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COMMISSION OF INQUIRY

into

AWARD AND ADMINISTRATION

OF LANGUAGE TRAINING CONTRACTS

by

THE STAFF DEVELOPMENT BRANCH

PUBLIC SERVICE COMMISSION

REPORT

of

COMMISSIONER

J. VINOKUR

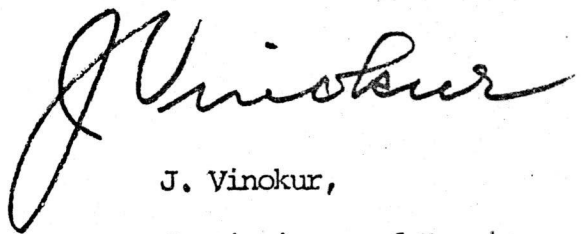
MAY 1975

Mr. J.J. Carson,
Chairman,
Public Service Commission of Canada,
Ottawa, Ontario.

Dear Sir:

The undersigned, Jack Vinokur, of Ottawa, Ontario, was appointed and authorized by the Public Service Commission to hold an investigation, under Section 7(2) of the Public Service Employment Act, with all the powers of a commissioner appointed under Part II of the Inquiries Act, into the operation of staff training programs in the Public Service in so far as language training is concerned, and more particularly into circumstances pertaining to the award and administration of language training contracts to four private institutions.

I have the honour, Sir, to present my report and recommendations.

A handwritten signature in cursive script, appearing to read "J. Vinokur".

J. Vinokur,
Commissioner of Inquiry.

Ottawa, Ontario

May 9th, 1975.

REPORT OF COMMISSION OF INQUIRY
INTO THE AWARD AND ADMINISTRATION
OF LANGUAGE TRAINING CONTRACTS

On March 25, 1975, the Public Service Commission, pursuant to the powers and duties conferred on the Public Service Commission under the Public Service Employment Act, authorized me to hold an investigation under Section 7(2) of the said Act, with all the powers of a commissioner appointed under Part II of the Inquiries Act, into the operation of staff training programs in the Public Service in so far as language training is concerned, and more particularly into circumstances pertaining to the following matters, and to make such a report and recommendations to the Commission as deemed appropriate, namely:

1. The procedures followed by the Staff Development Branch, Public Service Commission, relating to the award of contracts for language training services to private institutions.
2. The award and administration of contracts for the provision of language training services to the following organizations:
 - (1) Centre culturel et linguistique Farès Inc.
 - (2) Institut de Langue Feuille d'Erable Inc.
 - (3) Collège Algonquin, and the
 - (4) Berlitz School of Languages.
3. The performance and manner of execution of the duties of those employees of the Staff Development Branch of the Public Service Commission who were and are responsible for the awarding and administration of language training contracts.

I conducted this inquiry, with Mr. Martin Bédard acting as Assistant Investigator, in Room 532, Tower A, Place De Ville, Ottawa, Ontario. Subpoenas were served on the following persons who gave evidence at the inquiry under oath:

1. Robert F. Smith
2. Daniel Audet
3. George William Kitchin
4. Roger E. Lapointe
5. Joseph L. Bergeron
6. Léo Cyr
7. Aurèle Ouimet
8. Michel Bilodeau
9. Mireille Andry
10. Renée Dubé
11. Fernand Charron
12. André Lacoste
13. Ida Godbout
14. Bernard McFadden
15. Gérard G. Duclos
16. Fouad Farès
17. Jeannette Pelletier
18. Gaston Quevillon
19. Gérard Caron
20. Claude Desrochers
21. Julien Ringuette
22. Victor Barbeau
23. Marie-Josée Riel
24. Danielle Ivory
25. Micheline Gravelle
26. Lucien Breton
27. F. Michel Farag
28. Antoine Douek

The following is a summary of the evidence given under oath by each of these witnesses:

1. Mr. Robert F. Smith

Director of Financial and Administrative Services,
Public Service Commission,
Ottawa, Ontario.

Mr. Smith testified that he was responsible to the Public Service Commission for providing all financial services and financial control for the Public Service Commission. He was responsible also for a number of administrative services, including materiel management, property management,

records, mail and messenger services, library, and stenographic services. In the area of financial control, he was responsible, among other things, for ensuring that all branches of the Public Service Commission adhere to all the pertinent provisions of the Financial Administration Act and Regulations and to all other rules and policy directives of the Treasury Board and the Public Service Commission.

The witness pointed out that the primary rules to be followed in the awarding of contracts stem from the Government Contract Regulations approved by Order in Council P.C. 1964-1467, dated September 23, 1964, pursuant to the Financial Administration Act. These regulations cover four types of contracts, namely: Construction Contracts (Part 1), Purchase Contracts (Part 2), Service Contracts (Part 3), and Leases (Part 4). According to the witness, the Public Service Commission had awarded only Purchase and Service Contracts and was, therefore, concerned only with Parts 2 and 3 of these Regulations. The matter of the awarding of language training contracts fell into the category of "Service Contracts." Section 14 of these Regulations reads: "Before a service contract is entered into, the contracting authority shall invite tenders except in such cases or classes of cases as the contracting authority considers the invitation of tenders not to be in the public interest." There are special provisions for the procedures to be followed in certain types of service contracts, such as for maintenance services, management consultant services, and telecommunication services, but in all other types of service contracts, including language training contracts, section 15(2) of the Regulations provides that a contracting authority may enter into a contract without the approval

of the Treasury Board if the amount payable under the contract does not exceed \$5,000.

In all service contracts for the Public Service Commission, even those under \$5,000 for which Treasury Board approval is not required, the normal practice according to the witness, is to have at least three tenders. If the contract is a small one, for an amount not exceeding five hundred dollars (\$500), and if the contract is a very urgent one, the practice is to contact at least three firms by telephone and obtain their submissions over the telephone. Normally, however, a minimum of three bids are sought by the Public Service Commission in writing. Although exceptions may be made in very urgent cases in purchase contracts, the Commission never makes exceptions in service contracts. The witness stated that before he would agree to any exception he would have to be satisfied that the matter was really urgent. In Ottawa, either he himself would authorize the exception, or his representative in the Branch concerned. In the case of the Staff Development Branch, his representative who acted as financial adviser for that Branch was Daniel Audet.

The witness added that for language training contracts, there was no authority required for any officer of that Branch to decide that a service contract should be arranged. The Director General of the Branch, however, would have to sign the submission to the Treasury Board, where Treasury Board approval is required. The submission to the Treasury Board is normally prepared by the Branch itself with advice, as required, from the Financial adviser, who, in the case of the Staff Development Branch, was Mr. Audet. The submission goes first to the Director General of the Branch for signature and then to the office of the Director of Financial and Administrative Services, namely the office

of this witness.

The witness declared that he would then review the submission to see whether it was drafted in accordance with the law and whether its content was in accordance with the policy of the Public Service Commission. He would then send it to the Treasury Board, with one copy for a particular "Program Officer" of the Treasury Board.

For the fiscal years 1971-72, 1972-73, and 1973-74, the Treasury Board gave the Public Service Commission "blanket authority" to award language training contracts for any amounts, even those exceeding \$5,000, but for the fiscal year 1974-75 this "blanket authority" was withdrawn. The Treasury Board had informed the Public Service Commission that because of impending changes in contract regulations, the Commission would no longer have authority to award contracts to recognized language training institutions (in excess of \$5,000) without Treasury Board authority.

The witness pointed out also that under the provisions of the Financial Administration Act, payments for services rendered could not be made without certification by a duly authorized officer. Only he and Mr. Audet were authorized to make such certifications.

The witness then deposited with the Commission of Inquiry a document on procedures to be followed in the case of service contracts. It was dated July 31, 1974, signed by him as Director of Administration, and addressed to all officers of the Public Service Commission for inclusion in the Manual of Commission Procedures.

2. Mr. Daniel Audet

Financial Adviser for Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

This witness testified that he was responsible to the Director of Financial and Administrative Services of the Public Service Commission for acting as Financial Adviser to the officers of the Staff Development Branch. He assisted them in the preparation of their budget and advised them on all financial matters. If the Branch wanted to have a contract awarded for language training services, there would have to be tenders from at least three language institutions and when the Branch decided which of the institutions should be awarded the contract, a submission to the Treasury Board would have to be prepared and signed by the Director General of the Branch. He himself would not be involved in the drafting of the contract or submission to the Treasury Board unless asked for advice. He would, however, be involved in checking the documents as to their legality and when payments would have to be made to the institution concerned, he would be involved in the required certification for payment. He deposited a document dated November 15, 1973, which was a directive from the Director of Services to all Managers showing the format and procedures to be followed in the preparation of contracts and showing that in the Staff Development Branch the authority to sign contracts was delegated to the Director General, three Assistant Directors General, and 13 Directors, namely:

- G.G. Duclos - Director General
- R.E. Lapointe - Assistant Director General, Language Bureau
- B. Desbiens - Director, Pedagogical Services, Language Bureau
- R.M. Donaldson - Assistant Director General, Bureau of Staff Development and Training

- J. Bodkin - Director, Pedagogical Services, Bureau of Staff Development and Training
- Y. Bordua - Director Professional and Management Programs, Bureau of Staff Development and Training
- J.H. Cooper - Director, Consultative Services, Bureau of Staff Development and Training
- W. Baker - Assistant Director General, Executive Education, Bureau of Staff Development and Training
- F. Leclair - Director of Studies
- P. Deane Gigantès - Director of Planning
- H.J. Cloutier - Director of Services
- U. Morin - Director of Regional Operations
- C. Desjardins - Director, Program "A"
- M. Allaire - Director, Program "B"
- V. McLay - Director, Program "C"
- G. Ouellette - Director, Program "D"
- A. Lacoste - Director, Program "E"

3. Mr. George William Kitchin,

Senior Management Adviser, Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

This witness testified that he was a consultant acting as Management Advisor for the Staff Development Branch.

When the Language Bureau and the Bureau of Staff Development and Training of the Public Service Commission were integrated two years ago into one Branch, namely the Staff Development Branch, he was asked to integrate the management systems and procedures of the two former Branches and he was engaged in such matters as long range planning. At no time did he have anything to do with the awarding or administration of service contracts for the Branch.

4. Mr. Roger E. Lapointe

Assistant Director General, Language Bureau,
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

This witness explained that the Staff Development Branch was headed by Mr. G. Duclos as Director General and that there were four Assistant Directors General. He himself was Assistant Director General, Language Bureau, and acted as Director General of the Branch in the absence of Mr. Duclos. There were also an Assistant Director General, Development, an Assistant Director General, Bureau of Staff Development and Training, and an Assistant Director General, Executive Education. In addition, there was a Director in charge of Regional Operations, namely Mr. Jérôme Cyr. Besides all these operational divisions, there were several "service" divisions including the Studies Division, of which Dr. François Leclair was the Director, the Learning Support Division, headed by Mr. Victor Barbeau, and the Registrar and Services Division.

The awarding of contracts for the Staff Development Branch, according to the witness, was the responsibility solely of the Director General (Mr. Duclos) and himself.

In the Language Bureau there were five separate sections, three dealing with "Continuing courses," one with special courses for Departments, and one with "cyclical" courses. The first three were identified as follows:

1. Program "A" - Marc Allaire, Director.

This has seven teaching units : five at the Carson's Road School and two in Hull.

2. Program "B" - Marc Robillard, Director.

Seven units: six at Asticou and one at
Colonel By Centre.

3. Program "C" - Mrs. Vera McLay, Director.

One unit for the teaching of English at
Carson's Road. Also, program development
and test development for English courses
all across Canada.

The witness stated that all the courses under Programs "A",
"B", and "C" were given by teaching staff of the Staff
Development Branch who are paid from budgetary appropriations.

In addition there were two other programs, namely Program "D"
and Program "E". Program "D", headed by Michel Bilodeau, covered
special courses arranged for specific Departments on a cost reco-
very basis. There were eight such teaching units, all in Ottawa.
Program "E", on the other hand, which was now headed by Mr.
Joseph Bergeron, was operated on the basis of specific appropria-
tion of funds and covered cyclical courses only, that is,
courses run in cycles, each covering three consecutive weeks,
repeated three times within a year. Mrs. Mireille Andry was
the director of Program "E" for four months before Mr. Bergeron
took over on March 1, 1974, on a temporary basis and on April 1,
1974, on a continuing basis. In Program "D", Mr. Bilodeau took
over the Director's duties from Mr. André Lacoste in November 1974.

The witness added that for the Program "D" special courses,
the Departments concerned request funds from the Treasury
Board and then ask the Language Bureau of the Public Service
Commission for assistance -- all on a cost recovery basis.
With one or two exceptions, all the teachers in Program "D"
are employees of the Staff Development Branch of the Public
Service Commission.

For the cyclical courses in Program "E", contracts are awarded to outside language teaching institutions. All these contracts, according to the witness, are handled by him. He had been Assistant Director General, Language Bureau, since June 1973. In addition to all the Divisions which he had mentioned as coming under his jurisdiction, there was a Pedagogical Services Division, headed by Mr. Bertrand Desbiens, with three sections: Socio-Cultural Activities, Training Unit, and Consultation Services.

With respect to the contracts for the cyclical courses of Program "E", either Mr. Bergeron or he (Mr. Lapointe) would ask for at least three tenders, except in the case of urgency. The question of determining "urgency" was delegated to him as Assistant Director General, Language Bureau.

When the submissions are received from those asked to bid, they are reviewed by a committee normally composed of five persons (each representing some aspect of expertise in areas such as finance, studies, etc.) The members of the committee are appointed by him (Mr. Lapointe) and the committee submits its recommendations directly to him, after having taken into account such matters as "quality" and "cost". A point evaluation system is used by the committee on the specific submissions received. The witness then added that he would pass the recommendations to the Management Committee of the Staff Development Branch, composed of senior officers of the Branch, including all Division Directors. If the recommendations are approved by the Management Committee, a contract is drafted by the Director of Program "E" along the lines of a model contract prepared by Mr. Audet, the Financial Adviser. If and when the contract is initialled either by Mr. Audet or by Mr. F.G. Dyson, Senior Staff Officer of the

Branch, he (Mr. Lapointe) submits it to Mr. Duclos for signature or, in the absence of Mr. Duclos, signs it himself.

