

CHAPTER XVI

ASSIGNING RESPONSIBILITY

As noted in the Introduction to this Report, I heard oral arguments at the conclusion of the hearings. They lasted five days and included representations from 2I participants, intervenors and interested parties, all of whom had previously filed written submissions. Fifteen others filed written submissions, but chose not to argue orally.

Many of the arguments put forward are dealt with elsewhere in the Report. Where that has occurred, I will try not to repeat what has already been said. The names of some of the persons who made submissions are either not mentioned anywhere in the Report, or are not the subject of any critical comments. Nothing adverse has been said about those persons because I came to the conclusion that their involvement in the matters which are the subject of the Report was not blameworthy, or was of such little significance that it was not worth mentioning.

This Report is not a judgment, and the present conclusions do not establish the legal responsibility, either civil or criminal, of the persons and organizations

singled out for critical comment or a finding of misconduct. The paragraphs that follow should not be read in isolation, but form part of the overall conclusions of the Report, which are to be found throughout the text. The fact that only certain persons or organizations are mentioned in this chapter does not absolve the others assigned blame earlier in this Report.

When the Commission received its mandate more than 18 months ago, a body of opinion expressed the view that the Inquiry would be a waste of time and money because the essential facts of what was being described as the “sponsorship scandal” were already known and had been fully exposed in Chapters 3 and 4 of the Report of the Auditor General of Canada. According to these opinions, the scandal was due to the improper and illegal actions of a small number of public servants in PWGSC working under the direction of Mr. Guité, who was perceived to have been directing lucrative contracts to certain “Liberal friendly” advertising and communication agencies. There was no point in looking for responsibility elsewhere. These propositions were reflected in many of the submissions. No one, at any level within the federal government and bureaucracy, was prepared to accept blame for his or her actions or omissions in the development, management, operation and oversight of the Sponsorship Program, or for irregularities in government advertising disclosed by the Auditor General and the evidence before this Commission.

The results of the Inquiry have shown how erroneous were the predictions that it would be a waste of time and money. Although there has never been any doubt that the maladministration of the Sponsorship Program by Mr. Guité, Pierre Tremblay and a few of the public servants who were working under them was at the heart of the problem, it has become apparent that they were not the sole cause of the “sponsorship scandal,” nor were they its principal beneficiaries. They should not be the only persons held responsible for the errors committed in its administration. Other factors and the actions taken and decisions made by other persons not only made it possible for them to act as they did, but made it probable and predictable that public funds would be mismanaged and misappropriated. I do not need to repeat what has been said in preceding chapters about the character and actions of

Mr. Guité, nor is it useful to reiterate all of the administrative errors and inadequacies of the personnel at the Advertising and Public Opinion Research Service and the Communication Coordination Services Branch. The purpose of this closing chapter is to highlight, summarize and put into context what I consider to be the Report's most significant findings with a view to identifying the other persons who should share the responsibility for allowing the "sponsorship scandal" to occur.

On the basis of the evidence, I have been able to identify three main factors that caused or contributed to the problems described in the Report of the Auditor General:

- the unprecedented decision to direct the Sponsorship Program from the PMO, bypassing the departmental procedures and controls which the Deputy Minister of PWGSC would normally have been expected to apply and enforce;
- the failure of the Deputy Minister of PWGSC to provide oversight and administrative safeguards against the misuse of public funds;
- the deliberate lack of transparency on how the Program was initiated, financed and directed.

16.1

The Responsibility of Messrs. Chrétien and Pelletier

The evidence establishes that in order to give effect to the Cabinet resolution of February 1-2, 1996, which adopted the recommendations of the Massé Report, Prime Minister Chrétien delegated to Jean Pelletier the responsibility for a new program of sponsorships. Mr. Pelletier initiated the program and directed it himself. In order to implement the new program, Mr. Pelletier met with and gave instructions to Mr. Guité without the participation of the Deputy Minister of PWGSC or any other senior official. The program was commenced in haste without a public announcement of any kind, and without clearly defined objectives, administrative guidelines or criteria.

