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Chair

Mr. Pat Martin

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•(0850)

[English]

The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)): Good morning, ladies and gentlemen.

We'll convene our meeting of the Standing Committee on Government Operations and Estimates. Today we will continue our examination of the supplementary estimates (B) for 2012-13.

Today we've invited as witnesses representatives from the Department of Canadian Heritage. We're very pleased to have the deputy minister, Daniel Jean, here to make a presentation. He is joined by Robert Hertzog, the director general of the financial management branch.

Welcome, Mr. Hertzog.

We also have with us René Bouchard, the executive director of portfolio affairs.

Mr. Bouchard, welcome.

Monsieur Jean, maybe you have 10 or 15 minutes of opening remarks. The floor is yours.

Mr. Daniel Jean (Deputy Minister, Department of Canadian Heritage): Thank you, Mr. Chair.

I'm pleased to meet with the members of the Standing Committee on Government Operations and Estimates. With me today, as the chair has mentioned, is Robert Hertzog, who is the department's chief financial officer, and René Bouchard, who is the executive director of our portfolio affairs.

We appeared before the committee last May on the subject of the 2012-13 main estimates for the Department of Canadian Heritage and its portfolio organizations. At that time, I said that the total budget of the department was \$1.28 billion. This figure consists of \$202.8 million in operating expenditures and \$1.078 billion in grants and contributions.

As well, the 18 Canadian Heritage portfolio organizations receive \$1.9 billion in appropriations. As stipulated in budget 2012, Canadian Heritage and its portfolio organizations face planned reductions of approximately 6.9% by 2014-15. The total amount of these reductions, as well as their financial impact on our current year financial results, are explained in the department's quarterly financial reports. The first report was tabled in June 2012.

Let me now address the 2012-13 supplementary estimates (B) for the Department of Canadian Heritage and the portfolio organizations.

The supplementary estimates for 2012-13 were tabled in Parliament on November 8, 2012. Parliament is being asked to approve \$7.5 million in additional resources for the Department of Canadian Heritage.

[Translation]

The new requirements are for the following initiatives.

\$14,386,219 for Sport Canada's hosting program to support the construction of new facilities and the upgrade of existing facilities. This includes the related design and planning activities for the Toronto 2015 Pan American and Parapan American games. Funding announcements that have been made for these facilities include Markham, York, Welland, and others will be ongoing.

\$3,000,000 for Sport Canada's sport support program to support activities of ParticipACTION and the Quebec-based fitness organization Le grand défi Pierre Lavoie. Both of these organizations promote more active lifestyles and healthier, stronger communities across Canada, with a particular emphasis on children and youth.

A \$1,000,000 transfer from the sport support program to the athlete assistance program to provide increased living and training allowances to high-performance athletes.

\$5,000,000 for the celebration and commemoration program to support the 100th Grey Cup anniversary celebrations that took place in communities across Canada. Activities focused on the ten-week national train tour and week-long celebration in Toronto just prior to the Grey Cup game on November 25, 2012.

\$2,500,000 for a grant to the Hnatyshyn Foundation. The foundation supports artistic and cultural development in Canada through a grant program that affirms the vital role of the arts and artists in strengthening the community and enriching the quality of life of Canadians.

\$200,000 for government advertising programs related to the war of 1812. The Government of Canada has a series of activities to commemorate the 200th anniversary of the war of 1812 over three years. Activities include a pan-Canadian public awareness campaign, learning materials for schools, funding for up to 100 events and historical re-enactments, a traveling War Museum exhibit, a permanent 1812 monument in Ottawa, and investments in national historic sites associated with the war of 1812.

[English]

Funds being provided to the department for these initiatives through supplementary estimates (B) are shown net of \$17,541,000 in savings. These savings were identified in budget 2012 and are being achieved through efficiencies in operations and the reduction in 2012-13 of programs such as international expositions, for savings of \$8,612,000, and the Canada interactive fund, for savings of \$7,880,000.