When asked whether any attempt was made to verify the claims made by those who submitted tenders (as to staff, equipment, etc.), the witness stated that no verification was made unless there were any real doubts. There was no on-site checking of private schools submitting tenders because, according to the witness, there was no reason for not trusting the professional conscience of those making the bids.

5. Mr. Joseph L. Bergeron,
Director, Program "E", Language Bureau,
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

This witness stated that on March 1, 1975, he was placed in charge of Program "E" of the Language Bureau in an acting capacity and effective April 1, 1975, his appointment on a continuing basis was confirmed. His duties and responsibilities pertained mainly to the awarding and pedagogical supervision of the "cyclical" courses coming under Program "E". The pedagogical supervision involved inspection of the private schools to whom contracts were awarded to ensure that the teaching of the students was properly carried out with competent teachers. Regular inspections were made by Mrs. Renée Dubé. Prior to March 1, 1975, the present duties and responsibilities of the witness (Mr. Bergeron) were carried out by Mrs. Mireille Andry. The witness added that he reported directly to Mr. Roger Lapointe and that from all his files he was able to ascertain that the work in connection with the award of contracts in Program "E" had started on June 12, 1974.

The witness produced copies of all relevant correspondence on his files, starting with a letter dated June 12, 1974, from Mr. Aurèle Ouimet, a special projects officer of the Staff Development Branch, inviting a number of private language training institutions to a meeting on June 20th with officers of the Staff Development Branch. At this meeting, according to that letter, the specific requirements of the Language Bureau would be outlined and the interested institutions would be required within a fixed period after that meeting to send in detailed submissions.

The 13 institutions invited to the June 20th meeting by Mr. Ouimet were the following:

- (1) Institut de langues vivantes,
Université d'Ottawa.
- (2) L'Alliance française d'Ottawa.
- (3) Le Centre de Langues Feuille d'Erable, Ottawa.
- (4) L'Ecole Berlitz, Ottawa.
- (5) Proctor - Bouchereau, Montreal.
- (6) L'Institut culturel et linguistique Farès, Montreal.
- (7) Language Power Systems Ltd., Montreal.
- (8) Carel Inc., Montreal.
- (9) Galois Language Training, Montreal.
- (10) Collège d'Extension Cartier Inc., Montreal.
- (11) Laboratoire linguistique de Québec, Québec, P.Q.

(12) The Office of Continuing Education, Carleton University,
Ottawa.

(13) Algonquin College, Ottawa.

Also among the documents filed by the witness was a copy of a memorandum from Mr. Aurèle Ouimet to Mr. Philippe Deane Gigantès dated July 5, 1974, containing a brief report on the meeting held with the private institutions on June 20, 1974. According to this memorandum, there were 19 persons at the meeting representing the 13 institutions invited and there were six officers of the Staff Development Branch, namely Messrs G.G. Duclos, Philippe Deane Gigantès, Roger Lapointe, Jean-Guy Bourgeois (Registrar of the Language Bureau), Aurèle Ouimet, and Mrs. Renée Dubé (Head of the Evaluation Unit, Studies Division). The memorandum stated that the representatives of the private institutions had agreed to submit their bids by July 20, 1974 to the office of Mr. Roger Lapointe.

Another document filed and discussed by the witness was a memorandum from Mr. Michel Bilodeau to Mr. Roger Lapointe dated July 29, 1974, concerning a report on the bids received for the cyclical courses. According to this memorandum, the committee established to study all the bids had presented a preliminary report. By July 24, 1974, ten bids had been received and one namely "Les Laboratoires linguistiques," had advised that its bid would be submitted later. Mrs. Dubé, Mr. Ouimet and himself (Mr. Bilodeau) had examined each of the submissions and recommended as follows:

1. That the bids of "B.M.B. School of Language," "Galois Language Training Ltd.," "Language Power Systems Ltd.," "L'Alliance française d'Ottawa," be not considered

because of such matters as poor quality, high cost, and inadequate accommodation. In the case of Algonquin College, it was recommended that the bid be not considered except perhaps for small contracts because they could not accommodate more than 120 students. In the case of Carleton University and l'Institut des langues vivantes de l'Université d'Ottawa, the quality would be superior but the cost too high.

The following bids appeared acceptable to the committee both with respect to quality and cost:

1. Institut culturel et linguistique Farès Inc.

Advantages: low cost; adequate accommodation; use of "Dialogue Canada"; use of one pedagogical advisor for every four teachers; use of Public Service Commission tests; facilities for 900 students.

Further information required: (a) What exactly do they mean by "formation universitaire": a university degree?
(b) Do they have laboratory facilities?

2. L'Institut de Langue Feuille d'Erable Inc.

Disadvantages: classrooms too small (250 square feet); weakness of tests.

Advantages: favourable feedback from existing contracts; facilities for 900 students; sufficiently low cost; excellent requirements for hiring of teachers.

3. Berlitz School of Languages.

Advantages: same requirements demanded of teachers as in Staff Development Branch; some increased requirements especially for this program; use of recognized tests;

immediate accommodation for 1200 students; low cost.

Disadvantages: Mr. David Morley of the Treasury Board had recommended preference for Canadian firms; only one pedagogical advisor for 21 teachers; teaching methods would be those of Berlitz.

The Committee, according to this document, recommended that Mrs. Renée Dubé of the Evaluation Section make a further study of the last five above-mentioned bids. The Management Committee would have to decide (1) whether priority should be given to cost or to quality and (2) whether priority should be given to small or large contracts?

The witness then tabled a report from Mrs. Renée Dubé to Mr. Michel Bilodeau, dated August 15, 1974, on the subject of the evaluation of the institutions concerned for the use of the Committee at its meeting to be held on August 16, 1974.

The next document, dated August 19, 1974, contained a report on this meeting by Mr. Bilodeau to Mr. Roger Lapointe. This report stated that the Committee's conclusions were substantially the same as before, namely:

1. That five schools (Les Laboratoires linguistiques de Québec, l'Alliance française, B.M.B. School of Language, Galois, and Language Power Systems) be eliminated because of poor quality of service offered.
2. That two schools (Institut des langues vivantes and Carleton University) be eliminated because of high cost.
3. That four contracts be awarded as follows:

- (a) 600 students to Feuille d'Erable for
270 hours at \$2.87 : \$464,940.
- (b) 120 students to Algonquin College for
12 groups at \$25.05, total 270 hours : \$81,162.
- (c) 400 students to Centre Farès for
270 hours at \$2.00 : \$216,000.
- (d) 380 students to Berlitz for
270 hours at \$2.49 : \$255,474.

This would involve a total cost of \$1,017,576.00 for
1,500 students each receiving instruction in three cycles
of 90 hours.

The next documents to be noted were letters from Mr. Duclos
to the four institutions dated August 22, 1974, advising
that their bids had been accepted and that contracts would
be sent out for their signature within two weeks.

The witness (Mr. Bergeron) explained that the cyclical
courses handled by Program "E" were divided into two
categories:

OPTION "A"

This pertains to a course given in the daytime,
six hours a day, for three consecutive weeks and
the same cycle repeated three times within a year.

OPTION "B"

This pertains to evening courses involving four
consecutive evenings a week and continued for
four weeks.

The four contracts previously mentioned were all in the category of OPTION "A", according to the witness. With respect to OPTION "B", Mr. Roger Lapointe, in a memorandum dated September 19, 1974, and addressed to all the teachers in the Language Bureau in the National Capital Region, asked all the teachers to let him know by October 1, 1974, if they were interested in working on this program in the evenings. The classes would be held from Monday to Thursday, inclusive, from 4:00 P.M. to 9:00 P.M. The teachers would arrive at 2:00 P.M., spend two hours in preparation of lessons, etc., four hours in teaching, with one hour for supper, that is, six hours of work per day. On Fridays they would work from 8:30 A.M. to 3:30 P.M. on training, preparation of lessons, etc. If the classes were not continued after the Christmas holidays, the teachers would then resume their regular daytime duties.

Only five teachers agreed to this arrangement for OPTION "B", and on October 16, 1974, Mr. Lapointe wrote to these five teachers, informing them that because of the insufficient number of teachers interested, these Language Bureau courses would be cancelled and handed over to private institutions.

The witness then referred to a memorandum from Mrs. Mireille Andry to Mrs. Renée Dubé, dated October 30, 1974, which read as follows:

This will confirm our verbal agreement that the Evaluation Services Section will proceed with an evaluation of the cyclical courses given by the private institutions in order that a final report may be presented on the quality of the services offered by these institutions.

The next significant document tabled by the witness was a report on the private institutions dated February 1975 on evaluations carried out between October and December by Mrs. Huguette Laurencelle who was responsible, under Renée

Dubé, for evaluation in the Studies Division of the Staff Development Branch. This report was based on answers to questionnaires distributed to the students. The report on the Farès Centre includes the following statement, "In general, the Farès Centre does not adequately meet the needs of the clientèle. For the various cycles, the points on the over-all evaluation are below the standard considered adequate, namely from 3.5 to 4.4." On the Feuille d'Erable School, the report states that the school more than meets the needs of the students and gives further particulars concerning certain problem areas.

More detailed reports on the cyclical courses were submitted to Mr. Roger Lapointe on February 20, 1975. Under date of March 12, 1975, the witness (Mr. Bergeron) wrote to each of the private institutions concerned, enclosing a copy of the first evaluation report covering the period from October 14, 1974 to December 20, 1974, based on the students' answers to the questionnaires. The letters indicated that a more detailed report would be submitted later based not only on the students' reports but also on the observations of pedagogical advisers of the Language Bureau and on the results of tests administered by the Language Bureau.

The witness stated that in addition to the four contracts awarded under OPTION "A", another contract was awarded to Feuille d'Erable in October 1974 for evening courses. The normal procedure of seeking three bids and having the bids evaluated by a special committee had not been followed because it was considered to have been an emergency situation arising out of the lack of interest among the language teachers of the Staff Development Branch in giving such evening courses. Five teachers would not have been enough.

6. M. Léo Cyr,
Planning Officer,
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness stated that he had been asked by Mr. Roger Lapointe long before the four language training contracts had been awarded to prepare lists of accredited language institutions in accordance with a Treasury Board directive of 1969. There was no public notice inviting such institutions to request accreditation but requests were made by the institutions on their own initiative. The witness would then check their teaching methods, competence of the teachers, etc., and prepare a list. About 70 schools from all across Canada were ultimately approved. It took about two years (from 1969 to 1971) to establish the list. Only about 7 or 8 of these were from the National Capital Region. The original purpose of the list was to take care of students who were unable to take the regular classes conducted by the Public Service Commission. The witness added that from September 1974 to December 1974, he was involved in keeping such lists up to date for the purpose of awarding contracts.

7. Mr. Aurèle Ouimet,
Special Projects Officer,
Studies Division,
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness stated that Dr. François Leclair, Director of the Studies Division, had asked him to organize a meeting of the private institutions interested in being awarded contracts.

On June 11, 1974, Mr. Philippe Deane Gigantès gave him a list of institutions which had been previously prepared. He checked the list and picked out the names of institutions from the Ottawa, Montreal, and Quebec areas. There were 13 such institutions on the list of 70.

The witness added that he contacted these 13 institutions by telephone and he arranged a meeting attended by Messrs. Roger Lapointe, André Lacoste, Lucien Breton and Michel Bilodeau. He then followed up on June 12, 1974 by sending letters to these 13 institutions giving details of the requirements. The meeting with representatives of the schools was scheduled for June 20, 1974, but he met two days earlier with G.G. Duclos, Philippe Deane Gigantès, Roger Lapointe, Jean-Guy Bourgeois, Frank Dyson, Renée Dubé, and Yvon Bordua to determine the procedures to be followed at the June 20th meeting. It was decided that Mr. Lapointe would deal with the scope of the program, Mr. Bourgeois with the timetables and registration, Mrs. Dubé with the evaluation standards, and Mr. Gigantès with the contract conditions. Nineteen persons representing 13 private institutions attended the meeting on June 20th at the Holiday Inn at Place De Ville. Representing the Staff Development Branch were Messrs. Duclos, Deane Gigantès, Lapointe, Bourgeois, Mrs. Dubé and himself. Mr. André Lacoste was not present at this meeting. Only OPTION "A" was discussed at this meeting.

8. Mr. Michel Bilodeau,
Director of Special Courses (Program "D"),
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness testified that on June 17, 1974, he replaced

Mr. André Lacoste who was on vacation for one month. When Mr. Lacoste returned from vacation on July 18, 1974, he (Mr. Lacoste) was assigned to other duties and the witness (Mr. Bilodeau) remained in this position of Chief of Program "D" on an acting basis.

According to the witness, the Management Committee of the Staff Development Branch decided to have a special committee established for the purpose of evaluating the bids received from the private institutions and to recommend the institutions to be awarded the contracts for the cyclical courses. Mr. Lapointe asked him (Mr. Bilodeau) to convene this committee and told him that the committee should be composed of Aurèle Ouimet, Renée Dubé, Mireille Andry, Fernand Charron and himself (Mr. Bilodeau). The witness then sent a memorandum dated July 12, 1974 to each of the four other persons on the committee, informing them that the first meeting of the committee should be held at 9:00 A.M. on July 24, 1974.

