

From National Museums of Canada:

Mr. Bernard Ostry, Secretary-General;
Mr. A. G. Trickey, Assistant Secretary-General.

From the Canadian Broadcasting Corporation:

Mr. Laurent Picard, President;
Mr. Vic Davies, Vice-President, Finance;
Mr. Ron Fraser, Vice-President, Corporate Affairs
and Assistant to the President;
Mr. Gerald Flaherty, Assistant General Counsel.

MINISTRY OF TRANSPORT

PARAGRAPH 34—Pilotage Authorities.

(See *Minutes of Proceedings and Evidence, Issues Nos. 16 and 20, dated February 20, 1975 and March 6, 1975*).

Section 28 of the Pilotage Act, 1970-71-72, C. 52, requires each of the four pilotage authorities,—Atlantic, Laurentian, Great Lakes and Pacific to submit to the Minister of Transport, before the fifteenth day of February in each year, a statement of its activities and finances for the previous fiscal year. All four pilotage authorities failed to do so.

The Auditor General stated that the reporting date comes too soon after the close of the fiscal year for the authorities to prepare their annual reports. In fact examination revealed that these reports were not filed within a three month period.

Your Committee is extremely concerned to find that such authorities set up by a department, take it upon themselves to act outside the law.

Your Committee agrees that a three month period after the close of a fiscal year would be sufficient time to submit reports to the Minister of a department and recommends that consideration be given to the advisability of making the necessary amendments to the Act.

The failure of these four authorities to comply with Section 70(2) of the Financial Administration Act, that requires the capital budget of each corporation for each financial year to be approved by the Governor in Council on the recommendation of the appropriate Minister, the President of the Treasury Board, and the Minister of Finance and laid annually before Parliament was examined by the Committee. The Deputy Administrator of the Canadian Marine Transportation Administration mentioned that the pilotage authorities have each been advised by the Ministry that they must comply with this requirement of the Act, and he understands that their capital budgets are in the process of being submitted.

An investigation initiated by the Minister of Transport in November 1973 disclosed serious shortcomings in the purchasing and contracting procedures of the Atlantic Pilotage Authority and the Minister of Transport in March 1974, requested the Authority to take immediate corrective action on the serious shortcomings

disclosed by the investigation. The Audit office conducted a similar examination which verified the findings of the Department's investigator. Deficiencies noted were:

(a) Standard forms were not used, the bids were opened as they were received, and no record was kept of their receipt in the register.

(b) In the case of one contract, the date of receipt was not indicated on the bids and at least two of the five bids were received after the closing date.

(c) The tender specifications sent to bidders differed from the tender specifications placed on the tender file.

(d) In another case there were deviations between the tender specifications, the contract approved by the Board and the actual contract awarded.

(e) The two lowest tenderers for one contract offered the services of a boat that was for sale but owned by a member of the Board of the Authority and there is no evidence that this Board member declared his interest in the tenders.

(f) The successful bidder was a company in which two employees, one a member of the Board and their wives are the shareholders.

These are indeed serious shortcomings and your Committee was assured by the Chairman of the Atlantic Pilotage Authority, that the members involved in the conflict of interests mentioned in the list of deficiencies were removed from the Board. Also the Authority now follows government guidelines in calling tenders which are now in their manual of operations. (See APPENDIX "Z" Issue No. 20, dated March 6, 1975).

Your Committee recommends that all members of authorities, boards, crown corporations and other bodies set up by, or responsible to departments of the Government of Canada, be made aware at once of the Government Green Paper on Conflict of Interest dealing especially with agents of the Crown.

Your Committee also recommends that the guidelines tabled in the House by the Prime Minister on December 18, 1973 (P.C. 1973-4065 dated December 18, 1973 and attached as APPENDIX "A" to the Commons Debates, entitled "GUIDELINES TO BE OBSERVED BY PUBLIC SERVANTS CONCERNING CONFLICT OF INTEREST SITUATIONS") be included in the Manuals and By-Laws consolidations of all such agencies.

PARAGRAPH 67—Increased costs due to delay in accepting tender.

(See *Minutes of Proceedings and Evidence, Issue No. 16, dated February 20, 1975*).

This paragraph illustrates how administrative delays and the lack of a thorough investigation of the project work that was put up for tender, resulted in an extra and unnecessary cost of \$20,000.

This item concerned tenders for the construction of three lightpiers in Lake St. Francis, Ontario. Four