuals who have been quoted.

Morneau Sobeco charged approximately 800 000 \$ a year, which was twice as much as what Great-West Life was charging to administer the pension and insurance plans.

C/Supt Fraser Macaulay: That was just for the insurance plan.

Mr. Jean-Yves Laforest: So, they decided to take 40 p. 100 of the administration costs out of the pension fund. First of all, in your opinion, is money currently missing from the pension fund, given that a considerable amount of money was taken from the fund to pay the administrative costs of another plan? Are RCMP retirees currently being penalized as a result of that or will they be in future?

C/Supt Fraser Macaulay: I can tell you today that Mr. Gauvin, as well as the auditors, have said that the money was paid back. I, personally, have no idea whether it was. They would have to come here and state that the money was returned to the fund. I imagine that the large amounts, like the 540 000 \$, have been returned.

Mr. Jean-Yves Laforest: If that money was returned to the fund, where did the money come from?

C/Supt Fraser Macaulay: That is the problem. The money that was returned was taken out of the fund, so it was really taken directly out of the pockets of members. That is really the major issue for us. In 1953, administrative costs were paid by the Treasury Board. In 1995, all of that changed, and they started dipping into members' pockets. In 1995, it was 157 000 \$ a year. But it is now up to 800 000 \$ plus.

Mr. Jean-Yves Laforest: If it was returned...

C/Supt Fraser Macaulay: That money was never returned. We are still paying out of our own pockets.

Mr. Jean-Yves Laforest: If the shortfalls were paid back—As you say, Mr. Gauvin stated that.

C/Supt Fraser Macaulay: That was only money taken out of our pension fund.

Mr. Jean-Yves Laforest: Thank you.

[English]

The Chair: Mr. Williams, you have five minutes.

Mr. John Williams: Thank you, Mr. Chairman.

Chief Superintendent, you said that this illegal, immoral, or unapproved system is still going on today. Is that a correct statement?

C/Supt Fraser Macaulay: Correct.

Mr. John Williams: So that correction has not been made, even though on deck (g) there was a meeting where Commissioner Gork was totally surprised that it was going on and said that things will get fixed.

Are you saying that things are not fixed?

C/Supt Fraser Macaulay: I think that's the reason these two gentlemen are here today. They can tell you where we're at, as an organization, in addressing that.

Mr. John Williams: Okay, I just have a quick question. Assistant Commissioner Mole, has it been fixed, or is it still being fixed, or will it be fixed?

D/Commr Kevin Mole: It's in the process of being fixed. We're working closely with Treasury Board with regard to the authority for the plan.

Mr. John Williams: When did you start trying to fix it?

D/Commr Kevin Mole: In 2005, I believe.

Mr. John Williams: Oh. This is 2007. Okay.

D/Commr Kevin Mole: Yes. If I may—?

Mr. John Williams: Briefly.

D/Commr Kevin Mole: In 2005, the issue on the ownership of the plan, who had the delegated authority, became a significant problem for the organization, and at that point discussions with Treasury Board started with regard to who would have the delegated authority and who would have the authority to actually pay for the administration.

Mr. John Williams: So what's your target date for having it fixed?

D/Commr Kevin Mole: Pardon?

Mr. John Williams: What's your target date for having it all fixed and all the money paid back and everything back the way it should be?

D/Commr Kevin Mole: We hope to go to the Treasury Board ministers as early as September with a submission with a number of options, including the delegation of authority for the plan to the RCMP and the administration costs to be identified and an option to recover the approval for the funding.

Mr. John Williams: On deck B you talk about an agreement in principle by the insurance committee, and also the insurance committee agreed that the plan's funds could be used for the good of the plans.

Perhaps if you don't have the names of who was on the insurance committee at the time, you can table that. Is that possible?

● (1725)

C/Supt Fraser Macaulay: That will be part of the document. Once it's translated, we have the minutes of those meetings and you'll be able to see exactly who was at each decision.

Mr. John Williams: On deck B you also say an "MOU from Director NCPC to GWL". Who approved that MOU? Was that Crupi?

C/Supt Fraser Macaulay: No, that would be Inspector Mike Séguin.

Mr. John Williams: I'm not passing any judgment. I'm just trying to get some extra information on the record here, Mr. Chairman.

You may recall that I'd asked the commissioner, Ms. Bev Busson, to confirm to this committee whether or not people on Great-West Life payroll were working at the RCMP. Have we had that confirmation yet?