At this meeting of July 24, only Aurèle Ouimet, René Dubé and the witness (Michel Bilodeau) were present. Mireille Andry and Fernand Charron did not attend. The three members present examined all the bids received and proposed that some of them be eliminated. At the time this meeting was held, only ten institutions had submitted bids, namely:

- B.M.B. School of Languages
- Galois Language Training Ltd.
- Alliance française d'Ottawa
- Algonquin College
- Carleton University
- Institut de langues vivantes (University of Ottawa)
- L'Institut culturel et linguistique Farès Inc.
- Centre de langues Feuille d'Erable

- Berlitz School of Languages
- Language Power Systems Ltd.

On July 29, 1974, the witness submitted a report to Mr. Roger Lapointe, recommending the elimination of the B.M.B. School of Languages, Galois Language Training Ltd., Language Power Systems Ltd., l'Alliance française, and Algonquin College. The report stated that Carleton University and the University of Ottawa courses were too costly, and that, taking into account both quality of service and cost, the institutions acceptable were Farès, Feuille d'Erable, and Berlitz. The committee recommended in this report that Mrs. Renée Dubé, of the Evaluation Services Section, make a further more detailed study of the three institutions and of the courses offered by Carleton University and the University of Ottawa. The purpose of the "more detailed" study would be to verify on location the claims made by the various institutions in their submissions. However, since the cyclical courses were to start in October 1974, there appeared to be no time for such a detailed study and it was not carried out.

On August 16, 1974, the witness reconvened the special committee and this meeting was attended by all five members of the committee. The committee decided to award points for different factors to be considered, such as a maximum of 10 points for the formal education of the teachers, 20 points for experience, etc. The witness deposited with the Commission of Inquiry a list showing the points awarded to the various institutions. The total points awarded were as follows:

- Institut des langues vivantes:	110
- Feuille d'Erable:	105
- Algonquin College:	100

- Carleton University:	100
- Berlitz:	95
- Farès:	95
- Laboratoire linguistique:	70
- Alliance française:	63
- B.M.B.:	60
- Galois:	55
- Language Power Systems:	42

These points, according to the witness, were awarded solely on the basis of the contents of the submissions presented by the institutions. On August 19, 1974, he reported the committee's conclusions to Mr. Roger Lapointe, namely that the contracts should be awarded to four institutions as follows:

1. Feuille d'Erable - 600 students at \$2.87 per hour:	\$464,940.
2. College Algonquin - 120 students 12 groups at \$25.05 per hour:	81,162.
3. Centre Farès - 400 students at \$2.00 per hour:	216,000.
4. Berlitz - 380 students at \$2.49 per hour:	255,474.
TOTAL:	<u>\$1,017,576.</u>

The cost, according to the witness, was considered reasonable if it was anywhere from \$2.00 to \$2.87 per hour per student. Since Feuille d'Erable had the highest rating, the Committee thought it would be reasonable to give 600 students to Feuille d'Erable, only 120 to Algonquin (because Algonquin could not accommodate more), 400 to Farès (which had claimed

a total capacity of 900), and 380 to Berlitz (which was not a Canadian company and Mr. David Morley, of the Treasury Board, had asked that preference be given to Canadian companies in the awarding of contracts). On the same day, August 19, the report of the Special Committee was submitted to the Management Committee and it was approved. All this was for OPTION "A" only. OPTION "B" was not discussed because it was supposed to be handled entirely by the teachers of the Public Service Commission.

9. Mrs. Mireille Andry,
Unit Head, Program "D",
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness stated that in the beginning of 1974 she had been a training officer in the Staff Development Branch. She became involved in the cyclical courses on September 18, 1974, when she was asked to make arrangements for a meeting between those responsible for the cyclical courses and representatives of the four institutions who had been awarded language training contracts. In the fall of 1974, she was asked to take charge temporarily of Program "E". She was appointed by Mr. Lapointe as a member of the Special Committee established to review the bids submitted by the various institutions. She did not attend the first meeting of that committee but was present at the second meeting.

The witness added that the four contracts were signed on September 4, 1974 and that the courses for OPTION "A" of Program "E" started on October 15, 1974. No check was made on the validity of the contents of the submissions received from the various institutions before the contracts

were awarded. She visited the institutions after the courses started and her first report was prepared in November 1974.

When she assumed her new duties on September 18, 1974, the four institutions had already been selected for the contracts. The director of Program "E" had not yet been appointed. The four contracts for OPTION "A" had been drafted, she thought, by André Lacoste. She herself had drafted the contract with Feuille d'Erable for OPTION "B" at the request of Mr. Lapointe.

10. Mrs. Renée Dubé,
Chief, Evaluation Services,
Studies Division,
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness stated that she had been employed as Chief, Evaluation Services, since July 1, 1973. Her section is responsible for providing all evaluation services requested by the Language Bureau. Mr. Lapointe asked her to serve on the Special Committee to review the bids from the various institutions. It was understood, from a memorandum given by Mireille Andry to Roger Lapointe on October 9, 1974, that the Evaluation Services Section would produce three reports on the four institutions awarded contracts under OPTION "A", namely two reports at the end of the first and second cycles (December 1974 and March 1975) and a third report at the end of the contracts (May 1975). These reports would be based on questionnaires completed anonymously by the students, results of tests, visits, etc. Mrs. Huguette Laurencelle, who reports to the witness, prepared an

evaluation report covering the months of October, November, and December 1974 but this report was submitted to Mr. Lapointe in February 1975. There were no other reports from the Evaluation Services on the four contracts concerned.

11. Mr. Fernand Charron,
Budgets and Estimates Officer,
Finance and Administration Division,
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness stated that he was responsible to the Chief, Finance and Administration, of the Staff Development Branch for the preparation of monthly financial reports and financial statements and assistance in the preparation of budgets and estimates. Although he was asked by Mr. Lapointe to serve on the Special Committee to review the bids for OPTION "A" contracts, he had no competence in the pedagogical field and, therefore, participated very little in the work of this committee. He did not attend the first meeting of the committee on July 24, 1974 and attended only part of the second meeting in August. He was not present at the part of the second meeting in which the decision was made as to the division of the 1500 students among the four private institutions concerned.

12. Mr. André Lacoste,
Planning Officer,
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness stated that from January 1973 to July 18, 1974,

he was Director of the special courses for Departments, now known as Program "D". After that date he took his vacation and then was granted leave without pay for the period from October 1, 1974 to January 27, 1975. When he returned to work on January 27, 1975, he was assigned new duties, namely those of a Planning Officer.

Cyclical courses, according to the witness, had existed for several years and he had been involved with such courses. However, these courses had all been given by teachers employed in the public service. Contracts for cyclical courses were started in 1974 and he had had nothing to do with such courses arranged through contracts. The terms and conditions of the four contracts for the cyclical courses under OPTION "A" of Program "E" were established by a special committee on which he did not serve. He was replaced as Director of the special courses (Program "D") by Michel Bilodeau.

When asked whether he had participated in any way in the contracts for the cyclical courses, the witness stated that he had not prepared any specific contracts but had worked on preparing contract forms under Frank Dyson. He had gathered together all the contracts that had been arranged for various Departments and from all these contracts he had prepared a "model contract" without any major changes.

When asked about the evidence previously given to the effect that he was in charge of the finances at the meeting held on September 18, 1974, between representatives of his Branch and representatives of the private teaching institutions, the witness declared that since each Department had had its own "mini-contract," it was his responsibility to see that there was some uniformity in all contracts.

13. Mr. Roger Lapointe,

Assistant Director General, Language Bureau,
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness stated that by April 1974 it was realized that the Language Bureau of the Public Service Commission would not have the necessary resources with respect to classroom space for the handling of the new cyclical courses (OPTION "A") and it was, therefore, decided to have these courses operated by contracts with private institutions. All Departments were then informed that the cyclical courses would be resumed in October 1974. The Departments were informed also that in addition to the day courses (OPTION "A"), there would be arrangements made for night courses (OPTION "B") to be given by the staff of the Public Service Commission. Because of the evening hours to be worked by the public servants involved in the OPTION "B" courses, the Treasury Board had arranged to obtain the agreement of the unions for the special working hours. Since the unions were not against this arrangement, the witness approached all the teachers in May 1974 to see how many would be willing to work in the evenings.

The witness added that it took several months for the receipt of all information from Departments as to the specific number of students they would send for the evening courses. By that time, there was not much more than a week left to get the 16 teachers required but only five or six of the teaching staff in the Language Bureau had indicated a willingness to give the night courses.

When asked how he proceeded with the awarding of contracts

for the cyclical day courses (OPTION "A"), the witness stated that since this was a new program (Program "E") with no director yet appointed, he asked one of his "special projects" officers, Aurèle Ouimet, to call a meeting of representatives of private teaching institutions (to be selected from an existing list on the basis of their location) and to make them aware of the needs of the Branch regarding cyclical courses, the standards to be used, terms and conditions, etc.

The witness added that he himself appointed a special committee to deal with the review and evaluation of the tenders. He selected the following persons to serve on the committee:

1. Mireille Andry - because of her assumption on a temporary basis of certain functions in Program "E".
2. Michel Bilodeau - because of his experience with contracts for special courses for specific Departments in Program "D".
3. Renée Dubé - because of her experience in Evaluation Services.
4. Fernand Charron - because of his duties as a financial officer for the Staff Development Branch.
5. Aurèle Ouimet - because he was the one considered suitable for making the arrangements for the first meeting with the private institutions, which was the only meeting which he attended.

The purpose of this committee, according to the witness,

was to examine and evaluate the tenders submitted by the private institutions and to submit recommendations on the basis of a system of points for various factors. He was kept aware of the considerations and conclusions of the committee through reports submitted to him.

When asked why a more detailed study had not been made in accordance with the recommendation of the special committee's first report, the witness replied that he had understood that this recommendation did not imply that the more detailed study had to be made on the premises of the private institutions concerned since some of these institutions would rent space for the cyclical courses only after being assured of a contract. That is why the additional study had to be made only on the basis of the written submissions in the hands of the committee, and on the basis of any previous experience which the Language Bureau might have had with the institutions concerned. For instance, Feuille d'Erable had had a contract with the Department of National Defence and the Farès Centre had had a contract with Statistics Canada. Algonquin College had had no previous dealings with the Language Bureau, whereas the Berlitz School did have offices in Ottawa.

The witness added that in the case of every contract, he had to rely on whatever claims were made by the company submitting a tender. Besides, there was not much time for further study of the tenders submitted for the cyclical courses. To postpone the start of the courses and to have to inform about 60 Departments of changes in dates would have presented serious administrative problems.

It was possible to examine more thoroughly the teaching methods proposed in the tenders submitted by the institutions but not the accommodation. Feuille d'Erable, for instance, could not be expected to rent the accommodation required

before being awarded the contract.

When asked whether any verification or evaluation had been made after the start of the term of the contract, the witness replied that evaluations had been made only at the end of the first cycle which covered the months of October, November and December 1974, and that the report covering this first cycle was submitted in February 1975.

The witness declared that if it was found that the services offered by an institution that had been awarded a contract were not satisfactory, there were two options, namely to cancel the contract under the terms contained in the contract or not to renew the contract after the term expired. In the case of the four contracts in question, no decision was made with respect to either of these options because it was considered advisable to wait until three evaluations had been completed, that is, until the end of the third cycle (in May 1975). The first evaluation report was not used to verify the claims made in the tenders submitted for the contracts because the witness (Mr. Lapointe) believed that a private teaching institution should first be given a chance to make the necessary improvements instead of having its contract cancelled.

In the case of the Farès Centre, it was true, said the witness, that the first evaluation report mentioned a failure to meet the requirements but one or two Departments had previously stated that they were quite satisfied with Farès. If after the second or third evaluations, there was still no improvement, then the contract could be cancelled or not renewed. This was the first year of experience with such contracts and it was intended, for next year, to review the standards and methods used in the review of tenders with a view towards improvement.

With respect to the night courses (OPTION "B"), the witness stated that when he first asked the teachers in his Branch if they were interested in working at night, it was not yet known exactly how many groups of students there would be. Five or six said that they were interested. It took till the end of September to find out that there would be ten groups of students, requiring about 16 teachers for the night courses to be started on October 11, 1974. The teachers were all approached a second time and still there were only about five affirmative replies up to one week before the start of the classes. The only option left, according to the witness, was to have a contract signed for the night classes. The Public Service Commission had the necessary space but not the required number of teachers for these night courses.

The witness added that with only one week left, he told his Director General, Mr. Duclos, that he intended to have a contract arranged and the Director General told him to proceed with such an arrangement. He (Mr. Lapointe) then reviewed the four existing contracts for the day courses and decided to award the contract to Feuille d'Erable for the night courses because this institution had been given the largest number of points by the special committee which had reviewed the tenders for the day courses. Furthermore, he had believed that the other institutions might have difficulty obtaining the required space. Although the Public Service Commission's Language Bureau had ample space, the private institutions were expected to provide their own space because of the question of "security." It was his judgement that the only institution which could be ready to start the courses in a week was Feuille d'Erable and, since there was only one week left, he did not seek any bids from any other institutions. Since the Director General had authorized him to have a contract made, he (Mr. Lapointe) considered that he had authority to do whatever was necessary in this respect. Since it was an emergency situation, he offered the contract to Feuille d'Erable without seeking any other bids.

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14. Mr. Robert F. Smith,
Director of Financial and Administrative Services,
Public Service Commission,
Ottawa, Ontario.

This witness was called back to explain the apparent inconsistency between his previous testimony and that given by Mr. Roger Lapointe. It was pointed out to the witness that he had said at the start of the inquiry that in all service contracts, the normal practice of the Public Service Commission was to seek a minimum of three bids in writing, that although exceptions might be made in purchase contracts in very urgent cases, the Commission never made exceptions in service contracts, and that, in any event, the exception would have to be authorized by himself or his representative and would never be authorized by him unless he was satisfied that the matter was really urgent. On the other hand, Mr. Lapointe had subsequently testified that he (Mr. Lapointe) had decided to have a contract signed with the Feuille d'Erable language school for the night courses (in Program "E", OPTION "B") without seeking any bids from any other institutions.