Mr. Pelletier, with his many years of experience in public administration, must have known that such a program of discretionary spending would be open to error and abuse unless provided with rules, guidelines, controls, safeguards and oversight specific to that program. He was not entitled to assume that the mandatory rules stipulated in the *Financial Administration Act* and by Treasury Board policies would provide sufficient protection against the possibility of dishonesty, error and incompetence, or that Mr. Guité and his staff could be trusted to administer such an unprecedented program with perfect competence and probity. The opportunities for misappropriation of public funds and personal gain offered by an unstructured program of grants and contributions such as the Sponsorship Program are enormous, and the opportunities they offer to unscrupulous persons to profit personally or grant favours to others are temptations almost impossible to resist. The rules and guidelines prescribed by Treasury Board policies and oversight by deputy ministers and their staff ordinarily provide the procedural framework for honest and competent public servants. However, such policies and oversight are also meant to create an obstacle to dishonesty and incompetence. By choosing to give direction to Mr. Guité personally, Mr. Pelletier bypassed the normal methods of administration of government programs by public servants, and effectively eliminated the oversight that would otherwise have been provided by Mr. Quail and his department.

Counsel for Mr. Pelletier, Mr. Chrétien and Mr. Gagliano all argue that it was entirely legitimate for Messrs. Pelletier and Gagliano to meet with Mr. Guité and to provide him with “political input,” since the Sponsorship Program was of a political nature. They argue that experienced politicians from Quebec were best able to assess where and how much money would most effectively be spent to achieve the objectives of the Program. This argument presupposes that administrative officials, provided with appropriate guidelines and criteria, would not have been able to make such assessments, and this has not been shown. But the argument is also dangerously flawed for another reason. If it is accepted as valid, it opens the door to political interference in all government programs where there is discretion in the allocation of money or benefits, for example on a regional basis. All such programs may well be described as political in the sense that they may be

said to rely on the expertise and input of elected representatives who initiated the programs, and they have the potential to confer electoral advantage to the governing party. In our Canadian system, the administration of the programs, which includes choosing the persons and organizations that will benefit from them, is better left to the bureaucracy. It is only in that way that the Government can avoid the appearance and the reality of arbitrary handouts to the governing party's present or potential friends and supporters, for partisan considerations.

The notion that Mr. Pelletier and Mr. Gagliano could provide "political input" without strongly influencing the decision-making process is nonsense and ignores the obvious reality that the expression of an opinion to a subordinate official by the Prime Minister's Chief of Staff or the Minister amounts to an order.

Mr. Pelletier said during his testimony how much he was impressed by Mr. Chrétien's speech to his deputy ministers shortly after the 1993 election, when he announced how policy-making and bureaucratic administration were to be kept separate and distinct; but his actions in meeting with Mr. Guité in the absence of Mr. Quail or his representative ran directly counter to that principle. It constituted political encroachment into the administrative domain, and was a dangerous precedent that should not be condoned.

Counsel for Mr. Pelletier argues that there were no norms or standards of performance for the direction of a program like the Sponsorship Program, and that, without such norms or standards, there is no basis for finding fault on the part of Mr. Pelletier. However, there were two major flaws in the Program from the beginning, of which an experienced politician or public administrator should have been aware. First, having the Program administered on behalf of the Government by private sector communication agencies was an open invitation to unscrupulous persons within those agencies to reap unjustified or exaggerated profits; and second, initiating a program of this kind without first developing rules, guidelines and criteria, and without ensuring effective bureaucratic oversight, left the door open to error, abuse and careless administration. These two flaws were immediately recognized

by Mr. Goodale when he was suddenly appointed Minister of PWGSC in 2002. Within 24 hours of his appointment, on the basis of briefings from the Deputy Minister and departmental officials, he realized that the Program was being run badly, and froze it at once. When it recommenced a few months later, Mr. Goodale discontinued the use of communication agencies, which he found to be inappropriate, in favour of administration by public servants equipped with the proper tools and resources including newly established guidelines. The abuses that had characterized the Program when it was first initiated, and during the time when Mr. Gagliano had been the responsible Minister, stopped immediately.

These elementary measures should have been applied from the beginning. The standard of performance which the Commission is applying is the common sense standard illustrated by Mr. Goodale's corrective measures.

There is no evidence or indication that Mr. Pelletier was in any way involved in Mr. Corriveau's kickback scheme, or that he knew about it, although it would have been more prudent for him to investigate the general suspicions that he says he communicated to the Prime Minister when, according to his testimony, he had a "hunch" that there was something not quite right about Mr. Corriveau. However, the absence of any evidence of direct involvement in Mr. Corriveau's wrongdoing entitles both Mr. Pelletier and Mr. Chrétien to be exonerated from blame for Mr. Corriveau's misconduct.