The Chair: No.

Mr. John Williams: We're still waiting for that. So it seems that may be the case. I would hope that a confirmation is forthcoming soon.

The Chair: There is a comment coming from Mr. Mole.

Mr. John Williams: Okay, Mr. Mole.

D/Commr Kevin Mole: If I may, certainly during the 1990s, during program review, as I understand it, the intention was that the administration costs for a portion of the National Compensation Policy Centre in headquarters would be paid for from the funds. And the eventual expectation would be that the administration responsibility would transfer over to employees from Great-West Life.

And in fact in 1997, I believe, one employee from Great-West Life arrived to begin working in the policy centre, paid for by Great-West Life, and charged to the plan and identified to the insurance committee as a cost against the plan.

Mr. John Williams: It certainly seems to be perhaps not as above board as it should be. I'm looking at deck D:

Insurance Committee believed they had authority to approve administration outsourcing and \$400,000—

Why would the insurance company “believe”? Either they would know or they don't know. On what basis did they come to their own conclusion?

Do you have any comment there, Sergeant Frizzell?

S/Sgt Mike Frizzell: The insurance committee meets once a year. They are folks who know nothing about insurance. They're pulled together into a room. The experts come in from NCPC and say “This is the state of the nation. We need you to vote”—and off they go.

We have different statements on record where they say “We took the lead from NCPC. We had no clue what we were doing.”

Mr. John Williams: Okay. On deck E,

To offset this extra cost a decision was made to take 40% of the insurance administration costs from the pension fund.

A decision was made by whom?

S/Sgt Mike Frizzell: I believe that decision would have been made by Mr. Crupi. He didn't come up with the idea, but he made it happen.

Mr. John Williams: All right.

I'm quite surprised and taken aback by your statement that the money was taken from a fund based on their ability to pay, rather than for service provided. You're confirming that that is the situation? It was taken from a fund regarding their capacity to pay?

S/Sgt Mike Frizzell: That again was changed by Mr. Crupi in 2003, when the outsourcing kicked in and that large amount of money was being drawn out. The basic life insurance, which is the biggest, was cut down to 20%. And the disability insurance, none of which was being administered by Morneau Sobeco, was paying 40% of the bill.

The Chair: Okay, John.

Mr. John Williams: I wish I could continue, Mr. Chairman.

The Chair: Well, we had better move on. The bells are going to be ringing here soon.

Mr. Christopherson, you have five minutes.

Mr. David Christopherson: Thank you very much, Chair.

I want to come back to this business of Morneau Sobeco. I'm having a lot of trouble understanding why NCPC would put themselves through such a wringer—questionable legal activities. It's one thing to want to go with something that's convenient. We all want to have our jobs every day be as convenient as possible, and if going here is easier than going there, well, what does it take to get us there? I think everybody sort of lives by that. But once that starts to become problematic, there are trade-offs. We're talking about the RCMP. You start getting into legal matters. It's becoming a huge issue. It's ultimately led to all this.

I'm having trouble understanding why that wouldn't be looked into more. That is at the heart of this. Had there not been an effort by NCPC to insist that it be Morneau Sobeco exclusively, without having to go to a public tender, we wouldn't be here.

I'm still not satisfied I'm hearing adequate motivation. Why? Why were they willing to go so far, so persistently, just to make life easier? It doesn't sound like it. To me, the savings of going with this process as opposed to the grief it was causing them to do it makes it a negative trade-off. Help me understand.

Also, we're on limited time. Feel free to slip into—I want to hear a little more about the specificity of the mandate that you weren't to look into this. I'd just like to hear a little more on that too.

• (1730)

S/Sgt Mike Frizzell: Okay. First off, I don't understand either. There are a number of theories. You know, you're an inch into the room, then you're two inches, and by the time you stop and look back you're halfway across the room.

It was a pretty good deal they had going. Great-West Life was going to be administrator; nobody was going to ask any questions. Mr. Crupi had already committed to that insurance outsourcing happening. He was going to bring in both insurance and pension outsourcing. When some hiccups came in along the way, they found ways around them.

How this happened in our organization is beyond me. I've asked that question very many times. I have a very hard time believing that Mr. Crupi would have been so bold as to do all that on his own.

Now, what was the other question?

Mr. David Christopherson: It was on the specificity of the mandate. You said that you were specifically mandated not to look into that very question.