The witness (Mr. Smith) explained that from time to time he had participated in discussions concerning the problems of the Staff Development Branch with respect to night courses, including discussions at regular Management Committee meetings of the Public Service Commission. In the spring of 1974, it was decided that the Public Service Commission would run its own night courses, particularly since at first there was not much interest shown by students in night courses. The situation remained "uncertain" up to about 10 to 14 days before the courses were to begin and it was decided to have the night courses operated by contract.

The witness added that as far as private language training courses were concerned, the Staff Development Branch was considered to be the "approving authority". A manager within the Public Service Commission is expected not to act in violation of the practices and policies of the Commission but where the Commission views the situation as an "emergency," the manager may do what must be done in emergency situations. In this particular case, Mr. Lapointe made the decision (not to seek other bids) with the implied approval of the witness because of the latter's previous involvement in the matter.

When asked whether in his opinion, Mr. Lapointe should not have contacted other institutions by telephone for bids on the night courses even if only ten days remained, the witness replied since private language training courses did not have standard prices set by each institution, and since there was the question of the required competence and availability of teachers, it would be useless to receive submissions by telephone. They would have to be submitted in writing and one or two weeks would definitely be insufficient time to make arrangement for written submissions.

15. Mrs. Ida Godbout,
Pedagogical Advisor, Program "E",
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness stated that her functions as a pedagogical advisor of the Public Service Commission was to provide both a control and a pedagogical assistance as far as the language training is concerned in the private institutions to which the Staff Development Branch has awarded contracts. For instance, she is required to see

whether each group of students is sufficiently "homogeneous," and if a student has problems in an institution, she might suggest a transfer to another institution which uses different teaching methods. The main objective is to provide help to the students themselves. During each three-week cycle the pedagogical advisor of the Staff Development Branch makes a diagnostic analysis of the situation by visiting the private schools, checking the reports of the schools on the progress made by the students, and checking the questionnaires completed by the students for the Evaluation Services Section of the Staff Development Branch.

The witness added that she herself was responsible for looking after two of the private institutions concerned, namely the Farès Centre and the Berlitz School. On November 25, 1974, she wrote to the Principal of the Farès School, enclosing a statement showing the role of the pedagogical advisor with respect to the private institutions. This document was filed in evidence.

When asked whether she had checked the submissions from the private institutions, in order to verify their claims, when visiting the institutions, the witness replied that this was not one of her responsibilities. She visited the Farès School around the middle of November 1974 for the first time and at that time she was not even aware of the contents of the bid submitted by this institution. Furthermore, when checking the operation of the Farès School, she never saw the files of the teachers employed by this school and did not know anything about their formal education and previous experience. To her knowledge, the Farès School gave its teachers two days of training at the start. The Public Service Commission never gave any such training to the teaching staff

of the Farès School. At the start there were two pedagogical advisors employed by the Farès School. The witness was then asked if the teaching methods used by Farès were the methods proposed in the bid submitted by Farès. She replied in the negative, explaining that the teachers could not use the proposed methods without training. She declared also that the students had complained of the materials supplied such as the lack of dictionaries and inadequate furniture and equipment. She did not submit any written reports on the weaknesses noted but kept Mireille Andry aware of these weaknesses through verbal reports.

With respect to the Berlitz School, the witness did not really find any major problems. The students seemed satisfied with their teachers and the teaching methods and materials.

With regard to the Farès School, however, there were many more problems and about the middle of November, she gave the Farès School the "feedback" from the students. The complaints from the students included the following:

1. The students' desks (which were really just "chairs") were not comfortable and were crowded together.
2. The cafeteria food was poor.
3. The audio-visual equipment was inadequate.
4. The teachers, although enthusiastic, were inexperienced and incompetent.

The improvements in laboratory equipment recommended by the Staff Development Branch were made by the Farès

School in January 1975. At that time, according to the witness, a few other improvements were made, such as the acquisition of new chairs and improvements in the quality of the cafeteria food.

The new teachers hired in March 1975, according to the witness, seemed to have more experience than the former teachers. They were given two weeks of training by Miss Marielle Falco, a pedagogical advisor of the Farès School. There were two such pedagogical advisors at that school for about 16 teachers.

In summing up, the witness expressed the view that in February 1975, conditions at the Farès School were not satisfactory but that now the situation was satisfactory, although there was still room for improvement.

16. Mr. Bernard McFadden,
Pedagogical Advisor, Program "E",
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness stated that his duties and responsibilities were exactly the same as those of the previous witness (Ida Godbout), except that the two private institutions which came within his jurisdiction were Feuille d'Erable School and Algonquin College. In the performance of his duties he dealt mainly with the pedagogical advisors employed by these two private schools. He added that in the course of his inspection of the schools, he was not aware of the contents of the bids previously submitted by the private institutions or of the methods used for the assessment of these bids.

At Algonquin College, according to the witness, there were eight teachers handling four classes and there were one part-time and two full-time pedagogical advisors. He checked such things as the classrooms used for these cyclical courses, the lessons given to the students and the questionnaires completed by the students. He would then verbally convey the feedback to the pedagogical advisors of the school and to Mireille Andry. At the beginning of the course, he made few visits to Algonquin College because it appeared from the students' questionnaires that they were very satisfied with the situation at that school. Afterwards, he made about one visit for every three-week cycle. He noticed that the teaching was being well done but that there were a few minor areas of weakness which he brought to the attention of the pedagogical advisors of Algonquin College. These advisors had told him that all the teachers had been given a period of training before the start of the courses. The school gave its students its own tests at the end of every three-week cycle and he would later review the results of these tests.

In general, according to the witness, everything seemed to go well at Algonquin College. There had been some minor weaknesses, such as "too much writing" to be done by the students but this had since been corrected.

With respect to the Feuille d'Erable School, the witness stated that, according to the questionnaires completed by the students, it appeared that they were satisfied with the situation at that school. He did not know anything about the education and experience of the teachers at Feuille d'Erable but he knew that there was a two-week training period for these teachers. There were 20 classes of students, with 20 teachers and two pedagogical advisors and a principal. Some of the teachers in the day

courses at Feuille d'Erable also taught students in the night courses, thus working about ten hours a day. For the night courses there were from 8 to 11 teachers and one pedagogical advisor. The night teachers were given a two-week training course at the start.

The witness added that he dealt with both the day and night courses at Feuille d'Erable and that he made only verbal reports to Mrs. Andry - never any written reports. He did, however, make personal notes in writing and transmitted the "feedback" verbally to the school principal.

The witness declared that, in effect, his official visits to the Feuille d'Erable School did not start until January or February 1975. During these visits it appeared to him that everything was going all right in the classes. He would usually spend about 10 or 15 minutes in a class to see what was going on.

Although, in general, the situation appeared to the witness to be satisfactory, he noticed certain weaknesses. For instance, too much English was used in the French classes and he conveyed this problem both to Feuille d'Erable and to Mireille Andry. That problem has since been corrected. Another matter that needed improvement was the fact that the teaching was a little too "technical" but there has since been a little improvement in this area. Also, there was an insufficient number of tests given by the school. The witness added that a few students seemed to have problems with the form of teaching given at Feuille d'Erable and he recommended consultation with the Language Bureau of the Public Service Commission with a view to the transfer of these students to a school using different teaching methods:

The witness summed up by saying that in general, the teaching at Feuille d'Erable was good but that there were some improvements that needed to be made.

17. Mr. Gérard George Duclos,
Director General, Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness stated that as Director General of the Staff Development Branch he had delegated authority to sign contracts on behalf of the Public Service Commission. He personally signed all the language training contracts. One of his Assistant Directors General, Mr. Roger Lapointe, was the principal manager with respect to all Language Bureau matters.

The witness declared that he had been kept aware of the discussions which had taken place in connection with the award of the contracts to the four private language institutions concerned and he took full responsibility for the decisions taken in this regard.

When questioned concerning the verification of claims made in the tenders submitted by the various institutions, the witness replied that in some aspects it was impossible to do any such verification until the contracts have been definitely awarded. To the best of his knowledge, these matters were checked after the start of the cyclical day courses but he did not know specifically who made those checks. He kept receiving verbal reports on these matters "all along the way." He was aware of as much detail as it was possible for him to be, having regard to the fact that his responsibilities covered many more areas than the award of the four contracts concerned.

The witness added that both the Treasury Board and the Public Service Commission had written to all Departments informing them of the two options for language training cyclical courses -- OPTION "A" for day courses and OPTION "B" for evening classes. It was originally intended that his Branch would use its own space and teachers for OPTION "B" but this decision was subsequently changed because the response in favour of OPTION "B" turned out to be smaller than expected, because not enough teachers in his Branch indicated a willingness to teach at night, and because the re-opening of the Public Service Commission schools at night would cost too much in relation to the relatively small number of students involved. Since there was some urgency in getting started, he decided to go to contract. In the light of the evaluations made for the OPTION "A" courses, and the need to select a school with facilities immediately available to take on the contract, it was decided, with his approval, to award the contract to Feuille d'Erable without seeking any further bids. He considered that this was an emergency situation and that his Branch should not be involved in reviewing bids from about a dozen other institutions all over again. To repeat the process of evaluation of bids would be unduly costly and time consuming. He decided that it would be sufficient, on the basis of the information that had previously been reviewed, to extend the contract to Feuille d'Erable for OPTION "B" in addition to OPTION "A".

According to the witness, the Treasury Board had authorized the expenditure of funds for all the day courses as a whole and his Branch could, therefore, have awarded to Feuille d'Erable one contract for all the OPTION "A" courses. He had decided, however, that it would be advisable to divide up the OPTION "A" courses among four institutions through four separate contracts.

For the OPTION "B" courses, however, the total number of students was not large enough for more than one contract. The decision to declare the situation to be an emergency one was entirely his but since he reported weekly to the Management Committee meetings of the Public Service Commission, the Director of Financial and Administrative Services would have been kept informed.

The witness expressed the view that, taking everything into account, it was probably less costly to have Feuille d'Erable operate the night courses than to have them operated by the Language Bureau.

According to this witness, the evaluation of the performance of the private schools concerned is carried out in three phases:

1. Observations made before the contract is awarded;
2. On-site inspection by pedagogical advisors of the Language Bureau after the courses are started;
3. Evaluation of the progress of the students, total costs, etc., after the completion of the contract.

When asked what happens when it is found before the completion of the contract that there has been a failure on the part of the private school to adhere to the terms of the contract or to the proposals made in the tender submitted, the witness replied that the school would merely be asked to make the necessary changes and improvements. All that his Branch sought was "evidence of good faith." The weaknesses discovered after the start of the contracts were in no case serious enough to warrant the cancellation of the contract. However, the Branch would re-examine the situation

after the completion of the contract and decide whether to have the contract renewed.

18. Mr. Fouad Farès,

President,

Centre culturel et linguistique Farès Ltée,

5174 Côtes des Neiges,

Montreal, Que.

Mr. Farès stated that he had come to Canada about ten years ago and had been a Canadian citizen for the past five years. It was he who founded the Centre culturel et linguistique Ltée. The other shareholders were Miss Jeannette Pelletier, Miss Alice Pelletier and his wife Marcelle. He had previously been a teacher in France. He had had business dealings with the Language Bureau of the Public Service Commission for the past three or four years and had been awarded four contracts with the Public Service Commission: one in Ottawa, one in Montreal, one in Newcastle, N.B., and one in Chatham, N.B. His company had received an invitation to attend a meeting at the Holiday Inn in June 1974 with officials of the Staff Development Branch of the Public Service Commission. At this meeting the needs of the Branch with respect to language training were explained and subsequently he and Miss Jeannette Pelletier drafted a tender and submitted it to the Commission's Language Bureau. The submission was signed by Miss Pelletier for the company.

The witness stated that he had known Mr. André Lacoste since December 1974. When he met Mr. Lacoste for the first time, the latter was outside the public service, working as a car salesman for Soucy Mercury Ltd. at Plaisance, Que. His company bought a car from him for the use of the principal in the Farès School in Vanier.

When asked why his company, with its head office in Montreal, bought a car in Plaisance, the witness replied that it was Miss Jeannette Pelletier who arranged for the purchase of the car in October 1974. The car was subsequently damaged in an accident and was returned to that same company in the beginning of January 1975. Before that time, he had never personally met Mr. Lacoste although he had heard about him in the fall of 1974 as being an employee of the Language Bureau.

The witness added that he came to Ottawa in the beginning of January 1975 and that Mr. Lacoste went to see him. They saw each other about two or three times after that. Although he had occasion to meet with Mr. Lacoste once or twice at social affairs, the only business affairs he had had with him directly at first were in connection with the car. Afterwards, however, Mr. Lacoste worked for his company as a consultant in connection with a language training contract which his company had with Bell Canada in Ottawa. Courses were given on Bell Canada premises and Mr. Lacoste went there to advise on pedagogical matters for a period of about two weeks around the end of February 1975. It was through Miss Pelletier that the arrangements were made for his services as a consultant but no remuneration was paid to Mr. Lacoste or to any other public servant for services rendered.

The witness was asked if his company normally hired people to do work without remuneration and he answered in the negative.

19. Miss Jeannette Pelletier,

Vice President,

Centre culturel et linguistique Farès Itée.

The witness stated that she had attended the meeting on June 20, 1974 at the Holiday Inn with Mr. Farès and Mr. Gaston Quevillon. The latter attended because at that time he was employed as a teacher at the Farès School in Montreal and it was intended to have him appointed as principal of the proposed Farès School in the Ottawa area. After that meeting she signed a tender and submitted it to the Language Bureau of the Public Service Commission in Ottawa. The submission contained detailed information on what the Farès Centre proposed to offer to the Public Service Commission as far as language training was concerned. It was based on previous contracts the Farès School had been awarded by the Public Service Commission.

