

His Report was received in Evidence in the current session on Tuesday, November 24, 1970 (*Issue No. 1*).

Your Committee heard the following persons:

From the Auditor General's Office:

Mr. A. M. Henderson, Auditor General;
Mr. George Long, Assistant Auditor General;
Mr. Edward Cooke, Audit Director.

From the Canadian Broadcasting Corporation:

Mr. George Davidson, President;
Mr. James P. Gilmore, Vice-President, Planning;
Mr. Victor F. Davies, Vice-President, Finance.

Your Committee then formed a Special Subcommittee on 1967-68 C.B.C. Travel Claims, to examine the Auditor General's report *in camera* with the Auditor General's and C.B.C. officials.

The Special Subcommittee's Report, as amended and concurred in by the Committee, was received by the Committee and it follows:

Pursuant to the direction of the Public Accounts Committee, the Subcommittee held meetings on December 2nd, December 4th and December 9th, 1970, in the course of which the following officers were present:

From the Canadian Broadcasting Corporation:

Dr. George Davidson, President.
Mr. James P. Gilmore, Vice-President, Planning.
Mr. Jacques Pelland, Director of Auditing.
Mr. Victor Davies, Vice-President, Finance.

From the Auditor General's Office:

Mr. A. M. Henderson, Auditor General.
Mr. E. Cooke, Auditor Director responsible for Audit of C.B.C.
Mr. Ian Buzza, Assistant Auditor Director.

Committee Members:

Mr. J. Bud Cullen, M.P., Chairman.
Mr. Lloyd Crouse, M.P.
Mr. Barry Mather, M.P.

The Auditor General reported *inter alia* the following:

- A. Comments on travel expenses when travelling within Canada
- B. Comments on travel expenses when travelling outside Canada

Arising out of the Auditor General's comments in paragraph B the Public Accounts Committee authorized the study of approximately fifty cases involving about 35 to 40 personnel.

We examined the working papers of the Auditor General which were divided into five categories with these titles:

1. Air Transportation charges in excess of economy rates
2. Hotel accommodation in excess of \$30.00 per day
3. Meal costs in excess of \$12.00 per day

4. Unusual items noted in travel claims
5. Inadequate vouchers

It is important in reading this Report to remember our terms of reference namely; we were not to study management or policy decisions of the C.B.C. which in themselves could involve a questionable outlay, but the decisions having been made to send personnel on assignment where their travel expenses were "lavish and extravagant". We must also draw attention to the specific words of the Auditor General, quote, "seemed to be lavish and extravagant".

Our initial examination of the Auditor General's working papers confirmed the Auditor General's words that some did seem to be lavish and extravagant and a small number of the fifty cases were extravagant and not satisfactorily explained.

Your Subcommittee proposes to discuss the travel expenses of C.B.C. personnel under the five headings earlier referred to.

Air Transport charges in excess of economy rates.

Present regulations call for C.B.C. personnel to use economy class unless otherwise authorized. It is clear that the regulations must be tempered with reason, because much of that which the C.B.C. must cover is dictated by circumstances beyond their control, namely, the breaking of a story.

We examined six cases where air transportation was in excess of economy rates. We received from Dr. Davidson and other employees of C.B.C. quite reasonable explanations ranging from the fact of heavy traffic and time of year when no other space was available to the situation where an employee was authorized by management to travel first-class because of the length of the trip and the necessity of commencing work immediately on arrival.

It is the opinion of the Subcommittee, and this is shared by the Auditor General, that vouchers approved by senior personnel should show the reasons for travel charges in excess of economy rates.

Hotel accommodation in excess of \$30.00 per day.

Dr. Davidson, before he had received explanations, stated that his "eyebrows were raised" when examining some of these claims. On the face of it, hotel accommodation figures such as *per diem* charge of \$49.00, \$65.00, \$36.00, \$52.00 and \$47.00 would be bound to have that effect. Careful examination reveals, however, that even the \$65.00 charge could be justified if one accepted some of the following principles:

1. When buying film in the Hollywood area hotel accommodation must be located in the proximity of the studios and it must be remembered that C.B.C. is competing with three American networks for rights to film.

(While the above circumstances are noted and appreciated, it seemed to your Subcommittee that the C.B.C.