But they are to be blamed for omissions. Since Mr. Chrétien chose to run the Program from his own office, and to have his own exempt staff take charge of its direction, he is accountable for the defective manner in which the Sponsorship Program and initiatives were implemented. Mr. Pelletier, for whom Mr. Chrétien was responsible, failed to take the most elementary precautions against mismanagement. There is ample evidence of an appalling lack of preparation for the introduction of a new program involving the discretionary disbursement of millions of dollars of public money by Mr. Guité's organization, without supervision or guidelines. What Mr. Chrétien and Mr. Pelletier should have done in 1996 was what Mr. Goodale did in 2002.

They should also have done precisely what Ms. Bourgon counselled the Prime Minister to do, which was to postpone making decisions about sponsorship initiatives until a formal process had been adopted for evaluating them. It would have been more prudent for Mr. Chrétien to have accepted her suggestion that responsibility for the administration of the Program be transferred to the PCO or to a Minister, instead of being retained within the PMO. He chose to disregard this advice, and since he is directly responsible for errors committed by Mr. Pelletier, he must share the blame for the mismanagement that ensued.

Good intentions are not an excuse for maladministration of this magnitude. The Prime Minister and his Chief of Staff arrogated to themselves the direction of a virtually secret program of discretionary spending to selected beneficiaries, saying that they believed in good faith that those grants would enhance Canadian unity. Whether or not their belief in that outcome was justified is not for the Commission to judge. However, each has testified that he believed that the Program would be properly administered by Mr. Guité and his organization. They did not verify this assumption even though they had created a program lacking all of the normal safeguards against maladministration. The assumption was naïve, imprudent and entirely unfounded.

16.2

The Responsibility of Mr. Gagliano

In June 1997 Mr. Gagliano became Minister of PWGSC. He chose to perpetuate the irregular manner of directing the Sponsorship Program that had been adopted by Mr. Pelletier, and with him, met with and gave directions in person to Mr. Guité, excluding Mr. Quail from the direction and supervision of the activities of a public servant within his department. When he became involved in the direction of the Program, Mr. Gagliano, like Mr. Pelletier, failed to give sufficient attention to the adoption of guidelines and criteria, and failed to provide oversight to what Mr. Guité and his successor, Pierre Tremblay, were doing, all the while systematically bypassing the Deputy Minister from whom oversight would normally be forthcoming. Contrary to his testimony to the effect that his participation was limited to providing

political input and making recommendations about events and projects to be sponsored, Mr. Gagliano became directly involved in decisions to provide funding to events and projects for partisan purposes, having little to do with considerations of national unity.

Finally, just as Mr. Chrétien must accept responsibility for the actions of his exempt staff such as Mr. Pelletier, Mr. Gagliano must accept responsibility for the actions and decisions of his exempt staff including Pierre Tremblay, when Mr. Tremblay was serving as his Executive Assistant, and Jean-Marc Bard.

16.3

The Responsibility of Other Ministers

On the evidence there is no basis for attributing blame or responsibility for the maladministration of the Sponsorship Program to any other Minister of the Chrétien Cabinet, since they, like all Members of Parliament, were not informed of the initiatives being authorized by Mr. Pelletier, and their funding from the Unity Reserve. Mr. Martin, whose role as Finance Minister did not involve him in the supervision of spending by the PMO or PWGSC, is entitled, like other Ministers in the Quebec caucus, to be exonerated from any blame for carelessness or misconduct. Ministers are not responsible for what they do not know about the actions and decisions of the PMO or other Ministers, or about the administration of departments other than their own. Sponsored events that took place in a Member's riding, or that may have been supported or advocated by the riding association, do not create a presumption that the MP in question was familiar with the Sponsorship Program as a whole.

Mr. Chrétien, Mr. Pelletier and Mr. Gagliano, apparently motivated by a belief that their political adversaries in Quebec would exploit information about the Sponsorship Program to the disadvantage of the federalist cause, chose to keep it a secret, even from Mr. Chrétien's colleagues in the Cabinet, at least to the extent that that was possible, and for as long as possible. This strategy eventually backfired, since the public tends to assume the worst when transparency in government spending is lacking. The lack of information

made available to Parliament about the administration of the Prime Minister's special Unity Reserve, which was accessed without parliamentary approval, raises questions about the legitimacy of such reserves in a parliamentary democracy. The evidence demonstrates Treasury Board approval of the use of the Unity Reserve was virtually automatic because the Treasury Board submission was expressly endorsed by the Prime Minister. When the Sponsorship Program spending was finally listed in the PWGSC appropriations submitted to Parliament for 1999-2000, no questions were asked. Even then, few parliamentarians were aware of the Program, which had still not been announced publicly.