The submission, according to the witness, showed the qualifications of teachers that the Farès School would attempt to recruit if awarded the contract, the teaching methods that could be used by the Farès School, the materials and equipment that they would try to obtain (but not yet in stock) the number of pedagogical advisors it was proposed to obtain (one for every four teachers), and the type of classrooms and furniture to be provided.

The witness added that after being informed that Farès would be awarded the contract, she decided that Mr. Quevillon should be appointed principal of the new school and she started looking for suitable premises, as large as possible, about the end of August 1974. She left it up to Mr. Quevillon to hire the teachers but she herself also participated in some of the interviews of candidates. An advertisement was placed in Le Droit and notices were sent to the Canada Manpower Centres in Ottawa and Hull. At first there were 15 groups of students and 15 teachers were required. She herself hired two or three and the rest were hired by Mr. Quevillon. It took at least till the end

of September to recruit all the teachers. As far as possible, an endeavour was made to obtain teachers with B.A. degrees but it was not entirely possible. Although it had been intended to give the new teachers two or three weeks of training before the start of the courses, there was not enough time left for such full training and, therefore, they were given only one or two days of training in advance and then some additional training after school hours.

The witness testified that by the middle of November 1974 she was aware that there were many gaps to be filled and improvements to be made. That was when she first became aware of existing problems and she was surprised to learn of the situation. She then organized further training for the teachers at the Vanier school.

The witness admitted that by the end of October the situation at the Farès school in Vanier was not in accordance with the statements contained in the bid submitted for the contract. There were gaps. Mr. Quevillon went to Montreal in December 1974 to explain his problems and he was given authority to hire additional teachers. The low proportion of pedagogical advisors in relation to the number of teachers was due to the difficulty of obtaining a sufficient number of pedagogical advisors. It was decided later to bring in Miss Marielle Falco from the Farès School in New Brunswick to act as a pedagogical advisor at the Vanier school and to train the teachers.

The witness, in reply to the question whether she knew Mr. André Lacoste, stated that she had first met him in July 1974 in Ottawa when he worked on the drafting of language training contracts for special Departmental courses. She saw him several times after that. For instance,

he was present on September 6, 1974 when she signed the contract for the cyclical course to be started in the middle of October. This contract had already been signed by Mr. Duclos. Also, a few weeks afterwards, she bought a Comet car from him for the Farès Centre when he was a car salesman for the Soucy Company in Plaisance.

When asked how she knew that Mr. Lacoste was in the car business, the witness replied that at some meeting held in Ottawa before he left his position in the Language Bureau, he told her that he was leaving and was going into business. Shortly afterwards, when Mr. Quevillon said that he needed a car in Ottawa, she left Montreal to buy the car in Plaisance.

Mr. Lacoste, said the witness, was not really a "friend" of hers but only an "acquaintance". After the car was in an accident (at the end of November) she did not see Mr. Lacoste personally until January or February. She had found out towards the end of January that he was back in the public service. She then called him and asked him to help out with the proposed project at Bell Canada. Since he was working right near the Bell Canada building, she asked him to give pedagogical advice for about two weeks with the Bell Canada students to be given language training through a contract with Farès. She also gave him authority to hire teachers for the Bell Canada project. She asked him to help out as a personal favour because he had had good experience in training teachers. She offered him no remuneration because it was her impression that as a public servant he was not permitted to receive two separate salaries. He hired about two teachers for Bell Canada but in her name, because she could not be in the Ottawa area at that time.

The witness added that in view of a proposed contract with the Department of Agriculture, she had asked Mr. Lacoste to suggest a few names of prospective teachers and he gave her a few names but he was not asked by her to look for teachers for the Vanier school.

20. Mr. Gaston Quevillon,

Former principal of Farès School in Vanier.

The witness stated that he had started working for Farès in February 1971 as a teacher in Montreal. He came to Ottawa in September 1974 as principal of the Farès School in Vanier. For about six weeks before the course started he did both painting of the classrooms and interviewing of candidates for teaching positions. The hiring of any teacher was never confirmed without the approval of either Mr. Farès or Miss Pelletier. He had too much work to do to be able to help with the training of teachers. He was told that someone from Montreal would come to Vanier to do the training. This training was done but only for about one day. He was told André Lacoste had contacted some candidates and would send them to him for interview. Carole Turcotte and a few others came to see him and told him that they had been referred by Mr. Lacoste, who had promised them a salary of \$200 a week.

The witness recalled that at the end of June he had met, on a Friday afternoon at a bar in the Skyline Hotel in Ottawa, with Miss Pelletier, Mr. Lacoste, and a Miss Michèle Tremblay, of the Public Service Commission.

The witness considered that the dismissal of the entire staff at the ~~Vanier~~ school was "inhuman." The staff was never told exactly why they were dismissed and they, therefore, lodged a complaint with the chairman of the

Public Service Commission.

21. Mr. Gérard Caron,

President,

Institut de Langue Feuille d'Erable Ltée.

The witness stated that he had been employed as a teacher, pedagogical advisor and principal in the public service from 1965 to 1969. He then became Head of a Department at Algonquin College and in 1972 he founded the language institution, of which he is president and Mr. Claude Desrochers vice president. There was also a Mr. Windsor who signed the application for the charter but he (Mr. Windsor) had only two shares in the company. The true owners were Mr. Desrochers and himself. Mr. Desrochers handled all the administrative work and he looked after all the pedagogical aspects. The head office was at 125 Empress Avenue, Ottawa, where all the classes were held. His firm had a contract for the cyclical day courses (OPTION "A") with 20 groups of students and the night courses (OPTION "B") which started with eight groups of students and now had eleven.

The witness testified that to obtain qualified teachers, he would first interview, then screen out the unsuitable candidates and call the others for a two-week training course. At the end of the training, the decision would be made whether to place them in the school. The training was normally given in their own quarters on Empress Avenue except that in August 1974 there was a training class for about 30 teachers in the school operated by Feuille d'Erable in the National Defence Building.

The only business the witness had with Mr. Lacoste since he started Feuille d'Erable was when he (Mr. Lacoste)

called him to sign the contract. On the other hand, Mr. Lacoste had been a friend of his for ten years.

The witness added that he always arranged for the training of more teachers than he needed immediately. He kept a reserve list and when he could not employ any of the teachers himself, he suggested to them where they might seek employment - at Farès, Algonquin, etc. At the beginning of February 1973, Mr. Lacoste had called him to ask if he could recommend any of his surplus teachers.

22. Mr. Claude Desrochers,
Vice President,
Centre de langues Feuille d'Erable.

The witness stated that his main responsibilities at Feuille d'Erable were administration and planning. He used to be a teacher at Algonquin College but was never in the public service. Normally he dealt directly with Departments who wanted special courses.

The witness added that he attended the meeting of June 20, 1974, at the Holiday Inn and later submitted a bid.

Mr. Lacoste had no dealings with Feuille d'Erable. The company was incorporated on September 5, 1972, and he has not had any other company established and is not a shareholder in any other language institution. Mr. Lacoste once visited Feuille d'Erable but on his own initiative and not by invitation. He was not present at the official opening of Feuille d'Erable. However, in 1974 when Feuille d'Erable held an inauguration of the new cyclical courses, all the officers of the Public Service Commission who dealt with cyclical courses were invited, including Mr. Duclos, Mr. Lacoste, Mr. Lapointe, and Mireille Andry and her staff. A reception was held at the Empress Avenue school

and representatives of Departments and private companies were also invited,

23. Mr. Julien Ringuette,

Teacher, Language Bureau, Public Service Commission,
and President of the Syndicat des Professeurs.

The witness stated that he had been president of the union of teachers since November 1973. Regular consultation meetings were held with the management of the Language Bureau every month. Mr. Lacoste was in charge of the Departmental special courses (Program "D") in 1973 and most of 1974 but the union was never able to get from him the information on the private school courses which was requested. The matter kept being deferred.

The union considered that contracts should be awarded only in urgent cases and only to non-profit organizations such as Algonquin College and the University of Ottawa.

The union had not had anything to do with the evaluation of the services offered by Feuille d'Erable.

The witness then read aloud the complaints he had made in a letter to the chairman of the Public Service Commission after the dismissal of the teachers at the Farès School and this document was tabled in evidence. Some of the allegations were outside the scope of this inquiry and others were made in general terms only and with certain insinuations but not proof of wrongdoing. The witness was told that if he had any further evidence to offer or witnesses that he wished to be called to give evidence, he should let the Commission of Inquiry know within the next 24 hours but by the following day he had made no such request.

24. Mr. Roger Lapointe,
Assistant Director General,
Language Bureau,
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness was called back to give evidence with respect to his memorandum to Mr. G.G. Duclos dated March 17, 1975, in which he mentioned that allegations of conflict of interest had been made against André Lacoste, Gérard Caron, Lucien Breton, Michel Farag, Antoine Douek and Michel Assam. He testified that the allegations had first come to him through teachers of the Farès Centre around the end of February 1975 and that the only name mentioned at that time was that of André Lacoste. The other names were mentioned later by various other people, particularly by members of the press.

Since Mr. Lacoste at that time reported to Victor Barbeau and not to him, he contacted Mr. Barbeau and asked him to discuss this matter with Mr. Lacoste. After the dismissal of the teachers, the witness received a further allegation by telephone and he then conveyed it both to Mr. Barbeau and to Mr. Duclos. The latter then asked all the employees concerned for written declarations on the question of conflict of interest, except for Mr. Assam who was not employed in the Public Service Commission. Mr. Duclos, after receiving all the statements requested, asked the Public Service Commission for an inquiry into the matter.

25. Mr. Victor Barbeau,
Director, Learning Support Division,
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

Mr. Barbeau confirmed that he was contacted by Mr. Lapointe on February 21, 1975 and was asked to meet with Mr. Lacoste. He met with Mr. Lacoste on February 27, 1975, and on March 5, 1975, he submitted a short report, indicating that he was satisfied that there had been no conflict of interest.

Immediately after all the teachers were dismissed, the witness received many telephone calls from the press concerning Lacoste. He then met with Mr. Duclos, Mr. Joseph Bergeron, and Mr. Marc Allaire for a discussion of this matter. It was decided to tell Mr. Lacoste that it was proposed to recommend to the Public Service Commission that he be suspended for a temporary period. The press referred to cars sold by Lacoste to Farès, to his work as a consultant for Farès and, to his recruitment of teachers for Farès. They were all just rumours at that time and it was not clear that there had really been any conflict of interest.

The witness expressed the view that if Mr. Lacoste had worked as a consultant for Farès during his regular hours of work for the Public Service Commission and if he had carried out the complete process of hiring teachers for Farès, there would have been a conflict of interest. However, later on the same day of his meeting with Mr. Duclos, the witness spoke again to Mr. Lacoste and both went to see Mr. Duclos. When he gave his version of what had happened, Mr. Duclos decided not to proceed with the suspension but to have an inquiry.

26. Mr. André Lacoste,
Planning Officer,
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

Mr. Lacoste was called back to give evidence concerning the allegations of conflict of interest. He stated that he had known Miss Jeannette Pelletier for about a year. She was involved in handling for the Farès Centre the arrangements for certain courses given in Departments while he was in charge of Program "D" (Special Departmental Courses) of the Language Bureau. He met her in the course of his regular duties and saw her after that about five or six times. She lived in Montreal and when she came to Ottawa on business he saw her in his capacity of Director of Program "D". Sometimes they would go to lunch together.

In the last three months, however, the witness had other business dealings with her. He met her in his capacity as a car salesman. She was his first customer when he went into the car business on November 1, 1974. After they opened the Farès School in Vanier, they needed a car for the new principal.

When asked how Miss Pelletier knew he was selling cars in Plaisance, the witness explained that although he left the Staff Development Branch on October 1, 1974, he did not officially leave the Public Service Commission until November 1, 1974. He had asked on September 9, 1974, to leave on October 1, 1974 but on October 25, 1974, he asked for leave without pay up to January 15, 1975 and he was granted such leave, effective November 1, 1974. Before he left the Public Service Commission officially, he had been working with Frank Dyson on the processing of contracts. He met Miss Pelletier at that time in connection with his work because her company had been awarded one of the four contracts which had been signed about the beginning of October. It was then that he told her that he was going into the car business. On December 16, 1974, since the volume of car sales was decreasing continually, the witness

requested the Staff Development Branch to take him back before January 15, 1975 but, in fact, he did not return to the Branch until January 27, 1975.

The witness added that before he went into the car business, he had never met Mr. Farès. It was Miss Pelletier who dealt with him in the purchase of a Comet car, which later was involved in an accident. When Miss Pelletier called the Soucy Garage concerning the car accident, she was told that he was no longer there and had returned to the public service. That was how she was able to contact him. Some person at the Soucy Garage gave her his home telephone number.

It was not long after he returned to the public service (January 27) that the witness saw Miss Pelletier again. She had business with the Department of National Revenue which was in the same building as his. They then had lunch together but it was not a "business" lunch.

At the beginning of February, Mr. Farès was staying at a hotel in Ottawa and Miss Pelletier told the witness that he would like to meet him. The witness met him, had some general discussions and had supper with him at about 5:30 P.M. Mr. Farès talked about his contract with Bell Canada. Shortly afterwards (before February 18), the witness met Mr. Farès again for lunch and asked Mr. Farès what he wanted him to do in connection with the course to be given at Bell Canada. The witness started his work as a consultant at Bell Canada on February 18 and continued in this evening job for about two weeks.

The question of trading in the Comet car for a Granada did not arise until Mr. Lacoste's third meeting with Mr. Farès. Mr. Lacoste testified that he got in touch with

the Soucy company and told them that Mr. Farès wanted to trade his car but he (the witness) had nothing else to do with the trade.