S/Sgt Mike Frizzell: The original mandate of the investigation was to follow the pension money: where did it go, and was it spent in a criminal manner? So \$20 million-plus went to the outsourcing of the pension. We had a lot of questions around that. As we had questions and we found more and more, our mandate was constricted.

At one point I had an argument with Mr. Gork, who told me that our mandate was to investigate Mr. Crupi and Mr. Ewanowich. I explained to him, no, we don't investigate people; we investigate events. The event was the misuse of the pension funds.

Mr. David Christopherson: Are you satisfied that there's no question or no need to investigate whether or not there were any questionable activities? I'm talking dollars now. Are you satisfied that that is not here?

S/Sgt Mike Frizzell: Not at all, but I'm—

Mr. David Christopherson: I know you're not making that accusation, but you can't remove that either, at this stage.

S/Sgt Mike Frizzell: No, the horse is out of the barn. To go back now—

Mr. David Christopherson: And costs went up, too. It was double the cost. So we are talking about some extra money here. It does beg the question—at least the question—of whether somebody was benefiting, aside from making ease of working life, as a result of getting this deal. You can't tell me that's not—

S/Sgt Mike Frizzell: We never executed any warrants on bank accounts or anything like that to be able to tell you that.

Mr. David Christopherson: In both your minds, is this an unresolved area that still could use some further light being shed?

S/Sgt Mike Frizzell: At the time, I wanted to investigate that.

C/Supt Fraser Macaulay: Absolutely.

Mr. David Christopherson: Does it remain a concern, though, to get this whole picture?

C/Supt Fraser Macaulay: Yes. One of our issues is that somebody review the criminal investigation to determine whether it should be reopened. That's one of the things we would like to see done.

Mr. David Christopherson: The minutes being doctored still hasn't been looked at, has it? Who would have done that?

S/Sgt Mike Frizzell: If the complaint was made to Ms. George, then she is bound by the RCMP Act to ensure that it's investigated.

Mr. David Christopherson: And we're still waiting for a conclusion on those minutes, Chair? I think I heard that earlier. Is there anything outstanding on that that somebody's doing for us?

The Chair: No, I don't think there is, David.

Mr. David Christopherson: So what did you say? I'm sorry. The deputy commissioner has committed to what on that?

C/Supt Fraser Macaulay: My understanding was she committed to giving you a follow-up as to where that is at present.

Mr. David Christopherson: We'll follow up. We'll see if there's a follow-up. Life is strange.

I have one more. Regarding Assistant Commissioner Gork, again, you went to him the first time, and he was outraged at all the sorts of

things you'd expect. Then, if I heard you correctly, you said there seemed to be an attitude change at a follow-up meeting. Is that correct?

S/Sgt Mike Frizzell: A drastic attitude change. And the other point was, in a normal police investigation when you find out money's being taken from people, you let the victims know. Whether they're victims of a crime or not is irrelevant; money was being taken from them. I wanted to let the victims know. I was ordered by Mr. Gork not to. We had quite a battle over that.

So not only did his perspective change, but he was adamant that I not take any steps to make sure the victims were aware of what was happening.

Mr. David Christopherson: There hasn't been a meeting yet we haven't had more questions coming out of the meeting than we had going in.

Thank you, Chair.

The Chair: Okay. We're going to go to Mr. Wrzesnewskyj for three minutes, three minutes to Mr. Poilievre, and then we'll adjourn.

Mr. Wrzesnewskyj, three minutes.

Mr. Borys Wrzesnewskyj: Thank you, Chair.

We've just heard once again similar statements to what you made during your opening remarks, that Assistant Commissioner Dave Gork told you not to look, and then you also said he provided direction on how the investigation should go. Are you absolutely clear on that?

S/Sgt Mike Frizzell: Yes.

Mr. Borys Wrzesnewskyj: When Assistant Commissioner Gork testified before us here, he made it absolutely clear to us that he was strictly there to provide resources and facilitate that this was an Ottawa Police investigation. You're telling us he was actually providing direction—where to go and not to go—yet he testified before us here that this was an Ottawa Police investigation and he had no direct involvement in how the investigation was proceeding. How do we match that?

● (1735)

S/Sgt Mike Frizzell: I believe Mr. Gork went so far as to say he didn't even know who we were investigating.