Public disclosure of the Sponsorship Program was the result of efforts by a diligent journalist whose access to information requests resulted in knowledge about the Program, to the public and parliamentarians alike, for the first time. This serves to illustrate the role that an effective access to information regime can play, enabling a more informed public and a vigilant opposition in Parliament.

According to the doctrine of ministerial responsibility as it has been expounded in some of the submissions, Diane Marleau, who was the Minister of PWGSC at the time the Sponsorship Program was initiated in 1996, would bear ministerial responsibility for the Program because she was the Minister of the department where Mr. Guité was working, and because she was made aware of the funds which were made available to him as the result of the Treasury Board submissions which she signed jointly with Mr. Chrétien in 1996 and 1997. I disagree with that interpretation of the doctrine. Ms. Marleau played no part in the conception and implementation of the Program, other than to obligingly sign the Treasury Board submissions in question. She had already decided not to meet Mr. Guité directly because this would circumvent proper reporting channels. She had reservations about him dating back to Mr. Guité's handling of an agency competition when she was Minister of Health. She rightly believed that the performance of his functions was subject to supervision by his superiors in the department, and that he, as part of the chain of command, should not be allowed to act independently. When she expressed concerns about reports that Mr. Guité

was having meetings with Mr. Pelletier, Mr. Quail reacted strangely, warning her not to make allegations about such meetings without proof, although Mr. Quail knew perfectly well that such meetings were taking place. This exchange effectively foreclosed any further attempt by Ms. Marleau to inform herself about what Mr. Guité was doing.

For ministerial responsibility to have any real meaning, it must be based upon knowledge of the actions for which the Minister is to be held responsible. When that knowledge is deliberately withheld from the Minister by someone else, it is the latter person who must bear responsibility, not the Minister who has been kept in the dark. The secrecy with which the Sponsorship Program was being implemented prevented Ms. Marleau from learning about it, and Mr. Quail, who should have known better, did not assist her in learning of Mr. Guité's activities. In these circumstances, it would be unfair to assign Ms. Marleau any degree of responsibility for Mr. Guité's faults.

16.4

The Responsibility of the Deputy Minister of PWGSC

Mr. Quail knew that Mr. Guité was meeting with the PMO and later with Mr. Gagliano, and he knew that in the course of those meetings, decisions were being made about the administration of a program for which Mr. Quail, as Deputy Minister, was responsible. He says that he decided to tolerate a situation which he acknowledges was abnormal and unprecedented, in the belief that the decisions being made were essentially political and best left to the politicians. This acceptance constituted an abdication of his responsibility to control, direct and oversee the actions of officials in his department.

Although Mr. Quail could not be expected to keep track of all of the activities of all the personnel in his huge department, there were many reasons why he should have given particular attention to Mr. Guité and his organization.

First of all, it was imprudent for him not to know details of what was being discussed at Mr. Guité's meetings with Mr. Pelletier and Mr. Gagliano. The usual rule that a representative of the Deputy Minister should be present when a departmental official meets with a Minister or his or her exempt staff

exists for a good reason: the Deputy Minister is supposed to be aware of everything that is going on in the department—and if Mr. Quail did not take steps to inform himself of what was going on, he must accept the consequences if it is subsequently learned that irregularities were occurring.

Second, Mr. Guité's reputation as a public servant oriented to obtaining results by cutting through red tape should have alerted Mr. Quail to the possibility that he was not administering the Sponsorship Program according to Treasury Board rules and policies. Mr. Quail knew or should have known about Mr. Guité's reputation and the dangers that went with the administration of a politically directed program by a public servant with that attitude and mentality, but he made only belated and inadequate attempts to assure himself that there were guidelines and criteria in place to regulate the Sponsorship Program. The nature of the Program, with discretionary spending for political objectives, was such that guidelines and criteria were of particular importance.

Third, the telephone call from Mr. Bilodeau requesting information about Mr. Stobbe, with its implied wish to discourage his attempts to be kept abreast of Mr. Guité's activities, should have aroused suspicions that if someone in the PMO did not want Mr. Stobbe to follow Mr. Guité's activities, there was something about the activities that needed investigation.

Fourth, the report of the Ernst & Young audit included an unambiguous reference to significant non-compliance with Treasury Board policies. The follow-up was slow and resulted in no changes whatsoever except to confer additional responsibilities to Mr. Guité as Executive Director of the newly formed CCSB.