In his job as consultant at Bell Canada, the witness was required to see how things were going, suggest pedagogical improvements, etc. He was merely the intermediary official acting for Farès. His suggestions were all accepted by Farès. He worked from about 5:30 P.M. to 7:30 P.M. for two weeks, starting February 18. On the day before the start of the course, he met with the teachers in the Bell Canada building and explained to them what he intended to do as a consultant and told him that he would do evaluation work and submit his report to Farès. Some of these teachers were "moonlighters" both from the Language Bureau of the Public Service Commission and from the Farès School in Vanier. It was a "stormy" meeting and the witness found that the attitude of the teachers was unacceptable. They seemed to take the attitude that since they had worked all day, they should not be expected to work too hard at night. When a teacher says, "Don't push me," that is an unacceptable attitude. He told the teachers that if they did not like the conditions of work, they could quit. They complained that they were not being paid enough for their work. He told them on one occasion that, although he did not have the authority to sign any contract with them, he had authority from Farès to "hire and fire."

At the end of his two-week period as a consultant, the witness told Farès that the students were unhappy, that of the original 80 students, only 40 were left, that some teachers had already quit, and that it was too late to do anything else but to re-group and start again.

With respect to his hiring of teachers for Farès, the witness stated that he had been asked by Farès to help find teachers for the Bell Canada project. He participated in the dismissal of teachers at Bell and in their replacement. During the course of all this, he was asked by Farès if he knew of any teachers for the cyclical day courses at Vanier as well as for other new contracts coming up. He called several persons and asked them if they were interested in working for the Farès Centre. He succeeded in finding five interested persons and he told them that the Farès Centre would arrange for interviews. He also told them of the pay and conditions of work. One of these persons, Carole Turcotte, tried to find the witness at the Farès Centre but could not obtain the telephone number of the Farès Centre and called Mr. Lapointe at the Language Bureau. Mr. Lapointe called the witness to find out what was going on. Miss Turcotte finally went to the Farès Centre and was told there was no vacancy. She completed an application form in the principal's office and in that form she stated ~~---incorrectly---~~ that the witness (Mr. Lacoste) had promised her \$200 a week. The witness claimed, however, that he had no final control over the hiring and had not promised anything.

Miss Pelletier, according to the witness, had told him of certain problems she was having with the teachers at Vanier but she had not told him anything definite about proposed dismissals. They were all dismissed on Friday, March 7, 1975, a week after he had ended his job as consultant at Bell Canada. He was as surprised as anyone else to learn that all 22 of the staff were dismissed.

When asked why he worked for Farès without remuneration, the witness replied that there were two main reasons:

1. He had been away from teaching for awhile and wanted to get back into this field and acquire the special experience he would get as consultant at Bell Canada.
2. He was curious to see how the French International method of teaching used by Farès worked out as compared with the Dialogue Canada method.

The witness added that Miss Pelletier never offered him any money and that he was merely interested in helping to promote bilingualism within the public service in any way he could. The progress made by public servants in the private language institutions reflected in some way on the Language Bureau of the Public Service Commission. He was interested in money but he also had some "loftier" motives. Besides, in his new job at the Public Service Commission as a Planning Officer, he was really "removed" from teaching. This job as consultant, he thought, would be like a refresher course for him.

The witness explained that since he had worked outside office hours, he could legally have accepted remuneration because it was the same as working at night in a private Department Store. He did not want to be paid for his work because he wanted to be free to say and do what he wanted. He does other work without remuneration, such as writing weekly articles for a newspaper and working with Boys Scouts. Many allegations had been made against him but always without proof of any wrongdoing on his part.

27. Miss Marie-Josée Riel,

Former teacher at the Centre Farès, Vanier.

The witness stated that she was one of the teachers dismissed from the Farès School in Vanier and that she had taught also at Bell Canada. She met André Lacoste on February 19, 1975, when he had a meeting with the teachers at Bell Canada and told them that he was a consultant and they must conform to his instructions on the methods of teaching. It appeared to her at first that he was speaking on behalf of Farès but then he said, "I am the one who pays you." This, according to the witness, indicated that he was speaking for himself personally. Two other teachers in the same situation, namely Danielle Ivory and Micheline Gravelle, also gave evidence at this inquiry, merely confirming the evidence given by Miss Riel.

28. Mr. Lucien Breton,
Unit Head, Program "D",
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness stated that he had never had anything to do with the cyclical courses of Program "E". In July 1974, he drafted contracts for departmental courses. One such contract was for Post Office Department in Quebec City and was awarded to Farès. It was a 30-day contract, effective July 1, 1974. The contract had been negotiated by his Director who was then André Lacoste.

With Feuille d'Erable he was involved only in one contract for the Department of Communications at Shirley's Bay, Ontario. He did not serve on the committee established to assess the OPTION "A" courses for Program "E" and had nothing to do with the award of the contracts for these courses or with negotiations for any contracts for Farès. He drafted the Farès contract for the Department of National

Revenue at Saint John, N.B., but only after the negotiations had been completed. He had no financial interest in any private language institution.

29. Mr. Fouad Michel Farag,
Research Specialist,
Staff Development Branch,
Public Service Commission,
Ottawa, Ontario.

The witness stated that he had never met Mr. Farès. He was responsible for research work only and his work was not connected in any way with language training contracts. He had been out of the country for several years, arriving back in September 1974.

30. Mr. Antoine Douek,
Pedagogical Advisor,
Public Service Commission,
Montreal Regional Office.

The witness stated that he reported directly to Mr. Maurice Houde, who was the Director in charge of the Regional Operations of the Language Bureau in Montreal. In December 1974, he visited the Farès School in Montreal twice at the request of his Director, Mr. Houde. He was asked just to see what was going on in the cyclical courses being given there, to make some notes and report back to Mr. Houde without making any comments to the teachers. He was never officially designated as a pedagogical advisor but was needed temporarily to perform the duties of a pedagogical advisor in a very limited capacity. He had no other role with regard to the private schools in Montreal except for the two visits to the Farès School. He had met Mr. Farès many years ago but did not see him again for several years until 1975. He knew Mr. Farès but not as a close friend.

CONCLUSIONS OF COMMISSION OF INQUIRY

From all the evidence given by the various witnesses at this inquiry, it is extremely clear what procedures are followed generally by the Public Service Commission in awarding service contracts and exactly what procedures were followed in the awarding and administration of language training contracts to the four private institutions in question, namely the Farès Centre, the Feuille d'Erable School, Algonquin College, and the Berlitz School of Languages. These procedures can be summarized very easily and it can be shown that there has been no violation of the law, that is, of the provisions of the Financial Administration Act or of the Government Contract Regulations or any other regulations pursuant to the Act. There remain only the question of the judgement used by the officers of the Public Service Commission in the performance of their duties and the question of conflict of interest, which I will deal with later in this report.

On the question of the procedures followed by the Public Service Commission and their legality, it should be noted, first of all, that the law permits a considerable amount of flexibility in the procedures to be followed as well as considerable delegation of authority. It should be noted also that there is some division of authority between the Public Service Commission and the Treasury Board as far as powers and functions in relation to training programs in the public service are concerned. Section 5(b) of the Public Service Employment Act provides that the Commission shall "operate and assist deputy heads in the operation of staff training and development programs in the Public Service" whereas Section 7(1) (b) of the Financial Administration Act provides that "notwithstanding any other provision contained in any enactment, the Treasury Board may, in the exercise of its responsibilities in relation to personnel management... determine requirements for the training and development of personnel in the public service and fix the terms on which such training and development

may be carried out." "Training," of course, includes language training and apparently it is in consultation with the Treasury Board that decisions have been made as to the extent and goals of the language training to be undertaken within the public service and the total funds to be used for that purpose within each fiscal year.

Since my terms of reference, however, are restricted to matters pertaining to the language training contracts awarded by the Public Service Commission, the proper starting point would be the examination of Section 34(a) of the Financial Administration Act. (The Public Service Commission has exclusive authority under Section 8 of the Public Service Employment Act to make appointments to or from within the Public Service but the authority to enter into contracts stems from the Financial Administration Act). Section 34(a) of the Financial Administration Act reads as follows:

34. The Governor in Council may make regulations with respect to the conditions under which contracts may be entered into and, notwithstanding any other Act,
 - (a) may direct that no contract by the terms of which payments are required in excess of such amount or amounts as the Governor in Council may prescribe shall be entered into or have any force or effect unless entry into the contract has been approved by the Governor in Council or the Treasury Board.

The regulations relating to government contracts are those approved by Order in Council P.C. 1964-1467 dated September 23, 1964, with the short title "Government Contract Regulations." Under these regulations, contracts are divided into four parts, namely Construction Contracts (Part I), Purchase Contracts (Part II), Service Contracts (PART III), and Leases (PART IV). For the purposes of this inquiry, I am concerned only with Service Contracts (PART III).

In Section 2(1)(g) of these Regulations, the word "tender" is defined, with respect to a service contract, as a "tender invited by public advertisement or from a representative list or representative lists of suppliers." Sections 5 and 6 of these Regulations read as follows:

5. Where there is no authority under these Regulations for a contracting authority, without the approval of the Treasury Board,
 - (a) to enter into a contract; or
 - (b) to increase the amount payable under a contract,

the Treasury Board may approve the entry into the contract by the contracting authority or the increase in the amount payable under the contract, as the case may be.

6. Except as provided in these Regulations, no contract shall be entered into without the approval of the Treasury Board.

The relevant sections under Part III, Service Contracts, are the following:

14. Before a service contract is entered into, the contracting authority shall invite tenders except in such cases or classes of cases as the contracting authority considers the invitation of tenders not to be in the public interest.
- 15(2) .A contracting authority, without the approval of the Treasury Board, may enter into a contract for the furnishing or performance of any service... if the amount payable under the contract does not exceed five thousand dollars.

Under date of July 31, 1974, the Director of Administration of the Public Service Commission issued to all Branches of the Commission a memorandum to which was attached a set of documents outlining the new procedures of the Public Service Commission to be followed in the arrangements for Service Contracts. The covering memorandum contains the following paragraph:

The terms of the procedure are to be followed in all cases when new Service Contracts are being negotiated, or existing contracts are being renegotiated or amended. As mentioned in the procedure, considerable lead time is required to prepare a submission to the Treasury Board and receive a decision. All concerned should plan ahead to allow ample lead time. This will be most critical where submissions originate in Regional Offices.

The procedure manual attached to the above-mentioned memorandum draws attention to some relevant sections of the Financial Administration

Act and Government Contract Regulations and provides certain additional guidelines, the most significant of which are the following:

- 2.1 The following policy statements are the basic requirements of the Government Contract Regulations, of the Treasury Board, and of the Commission. Notwithstanding anything contained in this procedure, however, the full provisions of the Regulations and of the Treasury Board guidelines shall always prevail.
 - 2.1.1 A person or organization shall not be placed on contract to perform work that could be handled by permanent or term appointments within the Public Service; nor shall contracts be used to circumvent the legal processes for the recruitment and appointment of persons to the Public Service.
 - 2.1.3 A contract shall not be let unless the work to be performed is clearly necessary to further a Commission objective.
 - 2.1.7 A branch shall not request the letting of a contract unless it has budget funds that can be committed for the payment of the total cost of the contract.
 - 2.1.9 No serious negotiations with, or commitments, to, a prospective contract shall be made by a branch unless it is fully satisfied that all the requirements of this procedure can be fulfilled.
 - 2.1.11 All contracts with organizations, shall be in the form shown in Appendix "C". Contracts with individuals will normally be in letter form (according to the pro forma in Appendix "D") but may be on the Appendix "C" form if they are unusually complex.
 - 2.1.12 Where Treasury Board authority is required, all draft submissions must be cleared through the F & A Advisors for transmission to TB. The Advisors are also available for advice and guidance, if required.
- 3.1.1 The branches shall have authority to enter into service contracts on condition that:

- (a) the contracts are deemed essential to the advancement of approved objectives of the Commission;
- (b) the contracts are made on the prescribed formats (Appendix "C" or "D") under the signatures of the responsibility centre managers having authority to spend budget funds on service contracts;
- (c) the contracts are entered into in full conformity with the requirements of this procedure.

3.1.2 In entering into and administering contracts, the branches shall be responsible for:

- (a) selecting suitable contractors;
- (b) determining and justifying the services to be carried out by the contractors;
- (c) establishing the fees to be paid, in accordance with the Treasury Board Fee Guidelines, and/or in consultation with the Personnel Division;
- (d) deciding whether tenders are necessary; if tenders are to be called, selecting the names of those to whom calls are to be made;
- (e) identifying the security aspects (if any) of contracts;
- (f) signing contract agreement documents; in accordance with the established Signing Authorities under Section 25 of the Financial Administration Act;
- (g) maintaining direct liaison and carrying on correspondence with contractors; particularly in connection with the technical aspects of contracts;

(h) recommending payment to contractors in accordance with the established signing authorities under Section 27 of the Financial Administration Act for services satisfactorily performed, or withholding payment for services not carried out in accordance with the terms and conditions of contracts.

(i) performing preaudit.

3.2.1 The Finance and Administrative Services Division through the F & A Advisors shall be responsible for:

(a) providing advice to managers on the availability of funds;

(b) providing advice and assistance to the branches in establishing the terms and conditions of proposed contracts;

(c) preparing and distributing periodic management reports on contracts (Appendix "E");

(d) maintaining contract files and records;

(e) drawing up (jointly with the branches) contract agreement documents on request;

(f) calling for and processing tenders, if requested by the branches;

(g) as required, preparing contract submissions to Treasury Board;

(h) carrying on correspondence with contractors, if requested in connection with the administrative aspects of contracts;

(i) providing advice and assistance in determining and handling the security aspects of proposed contract services;

- (j) authorizing payments in accordance with the established signing authorities under Section 26 of the Financial Administration Act;
- (k) performing the necessary spot audits against contracts.