Items in the supplementary estimates (B) for 2012-13 that affect the Canadian Heritage portfolio organizations include \$32.2 million in funding for Canadian Broadcasting Corporation programming. Since 2001, CBC/Radio-Canada has received \$60 million in annual funding to enhance and expand its Canadian radio and television programming. For 2012-13, the \$60-million amount is reduced by \$27.8 million, which reflects the reduction to the CBC's appropriations that were announced in budget 2012. As a result, the net amount to be provided to CBC in 2012-13 is, as I noted, \$32.2 million.

There is \$46,700,000 for the Canadian Museum for Human Rights. The museum will receive \$21.7 million in operating funds for 2012-13, as well as a \$25-million instalment on a \$35-million advance on appropriations granted by the government. The latter is financial flexibility; this will provide the museum with the financial flexibility it needs to open in 2014.

Authority is also being sought for transfers to and from other federal government departments or organizations, for a net increase of \$1 million. This comprises a decrease of \$9.5 million in operating and an increase of \$10.5 million in grants and contributions.

These are largely adjustments to ongoing initiatives with other Canadian Heritage portfolio organizations and government departments, and they include: the transfer of funds to Veterans Affairs Canada to support the Historica-Dominica Institute's memory project and help educate youth about the importance of remembrance; the transfer of funds from the Canada Council for the Arts to support a series of research reports on the arts in Canada, and the return of funding provided for the national translation program for book publishing that is not required

As I mentioned when I appeared before the committee last May, Canadian Heritage has long-standing financial targets and is continuing to meet these targets. We continue to do our part to achieve the government-wide productivity improvement and efficiency goals that have been established. The measures we have adopted support modernizing the department by maximizing investments, delivering results, and increasing the impact of our programs.

We would now be pleased to respond to any questions committee members may have.

Merci.

● (0855)

The Chair: Thank you very much, Mr. Jean.

We'll go to questions right away.

For the NDP, Denis Blanchette.

[Translation]

Mr. Denis Blanchette (Louis-Hébert, NDP): Thank you, Mr. Chair.

My thanks to our guests for joining us this morning.

Mr. Jean, at the beginning of your presentation, you mentioned that you wanted to show in your quarterly reports how you were going to distribute your cuts.

There is one thing that we do not see there that would perhaps be good to see and that is the way in which your department's staff is affected. Could you talk to me about that for a few moments, please?

Mr. Daniel Jean: With pleasure, Mr. Blanchette.

If I remember correctly, when I appeared here in May, I explained to you that, about three years ago, our department was facing a structural deficit of more than \$60 million. Actually, when salary increases were included, we realized that it was close to \$67 million. Before Budget 2012, that is, before the deficit reduction exercise, we had already undertaken internal initiatives to reduce costs and cut some staff in order to reduce that deficit by \$40 million.

At that point, we used that \$40 million figure to adjust the budget and that led to a job losses numbering a little under 300. Some positions were lost in order to deal with the deficit and others were lost as fixed-term initiatives came to an end. When Budget 2012 came around, we had about \$27 million to go. The effect of the budget itself in terms of cuts to programs and to the people who run them was that the staff cuts affected 38 people.

So if you are asking me very specifically how many people had their positions eliminated as a result of the measures in this budget, my answer will be 38 FTEs, full time equivalents. In terms of person-years that were cut in order to confront the additional cuts and our structural deficit of \$27 million, it was 242 other positions, for a total of 280.

Mr. Denis Blanchette: I appreciate the fact that you are precise. I love it when people come here and tell us things in a precise manner, as you are doing. Other people would perhaps do well to follow your example.

That said, it would be good to see how this affects your operations. Are people removed from your staff when specific programs are eliminated? Is it just attrition?

You know that part of the name of the committee mentions government operations. So I would like to know how your daily operations are affected and how you are coming to grips with all this. We ask questions like that to see if you have the means to fulfill the missions you have been entrusted with.