Each of these elements included indications that Mr. Guité was not administering the Sponsorship Program in accordance with the required standards. Taken individually they might not have given Mr. Quail reason to be alarmed, but together they should have provoked a reaction. The duty of Mr. Quail was to make inquiries, personally or through his ADM, to better inform himself of the situation, and to call Mr. Guité to account for his

deficient administration. He should have acted to correct any inadequacies, and if necessary to replace Mr. Guité if he continued to fail to comply with the rules. Mr. Quail took none of these steps.

There are mitigating factors which should be mentioned, in fairness to Mr. Quail. He was, in 1996 and 1997, very busy and preoccupied with the enormous problems associated with program review and had little time for anything else. In addition, it is evident that he was reluctant to interfere in the Sponsorship Program, a matter of public policy and administration which, to the knowledge of everyone in government, was a priority of the Prime Minister.

The concentration of power in the office of the Prime Minister is a phenomenon of modern Canadian government which has been noted with concern by academics and commentators. The dangers created by that concentration are demonstrated by the “sponsorship scandal.” As shown by the evidence, if a proposal or program is perceived as being supported by the PMO, politicians and public servants alike, mindful of the effect that opposition might have upon their careers, hesitate to object to it in any fashion, no matter how ill-conceived or poorly administered it may be. This undermines the whole concept of a professional and non-partisan public service, fearlessly giving objective advice to its political masters.

Mr. Guité took full advantage of the general perception, solidly based on the signature of Mr. Chrétien on several Treasury Board submissions, that the Sponsorship Program was a high priority for the Prime Minister. He was, rightly or wrongly, viewed by those dealing with him as being a public servant in a special category, not subject to the usual chain of command, and free from the normal restraints limiting his ability to act as he pleased. Mr. Guité’s easy access to the offices of Messrs. Pelletier and Gagliano lent him an authority and status well beyond his rank, and made everyone in PWGSC, including Mr. Quail himself, hesitate to enquire about, to question or to oppose what he was doing. The fate of Allan Cutler, who dared to insist on contracting according to the rules, was an abject lesson to Mr. Guité’s subordinates that they should do as they were told.

Nonetheless, it was Mr. Quail's duty to assert control over the personnel in his department. There were more than adequate reasons for him to be concerned about Mr. Guité and his organization, and he failed to do what he should have done to satisfy himself that public funds were not being wasted. He was being bypassed, he knew he was being bypassed, and he failed to complain. One of the qualities required of a senior public servant is fearlessness. If Mr. Quail was concerned about the possible reaction of the PMO or the Minister's office if he dared to complain about their interaction with Mr. Guité, he always had recourse to the Clerk of the Privy Council.

16.5

The Responsibility of the Liberal Party of Canada (Quebec)

The method of providing for the financial needs of the Quebec wing of the Liberal Party of Canada, using kickbacks obtained by Jacques Corriveau from persons deriving benefits from the Sponsorship Program such as Jean Brault (and probably others), is described elsewhere in this Report. The venality of the scheme makes Mr. Corriveau's participation particularly blameworthy.

The persons who accepted contributions in cash and other improper benefits from Mr. Corriveau and Mr. Brault on behalf of the LPCQ have brought dishonour upon themselves and the political party they were supposed to serve. For this reason Michel Béliveau, Marc-Yvan Côté, Benoît Corbeil, and Joseph Morselli deserve to be blamed for their misconduct, whether or not they derived personal profit from the money which passed through their hands. They disregarded the relevant laws governing donations to political parties, and contributed to the all too common perception that many of those participating in the democratic exercise of political activism are dishonest and disreputable persons.

The LPCQ as an institution cannot escape responsibility for the misconduct of its officers and representatives. Two successive Executive Directors were directly involved in illegal campaign financing, and many of its workers accepted cash payments for their services when they should have known that such payments were in violation of the *Canada Elections Act*.

According to evidence presented on behalf of the LPCQ, reforms to the Party's management and systems make it less likely that such irregularities will reoccur. At the political level, only one elected Member of Parliament has been shown to have been involved in these irregularities. At the time that Mr. Corriveau decided to discontinue his support of the LPCQ, Mr. Gagliano was the head of its administrative structure. In 2001 he needed to find a replacement for Mr. Corbeil, who was about to resign as Executive Director. During his tenure Mr. Corbeil had been able to take advantage of the financial assistance to the party provided by Mr. Corriveau, and both men had had regular recourse to Mr. Brault for illegal financial contributions and other assistance such as jobs for party workers.