Now let us examine the procedures followed by the Public Service Commission in the awarding of the contracts to the four private institutions concerned. It is clear from all the evidence given at the inquiry that for the cyclical day courses (Program "E", OPTION "A"), the following steps were taken:

1. A decision was made by the Staff Development Branch of the Public Service Commission to have these language training courses operated by contract.
2. Thirteen private institutions were selected from a list of about 70 "recognized" language schools in the possession of the Staff Development Branch and were contacted and given detailed information on the needs and specifications the Branch and general terms and conditions.
3. Ten of these private institutions submitted tenders with details of their proposed services as to teachers, teaching methods, accommodation, equipment and cost.
4. A committee was established by the Assistant Director General, Language Bureau, to assess the various tenders received.
5. The committee, after two meetings, and on a review of the contents of the tenders submitted

in writing, decided to recommend the award of language training contracts to four of the institutions according to a point evaluation system, with an unequal apportionment of the 1500 students among these four institutions.

6. The Assistant Director General and the Director General of the Branch, on the recommendation of the special committee as well as the regular Management Committee of the Branch, approved the proposed arrangements.
7. The four contracts were duly drafted and signed by the Branch and passed to the Director of Financial and Administrative Services for submission to the Treasury Board.
8. The Treasury Board had approved all the funds required to cover the language training contracts for cyclical courses.

In all of the above, no step was taken by any officer of the Public Service Commission without due authority and there was no violation of the law in any respect.

As far as the night courses (Program "E", OPTION "B") are concerned, the procedure followed was not as outlined in the eight points set out above. What happened was the following:

1. The Assistant Director General, Language Bureau, ~~decided that it was necessary to have the night~~ courses given by a private institution through contract and the Director General agreed with this decision.

2. The Director General and his Assistant considered that there was no time to call for special tenders for the night courses and that this was an emergency situation.
3. The Assistant Director General, with the approval of the Director General, decided that the contract should be awarded to one private institution, namely the Feuille d'Etable Language School, because this institution had been given the largest number of points by the special committee when it completed its review of the tenders received for the day courses.
4. The contract was duly drafted by the Branch and signed by the Director General and passed to the Director of Financial and Administrative Services for submission to the Treasury Board.
5. The Treasury Board had approved the necessary funds.

Disregarding for the moment the matter of the quality of judgement used or the question of the possibility of conflict of interest, I fail to see that in the decision to award the contract for the night courses to Feuille d'Etable without seeking any further tenders there has been any action taken by any officer without legal authority or that there has been a violation of any specific provision of any Act or Regulation. There may be valid reasons for a study to be made of the law as it now stands but this is outside the scope of this inquiry. However, I consider that it is a part of my mandate to review the procedures of the Public Service Commission not only as to their legality but as to their quality and appropriateness.

In this connection I find, first of all, that the general format used for service contracts covering language training leaves much to be desired and leads to problems in the exercise of good judgement in the award of specific contracts. We have evidence given by several officers of the Staff Development Branch to the effect that it is practically impossible to assess tenders received for language training contracts on any other basis than an examination of the claims and proposals contained in the written submissions of the private institutions concerned. The Commission of Inquiry was told that it was necessary to rely on the good faith of the institutions submitting tenders and that their proposals on various factors (such as education and experience of teachers to be hired, proportion of pedagogical advisors, pre-training of teachers, quality of accommodation and equipment) could not be verified in advance because the private institution, until it is awarded the contract, will not acquire the necessary teachers, accommodation, equipment and materials. The evidence shows also, however, that no significant checks or evaluations are made until the end of each cycle, with a written report submitted about four months after the start of the first cycle. Those who carried out the evaluations were not even made officially aware of what was contained in the tenders submitted. Under such circumstances, I find that the format of the language training contracts should be changed.

Each of the four language training contracts provided for cancellation by notice given at least 90 days before the termination date of the contract. Instead of making provision for cancellation of the contract through such notice, there should be a provision for cancellation at the very start of the course with only seven days' notice if it is found at the start of the courses that any of the significant items set out in the tenders are inconsistent with the true situation. I cannot see why on the first day of the course it should be difficult to determine such things as the number of teachers hired, their education and experience, the amount and type of pre-training given to the teachers by the contractor, the quality of the premises, classrooms, furniture, equipment and materials, as well as the teaching methods used. To rely on the good faith of the contractor and only suggest to the contractor that changes and improvements be made once the contract is well under way and to decide only at the end of the contract whether it should be renewed

without any consideration being given to cancellation of the contract before it ends is, in my view, not only improper and unfair to students and to taxpayers generally but also unfair to those language institutions which submitted tenders but were not awarded contracts because of the low number of "points" given them by those assessing all the tenders. It is quite possible, under the present system, for one language firm to be given fewer points than another and lose out on the contract while, if awarded the contract, this firm might adhere to its commitment one hundred percent and might give better service than the firm which made better offers but did not respect its previous commitments.

As it seems to have turned out in the case of the contracts awarded to Farès and Feuille d'Erable, the former failed to meet its requirements whereas the latter performed very satisfactorily. However, it is important to note not merely what the outcome was but how much risk is involved in the present procedures followed by the Public Service Commission. If the system used for the evaluation of tenders cannot be improved (through advance checks and verifications), certainly a procedure can be established for immediate verification at the start of a course with a report to be submitted in writing to the proper authorities of the Public Service Commission within a short fixed period of time with a view to a decision being made to cancel the contract with ~~seven~~ days' notice if promised terms and conditions have not been met.

Apart from the defects in procedures mentioned above, let us now examine the question whether all officers of the Staff Development Branch of the Public Service Commission who have been responsible directly or indirectly for the award and administration of language training contracts carried out their duties in a manner which left nothing to be desired. This includes both the question of the quality of judgement used in the exercise of discretionary powers and the question of possible conflict of interest. I will deal first with quality of judgement.

At the start of the inquiry, the first witness called was Mr. Robert F. Smith, Director of Financial and Administrative Services. He clearly stated in his initial testimony that for all contracts the Public Service Commission normally invited at least three tenders in writing, that exceptions were made in very urgent cases in purchase contracts but not in service contracts, and that, in any event, he would have to be satisfied that the matter was really urgent before he would agree to any exception. It turned out later, from the evidence given by Mr. Roger Lapointe, that an exception was made in the case of the award of the contract to Feuille d'Erable for night courses and that the decision that the matter was urgent and that no tenders should be invited for the night courses was made by Mr. Lapointe himself with the subsequent approval of his Director General. When called to testify a second time on this point, Mr. Smith stated that since he had participated from time to time in discussions with the Staff Development Branch on their problems with respect to the night courses, it was possible that Mr. Lapointe in making his decision not to seek other bids considered that he had his (Mr. Smith's) approval. There was an implied approval, according to Mr. Smith, because of his previous involvement in the matter. The relevant issue, however, is not whether there was definite approval from Mr. Smith but whether all those involved in arriving at the decision exercised their discretion in a proper manner in deciding not only to avoid inviting tenders for the night courses but to have only one contract awarded and to have this contract awarded to Feuille d'Erable. It is not easy to see, first of all, why tenders previously submitted for day courses only should be the only ones taken into account in deciding on the award of the contract for the night classes. (After all, it is possible that for night classes, a private institution might have submitted different proposals than for day courses as to rates, accommodation, etc. It is also possible that in the three or four intervening months the situation for some institutions could have improved and better offers might have been made by them). Secondly, it is difficult to see why bids could not be accepted, if necessary, over the telephone, subject to confirmation later in writing. Thirdly, it is difficult

to see why the night courses could not have been postponed for one or two weeks if necessary. Since this cannot, because of the amount involved, be considered as a "minor" contract, it would appear to me that greater care should have been taken to avoid getting into a situation which invited allegations of favouritism in the awarding of contracts.

With respect to the four contracts awarded for the day courses, the question of judgement arises on the following points:

1. In my view it was not good judgement on the part of the members of the special committee to accept at face value all the claims made by the institutions which submitted tenders without any checks or verifications.
2. When the special committee, in its first report, recommended a further study "in depth" of the bids submitted, it was not good judgement on the part of Mr. Lapointe to request this committee merely to look at the same written submissions from the private institutions concerned without doing anything else.
3. I consider that Mr. Lapointe should have arranged to have an on-site inspection of the schools immediately after the start of the courses to verify the truth of the claims made in the bids submitted before the contracts were awarded. He should not have relied merely on the evaluations made at the end of each cycle with reports based mainly on questionnaires completed by the students but with no investigation into the background of the teachers and no check to see whether the proposals in the bids were carried out in every detail -- education and experience of teachers, proportion of pedagogical

advisors, etc. (It should be noted that the pedagogical advisors of the Public Service Commission who did the evaluations had not even been made officially aware of the contents of the submissions. It should be noted also that in many aspects, the facts as they emerged after the start of the day courses differed from the proposals outlined in the bids submitted).

4. It is my view that the apportionment of the total number of students among the four schools was not made on a proper basis.
5. There is reason also to question the judgement made, after receiving certain unfavourable comments in the evaluation reports, not to cancel the contract (as provided for in the terms of the contract) but merely to convey the reported weaknesses to the schools concerned in the hope that improvements would be made later on, and on the understanding that, if not, the contracts would not be renewed.

Notwithstanding the alleged extenuating circumstances, such as lack of sufficient experience with this type of situation, lack of sufficient time to do things properly, uncertainty up to the last minute as to the number of students to be enrolled, administrative problems involved in changing dates of courses, etc, it is my view that when such huge amounts of taxpayers' money is involved, extra caution should be taken to have discretionary powers exercised in such a manner as to avoid public criticism as far as possible. On the basis of the letter and the spirit of the authorities governing the procedures to be followed in the award of language training contracts, I find that the manner in which the contracts were awarded to the four institutions concerned

and the manner in which the inspections were carried out have involved questionable judgement.

As it luckily turned out, Feuille d'Erable did a very good job, far better than Farès, in spite of the questionable procedures followed in the award of the contracts. It might, however, have turned out differently and that is why greater care should be taken in the future.

Section 14 of the Government Contract Regulations provides that before any service contract is entered into, tenders must be invited except where "the contracting authority considers the invitation of tenders not to be in the public interest." This section does not use the term "urgent cases" or "emergency situations." This means that even if there are some administrative problems and delays involved in inviting tenders, all this would have to be considered in the light of the "public interest." Where a possible saving of hundreds of thousands of dollars is involved, it may not be in the public interest to have a decision made on the basis of urgency only.

With respect to the apportionment of the 1500 students among the four private institutions, it appears to me that if any institution awarded over 90 points (out of a maximum of 110) was considered by the special evaluation committee to be satisfactory as to "quality," then the largest portion should logically have been given to Farès instead of Feuille d'Erable if the cost factor had properly been taken into account. There was only a difference of a few points between these two institutions as to quality on the basis of their submissions but a big difference as to cost (\$2.87 an hour offered by Feuille d'Erable versus \$2.00 an hour offered by Farès). The total cost for 400 students, if allotted to Farès, would have been \$324,00. instead of \$464,490. The Berlitz School, it will be noted, offered a price of \$2.49 an hour -- also lower than that of Feuille d'Erable. The savings, if cost had been properly taken into account, could have been in the order of about a quarter of a million dollars for the OPTION "A" courses only, and even more, if we include the OPTION "B" courses.

CONFLICT OF INTEREST

On the question of the possibility of conflict of interest, I note that a statement on conflict of interest was made in the House of Commons by the Prime Minister on July 18, 1973. This statement dealt with standards which would apply to Cabinet Ministers and referred to the Government's Green Paper on proposals for a policy governing conflict of interest in relation to Members of Parliament and Senators. (This Green Paper had been tabled the previous day by the President of the Privy Council). At the end of his statement, however, the Prime Minister added the following:

"The government is at the moment actively considering the proper steps to be taken with regard to the Public Service and those appointed to various offices by the Governor General in Council. These are complicated because the situations can be so various -- all the way from the holders of judicial or quasi-judicial office to the clerks or stenographers in government departments. It is my hope to announce measures applicable to these groups in the near future."

Subsequently an Order in Council was passed -- P.C. 1973-4065, dated December 18, 1973 -- with the short title "Public Servants Conflict of Interest Guidelines." Sections 2 to 8 of these Guidelines read as follows:

2. It is by no means sufficient for a person in a position of responsibility in the public service to act within the law. There is an obligation not simply to obey the law but to act in a manner so scrupulous that it will bear the closest public scrutiny. In order that honesty and impartiality may be beyond doubt, public servants should not place themselves in a position where they are under obligation to any person who might benefit from special consideration or

favour on their part or seek in any way to gain special treatment from them. Equally, a public servant should not have a pecuniary interest that could conflict in any manner with the discharge of his official duties.

3. No conflict should exist or appear to exist between the private interests of public servants and their official duties. Upon appointment to office, public servants are expected to arrange their private affairs in a manner that will prevent conflicts of interest from arising.
4. Public servants should exercise care in the management of their private affairs so as not to benefit, from the use of information acquired during the course of their official duties, which information is not generally available to the public.
5. Public Servants should not place themselves in a position where they could derive any direct or indirect benefit or interest from any government contracts over which they can influence decisions.
6. All public servants are expected to disclose to their superiors, in a manner to be notified, all business, commercial or financial interest where such interest might conceivably be construed as being in actual or potential conflict with their official duties.
7. Public servants should hold no outside office or employment that could place on them demands

inconsistent with their official duties or call into question their capacity to perform those duties in an objective manner.

8. Public servants should not accord, in the performance of their official duties, preferential treatment to relatives or friends or to organizations in which they or their relatives or friends have an interest, financial or otherwise.

Shortly afterwards, the Treasury Board issued a Circular Letter to all Deputy Heads of Departments and Heads of Agencies on the Standard of Conduct for Public Service Employees, namely Circular No. 1973-183, dated December 31, 1973. The following are certain relevant sections of this Circular Letter of the Treasury Board:

Basis in Law

The basis authority to determine rules governing the conduct of employees in the Public Service stems from Section 7 (1) (f) of the Financial Administration Act which states that the Treasury Board may "establish standards or discipline in the public service" ...etc.