Mr. Borys Wrzesnewskyj: We've also heard conflicting testimony about the Ottawa Police investigation, whether it was shut down or whether it exhausted itself. I know it was an exhausting investigation; it took something like 15 months. But you have just indicated to us that no forensics were done.

Was the money ever followed? Did anyone in the contracting or in any of this—? Was the money followed? Were there any forensics done of bank accounts? Was there any follow-up done of that sort whatsoever?

S/Sgt Mike Frizzell: We had a forensic accountant examine the contracts themselves, but no, there was no follow-up as to where the money went, why, that sort of thing. No search warrants were executed.

Mr. Borys Wrzesnewskyj: Okay.

Chair, I'll be tabling a document that is translated into French and it will be relevant in future committee meetings, and these are the notes of Mr. Ron Lewis, from his meeting with the former commissioner, and the commissioner's request for a criminal investigation to begin.

Hopefully we'll have time for a quick point of order at the end, as well, but I wanted to give a chance to Mr. Poilievre.

The Chair: Mr. Poilievre.

Mr. Pierre Poilievre: Yes. I'll be giving notice of intention as well to put forward a motion to call representatives from Morneau Sobeco and Great-West Life later on.

In these last few minutes, it sounds like the problems with financing the administration of the pension fund originated when program review took away resources from your organization to finance its own pension administration.

Is that not so, Mr. Macaulay?

C/Supt Fraser Macaulay: I'll defer to Mr. Mole, but just to clarify it from our perspective, my understanding is it was at that time that the decision was made by the RCMP to start deferring the administration costs by taking them out of the insurance fund.

Mr. Pierre Poilievre: And that was prohibited, right?

C/Supt Fraser Macaulay: Again, this is where you will start to see a bit of a difference in our opinions. The Treasury Board at that time was fully funding the administration—

Mr. Pierre Poilievre: Yes, I know, but that changed.

C/Supt Fraser Macaulay: That's a change in employer-employee relationships that was just done on the spur of that MOU—no authority.

Mr. Pierre Poilievre: Okay, but the Treasury Board stopped funding pension administration in 1995, is that correct?

C/Supt Fraser Macaulay: They didn't stop funding it. They didn't even know this had changed.

Mr. Pierre Poilievre: So the funds were still coming from Treasury Board? Well, that's very strange. Then where did those funds go?

D/Commr Kevin Mole: Mr. Chair, perhaps I could just add some clarity. We're talking about the insurance funds, not the pension plan. And in 1995 the RCMP, like most federal government departments,

was faced with program review targets with regard to significant reference level changes and it was looking at alternative service delivery for a number of its services.

We had employee—

Mr. Pierre Poilievre: I don't need the whole history; we only have a few minutes here.

D/Commr Kevin Mole: That's basically the context. The discussion took place at the—

Mr. Pierre Poilievre: So the funding for administration was removed at that time?

D/Commr Kevin Mole: No, the funding for the administration was shared at that time with the plan and the RCMP's operating budget.

Mr. Pierre Poilievre: All right. So when the decision was made to employ Morneau Sobeco, why would it have been so difficult to go through a proper tendering competition if they were the best? What would have been so difficult about that?

D/Commr Kevin Mole: I can't speak to that issue. I wasn't involved in that process at that time.

Mr. Pierre Poilievre: Obviously there was some motivation not to.

S/Sgt Mike Frizzell: I asked Mr. Crupi that very question, and he told me it would have taken too long.

The Chair: A brief point of order, Mr. Wrzesnewskyj.

Mr. Borys Wrzesnewskyj: At the beginning of the meeting you requested a vote to accept minutes from a steering committee meeting. That has not previously happened. I assumed that these were straightforward. I did not have a copy of the minutes at that time.

There's a witness list for the ATIP, and it doesn't match the witness list of names that I requested. Without getting into a list of people, and what list had been suggested previously inside debate regarding this issue, perhaps we can address that in a congenial, collegial manner at the steering committee.

I just want to point out that the names do not match.

● (1740)

The Chair: We thought we did. We'll deal with that at the steering committee. Why don't we deal with it tomorrow?

Hon. Judy Sgro: Mr. Chairman, on that same issue, there is an item on the back of this we should have had some discussion about, but we would need to be in camera.

Looking at the time, we're very restricted. Could we discuss the item that's on the back of this in camera at the beginning of our next meeting?

The Chair: Okay.

The meeting is adjourned.

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