Mr. Gagliano accepted the nomination of Mr. Dezainde as the new Executive Director of the LPCQ, although he was not his first choice, but specifically relieved him from responsibility for looking after the Party's financial requirements, a task that he chose to confer upon Mr. Morselli. It is significant that Mr. Morselli at once announced to Mr. Brault that he would be replacing Mr. Corriveau. The only possible interpretation that can be given to that declaration is that Mr. Brault should henceforth pay the financial contributions and kickbacks, that he had until then been giving to the LPCQ through Mr. Corriveau, to Mr. Morselli.

Concurrently, Mr. Gagliano told Mr. Dezainde that in case of financial need he could also turn to Mr. Gagliano's Executive Assistant, Jean-Marc Bard, implying that Mr. Bard would be able to find money for him by means which Mr. Gagliano himself could not employ.

Although there is no direct evidence that Mr. Gagliano was aware of Mr. Corriveau's improper methods of providing financial assistance to the LPCQ, the facts and circumstances just related permit me to infer that he must have known something about Mr. Corriveau's activities, and arranged that the responsibility for fundraising would be taken away from the Executive Director so that those same activities could be continued by Mr. Morselli. He must have known that Mr. Dezainde was not the sort of person to tolerate what Mr. Corriveau, in conjunction with Mr. Corbeil, had been doing. In

spite of Mr. Gagliano's protestations to the contrary, he must accept a share of the blame for tolerating the improper methods employed to finance the activities of the LPCQ during the years when he was the Quebec lieutenant of the Liberal Party of Canada.

16.6

The Responsibility of the Communication Agencies

The Commission has heard abundant evidence of irregularities and improprieties committed by the five communication and advertising agencies specifically identified in this Report, which were employed by PWGSC to manage sponsorship contracts on behalf of the Government. Their misconduct, more fully described in the preceding chapters, consisted of systematic overbilling, failure to fulfill contractual obligations, charging for work not performed, conflicts of interest, assigning work to subcontractors without justification and without competitive bids, and very dubious contracting practices. The list could go on.

The negligent administration of the Sponsorship Program by PWGSC opened the door wide to profiteering by those five agencies and their owners, and they took full advantage of the opportunity. They exploited the Sponsorship Program by unethical and highly improper business practices that have resulted in great harm not only to the public purse but also to the reputation of the communication and advertising industry.

All of the agencies mentioned in this Report contributed in one way or another to the financing of the Liberal Party of Canada, although to a varying extent. Whether those contributions were in conformity with the law or illicit, it is difficult to avoid the conclusion that there was at least an implicit link between the contributions and the expectation that government contracts would be awarded to those agencies. If the agency-selection process had been, as once intended, open, transparent and competitive, the public concern that such links existed would certainly have been diminished. With very few exceptions, the legal and illegal contributions made to the LPCQ had the entirely cynical objective of promoting the business interests of the donors, and nothing to do with political idealism.

16.7

Conclusion

Many factors contributed to what has been described as the “sponsorship scandal”: inappropriate political interference in administrative matters, acceptance by public servants of such interference, excessive concentration of power in the Prime Minister’s Office, carelessness and incompetence and blatant disregard of Treasury Board policies, greed and venality. The public trust in its system of government was subverted and betrayed, and Canadians were outraged, not only because public funds were wasted and misappropriated, but also because no one was held responsible or punished for his misconduct.

Citizens are entitled to be fully informed when public monies are spent on programs having political objectives. Such programs may be entirely legitimate, when appropriately defined and managed, and when value for money is assured. Their legitimacy is undermined when details of the programs are not made public and their administration is biased by partisanship. The atmosphere of secrecy surrounding the implementation of the Sponsorship Program contributed to its failure.

The Government has had great difficulty in devising and implementing a system for allocating its advertising work in a fair, open and competitive manner, free of political influence. If these obstacles are overcome, government advertising can be conducted in a legitimate manner.

This Report marks the completion of the first part of my double mandate, and I am commencing the second phase of the Inquiry as this volume goes to press. In my second Report I will endeavour, after consultations with my expert advisory panel and taking into consideration the views of Canadian citizens, to find solutions to some of the problems discussed in this Report. In the recommendations that I am called upon to make, I intend to propose measures to help the Government of Canada improve its administrative and accountability system, so that advertising and sponsorship programs can in the future be managed efficiently, free of inappropriate political influence, and in an administrative structure where the public interest is the first consideration.