Conflict of Interest

The guidelines on conflict of interest for Public Servants which have been recently approved by the Governor in Council are attached as Annex A. As the title indicates, the guidelines cover only situations of actual or potential conflict of interest, i.e., situations where an individual's duties could permit or appear to permit gain or advantage for the individual or his friends or relatives. It is expected that departments will want to supplement these guidelines with more specific provisions pertaining to their own operations. Examples of areas requiring particular attention are purchasing agents, persons involved in hiring employees, persons involved in the allocation of grants or the awarding of contracts. However, these are only general examples and each department is in the best position to identify those particular areas about which more specific indications are required.

It will be important for departments and agencies, after developing more specific guidelines, to consult with their unions as to their application.

In developing any guidelines, the first question to be faced was how comprehensive and detailed they should be and whether much detail would help employees to identify potential areas of conflict. It is believed that a detailed set of guidelines in the Order in Council would not be appropriate nor desirable. Any attempt to identify the totality of potential areas of conflict would be a task of great magnitude, could never be totally comprehensive and would require constant review and interpretation. Instead of a more workable approach has been taken to identify certain principles, the violation of which would clearly establish a situation of conflict of interest. With these published principles, the overall intent is established and actual situations can be scrutinized to determine whether the principles are respected.

Disclosure

Paragraph Number 6 of the Order in Council requires the disclosure by all public servants of all holdings of a business, commercial or financial nature to their superior, where such holdings might conceivably be construed as being in actual or potential conflict with the employee's duties. To implement this provision, all public servants will, after discussion with their superior, provide their superior by 30 June 1974, details of their personal holdings which might conceivably be construed as being in actual or potential conflict with his or her duties.

Such disclosure under confidential cover, will be passed to deputy heads who will on receipt advise the employee of the steps to be taken to avoid being placed in a position of having to defend a charge of actual or potential conflict of interest. To encourage full compliance, when an employee prefers not to make disclosure to his immediate superior, his deputy head will designate a person at a higher managerial level to whom the employee may make disclosure.

Prior to accepting a new appointment, employees are expected to make a disclosure of actual or potential areas

of conflict involving the new position, as well as at any later date when new personal holdings are acquired or functions or activities of the position are modified. In case of potential conflict, departmental management will, after consultation with the employee, determine what steps must be taken to avoid a conflict of interest situation. Failure to disclose or follow the advice provided subsequent to disclosure will be considered as a breach of conduct.

Offers of Reward, etc.

It is an offence under Section 110(1) (c) of the Criminal Code for an official or employee of the government to demand, accept or offer, or agree to accept from a person who has dealings with the government, a commission, reward, advantage or benefit of any kind directly or indirectly, by himself or through a member of his family or through anyone for his benefit, unless he has the consent in writing of his Deputy Minister or Head of Agency.

Casual Benefits or Advantages

The acceptance by public servants from persons having dealings with the government of sporadic or casual benefits such as hospitality or small gift items may usually be consented to by Deputy Ministers or Branch heads where such benefits or advantages are within the bounds of propriety, are a normal expression of business courtesy or advertising or are within the normal standards of hospitality and are not such as to bring suspicion upon the public servants' objectivity.

Continuity

Departments should review and update their existing codes to ensure compliance with the content and the spirit of this Circular Letter, subject to any relevant provisions of collective agreements.

This Treasury Board Circular Letter was brought to the attention of all employees of the Public Service Commission in a letter dated March 7, 1974, signed by chairman of the Commission, Mr. J.J. Carson, and distributed among the entire staff of the Commission. This letter

read as follows:

A recent Treasury Board document (T.B. Circular 1973-183) deals with standards of conduct for Public Service employees. These standards apply to all employees and you are urged to read the attached papers most carefully.

Every employee who considers he or she has personal holdings which might be construed as being in actual or potential conflict with his or her duties is bound to make this known to his or her supervisor by June 30, 1974. Employees who do not wish to make disclosures to their immediate supervisor are required to make their disclosures to the Director of Personnel.

I consider that all the officers of the Staff Development Branch had or ought to have been aware of all the above-mentioned documents on conflict of interest.

Apart from the official documents on conflict of interest, there have been several books written on the subject, one of the most recent being the book by Kenneth Kernaghan published in 1975 by the Institute of Public Administration of Canada, entitled "Ethical Conduct: Guidelines for Government Employees." He defines "conflict of interest" as "a situation in which a public employee has a private or personal interest sufficient to influence or appear to influence the objective exercise of his official duties." He mentions several situations which would fall within the ambit of this definition such as the following:

(A) Influence Peddling:

This refers to the situation where an employee may influence a government decision in favour of a company, group or individual doing business with the government when the employee has an interest in the financial affairs of the company, group or individual.

Influence peddling includes a situation where an employee may influence a government decision affecting a company or a public body (such as a municipality or a school board) which is applying for a loan, grant, or other benefit, when an employee has an interest in the affairs of the applicant. Influence peddling also includes a situation where an employee may influence the decision of

a government agency to appoint his relatives or friends to a position of responsibility in government.

(B) Outside Employment:

Where a public employee accepts employment (including a contractual relationship, a consultancy, part-time employment beyond normal office hours, including self-employment) which causes a conflict of interest with his official duties. A conflict of interest situation may develop, or appear to develop, when an employee's actions may enhance the financial interest of his part-time employer. Other conflicting situations which may be included under this category are those

1. where supplementary employment or self-employment may reduce to an unacceptable level the interest or energy an employee devotes to his government job;
2. where outside employment may require an employee to use government services and property (e.g., telephone calls, stationery);
3. where outside employment is performed in such a way as to give the impression of an official act or appear to represent an official (government) point of view.

(C) Future Employment:

Where a public employee solicits or accepts employment from a business concern with which he is transacting or has transacted official business. The public may well question the objectivity of any of the employee's decisions affecting that business concern. A related problem arises from the fact that a public employee who has had access to privileged information or special experience is likely to be of considerable value to a firm with which the employee transacted official business. A business concern is therefore tempted to attract the public employee away from government service. Moreover, a firm may encourage some of its own employees to take up government employment for a limited period of time so that the firm may subsequently profit from the employees'

special knowledge, experience and contacts. Such post-government employment activities are difficult to regulate where there is any substantial exchange of persons between the business sector and government departments and agencies. These exchanges are in many cases highly desirable because of the need for specific talents which may not be available in government.

(D) Corrupt Practices:

Under the Criminal Code, it is a criminal offence for a public employee to accept a bribe, to commit a fraud or a breach of trust, to sell or support to sell an appointment, to disobey any law or a court order, to commit perjury, to fabricate evidence, to obstruct justice, to make false statements to a peace officer, or to accept rewards under pretence of helping any person to recover goods under the possession of a government. Any person guilty of an indictable offence under the Code is liable to imprisonment for a length of time geared to the gravity of his crime. Two sections of the Criminal Code have particular relevance to conflicts of interest. Section 109 provides that "Everyone who

a. being ... public officer ...
corruptly

- i. accepts or obtains,
- ii. agrees to accept, or
- iii. attempts to obtain,

for himself or any other person any money, valuable consideration office, place or employment with intent

- iv, to interfere with the administration of justice,
- v. to procure or facilitate the commission of an offence,
- vi. to protect from detection or punishment a person who has committed or who intends to commit an offence, or

b. gives or offers, corruptly, to a person mentioned in paragraph (a) any money, valuable consideration, office, place or employment is guilty of an indictable offence and is liable to imprisonment for fourteen years.

Under section 110, it is an offence for a public employee to demand, accept or offer for himself or another person, a loan, reward, advantage or benefit of any kind in return for cooperation, assistance, exercise of influence or an act of omission in connection with the transaction of business with the government or a claim against the government. If he is found guilty of an indictable offence, he is liable to imprisonment for five years.

The author also refers to a recent decision on conflict of interest made under the Public Service Staff Relations Act. This was a decision in the case of Maurice Dudley Atkins, of the the Ministry of Transport.

The adjudicator upheld the suspension of a federal employee who established a company offering services which could lead to a conflict of interest with his official duties. The Board found that the appearance of conflict was enough to establish a conflict of interest. According to the adjudicator, "it is not sufficient for the public servant or his associates to be convinced of their own innocence and integrity. Nor is it necessary to prove that they have been disloyal to the employer. Even in the absence of evidence of wilful wrongdoing, a conflict of interest or the appearance thereof can be easily recognized by an intelligent citizen as contrary to public policy."

In all the allegations made on the possibility of conflict of interest, both prior to the start and during the course of this inquiry, the only names mentioned were those of Messrs. André Lacoste, Lucien Breton, Michel Farag, Antoine Douek, Michel Assam, and Gérard Caron. If we disregard Mr. Lacoste for the moment, we find that there is not a shred of evidence that any of the other five persons had a "private or personal interest sufficient to influence or to appear to influence the objective exercise of his official duties." They could not possibly have had any influence on the award or administration of language training contracts, they did nothing to influence the decisions in favour of the companies which were awarded the contracts concerned, and they did not violate any provisions of the law or any standards or guidelines (written

or unwritten) with respect to conflict of interest. In the case of these five persons I fail to understand why any such allegation or innuendo should have been made in the first place. In the case of these five persons the inquiry has revealed no evidence of any personal or financial interest in any of the four companies concerned.

In the case of Mr. Lacoste, however, it is less difficult for me to see how such rumours would be started. There is no doubt that there are some strange aspects in certain of his actions but this fact in itself does not automatically prove that there has been a conflict of interest within the accepted meaning as set out earlier in this report. According to the evidence, Mr. Lacoste has not had any influence whatever on the decision made by the Public Service Commission to award the language training contracts for cyclical courses to the four private language institutions concerned. He did not select or have any influence in the selection of the thirteen firms invited to submit bids on the proposed contracts, he did not serve on the special committee established to assess the tenders submitted, and he had nothing to do with the method of assessment used or with the reports and recommendations of the special committee, which were subsequently approved by the Assistant Director General, Language Bureau, the Management Committee of the Staff Development Branch and the Director General of the Branch. Nor did he have anything to do with the administration of the contracts awarded. It is clear, therefore, that he neither influenced nor appeared to influence the decision on the award of the contracts or the steps taken to administer and inspect the contracts awarded, or the decision not to cancel any of the contracts after the start of the cyclical courses concerned. His work as a consultant for Farès for two weeks beyond his regular office hours did not create a situation causing conflict of interest with his official duties which at the time were those of a Planning Officer in the Staff Development Branch. I find, therefore, that there was no conflict of interest in any of the actions of Mr. Lacoste which have come to light in the course of this inquiry.

Notwithstanding the fact that there is no evidence of conflict of interest in the case of Mr. Lacoste, one must still ask, "Is there a perfectly reasonable explanation for everything he has done?" His actions which called for explanations were the following:

1. He sold a car to Miss Jeannette Pelletier for the Farès company while on leave without pay from the Public Service Commission and while working as a car salesman.
2. He met on several occasions with Miss Pelletier and Mr. Farès outside his office both for business and social reasons.
3. He acted as consultant for the Farès company while employed with the Staff Development Branch of the Public Service Commission.
4. He participated actively in the recruitment of teachers for the Farès company while employed with the Staff Development Branch.

Let us examine each of these items in turn. The fact that Lacoste's first customer after starting to work for the Soucy-Mercury company in Plaisance was Miss Pelletier involves no wrongdoing whatever, any more than would be the case if a person leaving the public service to sell life insurance sells his first policy to some person with whom he had previously had business in the exercise of his regular duties in the public service.

Secondly, the fact that Mr. Lacoste had had lunch or drinks with Miss Pelletier and Mr. Farès on several occasions involve no wrongdoing on his part unless this in some way could have affected the decisions made in the award and administration of the language training contracts concerned. It has been shown, however, that he had no influence on these decisions.

Thirdly, the work performed by Lacoste as a consultant for Farès in connection with the Bell Canada project was performed after his regular hours of duty with the Public Service Commission and could not have affected the exercise of his regular public service functions. He claims that he was not paid for this consultant work but even if he had been paid, it would have been a straight case of "moonlighting" but not of wrongdoing.

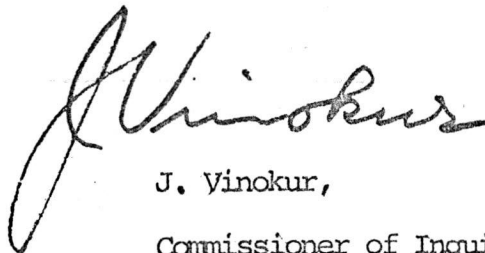
Finally, there is evidence that Lacoste participated actively in finding teachers for Farès. There is nothing to show that this was in any way contrary to the interest of the Public Service Commission or that this interfered in any way with the proper performance of his regular public service duties. Whether he merely referred persons to Farès or led these persons to believe that he was carrying out the full hiring process for Farès is immaterial and irrelevant.

All this indicates that Mr. Lacoste cannot be charged with any offence or wilful wrongdoing. I do not find it necessary to deal with the motives of his actions, even if they appear to be unusual in some respects, since the evidence shows that they raise no question of conflict of interest.

Summary of Findings and Recommendations

1. The general procedures of the Public Service Commission in the award and administration of language training contracts should be amended as explained above. (see pp. 70 and 71)
2. There were some errors in the judgement exercised by the Staff Development Branch in the award and administration of the contracts to the private institutions concerned as explained above. (see pp. 72 to 75, incl.)

3. There is no evidence of conflict of interest, wilful wrongdoing, or any violation of the law on the part of any officer of the Public Service Commission who participated directly or indirectly in the award of the language training contracts to the four private institutions or in the administration of the said contracts.

A handwritten signature in dark ink, appearing to read 'J. Vinokur', with a large, sweeping initial 'J'.

J. Vinokur,
Commissioner of Inquiry.

Dated at Ottawa

this 9th day of May, 1975.