

Finance DMs give generous bonuses over the years

Finance DMs have been dishing out big bonuses to Canada Savings Bond Agency execs. Why?

By KEN RUBIN

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The practice of unnecessarily awarding Ottawa's senior public employee performance bonuses in addition to hefty salaries has a newly-documented and troublesome face and a record amount.

Access to Information records that I obtained after months of delay and internal resistance to release, indicated that successive deputy ministers of Finance, beginning in 1996 with David Dodge, under then finance minister Paul Martin, approved very high ceiling amounts for bonuses to Canada Investment and Savings Agency executives. Those bonuses are now as high as \$50,000 annually.

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Finance Department DMs quietly grant generous performance bonuses to Canada Savings Bond Agency execs

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That amounts to more than some government clerks and many Canadian workers earn in a year.

So just what were several deputy ministers of Finance doing as the touted upholders of restraint in government doling out such excessive amounts?

And why should the Canada Investment and Savings Bond Agency management get increasingly greater performance bonuses for the last several years when Canada Savings Bonds (CSB) sales and holdings have been greatly deteriorating?

Documents show that the top four Canada Investment and Savings Bond Agency's executives for just the 1999 to 2004 period received a combined under \$600,000 in bonuses or over 87 per cent of what their collective maximum bonus ceilings were during those years. That's in addition to pulling in over \$3.4-million in salaries for those years along with club membership and subsidized parking privileges.

One senior Finance Department official said in a September 2004 internal note that such remuneration "leaves us vulnerable to questions," according to documents.

The agency's rationale for record high bonuses is that their executives possess special skills not found in the public service and so such incentives are needed to attract and retain such people, according to documents.

Jacqueline Orange, who became president of Canadian Investment and Saving Agency in 1996 through to April 2005, began with a contract as an EX 5 that

offered up to a \$20,000 bonus, which then rose to \$35,000, and by 2002 until 2005 gave her the possibility of annual bonuses of up to \$50,000.

Senior executive category employees in other agencies in 2003-04—that's 4,430 of them—received on average a \$1,959 bonus. And those bonuses given out since 1995-96 are widespread.

Louise Montague, who was the agency's vice-president for sales and distribution at an EX 3 level since November 1999, was in April 2005, quietly named acting president after Orange's departure.

Montague was originally brought in as an adviser in 1998 to assist in developing the sales distribution strategy with a contract worth up to \$325,000.

A Finance Department media line in September 2004, states that the amount paid out to her was \$284,000 over 18 months.

Montague, in turn, was instrumental in hiring as an adviser, with a title of national sales manager, Anthony Buccongello, according to documents. His contracts from April 2000 to June 2003 were not to exceed \$593,256.15. That included up to a \$34,000 incentive bonus. In June 2003, he joined the agency's management at the EX-1 level. Since April 2005, he is acting vice-president for sales and distribution.

The agency's management has also been paying out bonuses to its national sales force. This is in addition to paying them base commissions, despite declining CSB holdings. From 1998 to 2004, more than \$5.4-million in bonus commissions were paid on top of the more than \$10.7-million in base commissions.

The agency's managers since 1996 have

also contracted out many lucrative multi-million dollar contracts to various companies and advisers, including Ekos; Vickers and Benson; and Media IDA Vision. The agency's rationale is that it takes a lot of contract work to advertise and market the Canada Savings Bonds.

The most controversial contract work, amounting to over \$5-million until 2005, has been that done by Ekos, with its silent partner, Earnscliffe. The April 18 Commons Public Accounts Committee hearing specifically examined how Ekos/Earnscliffe initially in 1994-95 got to be selected to do consultant work for the retail debt agency which was then being formed.

At that Public Accounts hearing, the former executive assistant to then-finance minister Paul Martin, Terrie O'Leary, denied she or Martin, influenced the initial selection of the Ekos/Earnscliffe team for the work.

What's certain is that the agency was set up in 1995-96 when the minister was Paul Martin. Since then, it's been one heck of an expensive one billion dollar-plus body for advertising and marketing Canada Savings Bonds.

But as early as 1999, Paul Martin and the Finance Department were warned by two consultants' reports—d'Ombra Inc., commissioned by the Bank of Canada, and Consulting and Audit Canada, commissioned by the Finance Department—about the Canada Investment and Savings Bond Agency none too modest direction and lax contract procedures. More recently in 2004, another delayed consultant report was released (Cap Gemini Ernest and Young study, commissioned by the Department of Finance) that went further. It

called for the Canada Investment and Savings Agency to be quickly phased out while decrying its excesses and unaccountable practices.

Finance Minister Ralph Goodale, however, decided in mid-2004 against pulling the plug on the Canada Investment and Savings Agency. He went ahead with the Canada Savings Bond sales last fall, citing the still loyal, but dwindling CSB holders as the reason for keeping the Canada Investment and Savings Agency going. That's not slated to change this year.

All of this, a high-flying secretive agency with top executive and bonus pay and large contract spending hardly conveys the deficit-fighting image the Department of Finance likes to project. That's the reputation. Paul Martin gained in his years at Finance.

Last week, the Public Service Alliance of Canada and the Ottawa Citizen in a news report and editorial raised questions about the agency's excessive bonus payouts.

The House of Commons Public Accounts Committee should immediately examine the agency's performance and the attempts of some senior Finance Department officials to downplay the agency's problems. That would be especially fitting given the Public Accounts Committee's interests in executive bonus pay outs, lax contracting procedures, and unaccountable arm's-length agencies. Such a probe would indeed be a bonus for improving government transparency and expenditures.

Ken Rubin is an Ottawa investigative researcher.

krubin@cyberus.ca
The Hill Times