Mr. Daniel Jean: I have two comments about that. First, that is the reason that the cuts made in order to deal with the structural deficit have been made to the administration only. The minister has been clear on a number of occasions: he did not want programs affected and he wanted to see more efficiency in the department. That is the fundamental reason.

Two things informed the way in which we made the cuts. The first was to make sure that there was no impact on the service provided to our stakeholders. I think they recognize that we have put a lot of effort into that. The second was the desire to treat the staff affected by the cuts well. I have figures with me that show we have done a very good job in that respect.

Mr. Denis Blanchette: To change the subject, you announced \$5 million for the Grey Cup. I am a football fan and I really liked the festivities. But I have one administrative question.

Could those \$5 million not have been in the main estimates rather than in the supplementary estimates (B)?

Mr. Daniel Jean: It is a matter of timing, really. It is all about the appropriation cycle. It was announced in the main estimates last year. We had to put it in the supplementary estimates (B) so that we could access the money.

Mr. Denis Blanchette: Could you be more specific about the appropriation cycle? When the budget was introduced, you knew that this was an activity you were going to fund. Why not do it then?

• (0900)

Mr. Daniel Jean: The thing is that, in each year's budget cycle, when we show our main costs, amounts are always added in or taken out during the year. Those are spread out over the three supplementary estimates.

In this case, the \$5 million amount was announced in the budget for 2012. So it could not be put into the main estimates before the authority needed to ask for it had been obtained.

Mr. Denis Blanchette: You are telling me that it was announced in Budget 2012, but that you had not received authority for it so you could not include it specifically in the main estimates. Isn't that odd?

Mr. Daniel Jean: No. I have to correct one thing here. It was announced in Budget 2011. It is just a technical matter of timing, of the appropriation cycle.

Robert may be able to explain it better.

Mr. Robert Hertzog (Director General, Financial Management Branch, Department of Canadian Heritage): I do not think I really have anything to add. It is often just a question of making sure that we have gathered together everything we need to conclude a contribution agreement with a recipient before going to Treasury Board to ask for the money.

Mr. Denis Blanchette: I ask the question because, last spring, we finished a study on the budget forecasts. Parliamentarians just wanted to get a better picture of the situation. We are looking for a specific picture of what is coming rather than a vague picture. I just find this way of doing things a little odd. I understand that you have followed the rules. I see no problem with it. I just wanted to understand.

Mr. Daniel Jean: Bob is probably right. What happened in this specific case is that we had to negotiate with the organizing committee to determine what revised form the contribution agreement was going to take. That takes a little time. That is why we had to put it through the supplementary estimates (B).

[English]

The Chair: Thank you, Monsieur Jean.

Next, for the Conservatives, Jacques Gourde.

Five minutes, please, Jacques.

[Translation]

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you, Mr. Chair.

My thanks to the witnesses for being here today.

The supplementary estimates (B) 2012-2013 show that the Canadian Museum of Human Rights is asking for \$46.7 million for building construction, exhibits, set-up and other operating costs for the museum. Since its creation, the museum has received \$109.6 million from the Government of Canada. What will these additional funds be used for?

Mr. Daniel Jean: As you know, the Government of Canada's commitment for museum construction can go up to \$100 million. It has also committed to provide operating funds which, at the moment, are at \$21.7 million. The request made today involves both the operating funds of \$21.7 million and some financial flexibility against future appropriations in order for the museum construction to be finished as quickly as possible.

In a word, we are not providing more than \$100 million for the construction and \$21.7 million for operating expenses. But we are providing some funding flexibility in advancing some future appropriations in order to get the construction done on time.

Mr. Jacques Gourde: Thank you.

CBC/Radio-Canada is asking for \$32.2 million in order to strengthen programming and maintain English and French programming on television, radio and digital services.

Does the department ask for specific accounting from CBC/Radio-Canada about the use they make of that amount?

Mr. Daniel Jean: As you know, CBC/Radio-Canada is an independent organization in terms of its programming and its journalism. Of course, it will use the funds to create Canadian content and programming.

To some extent, they are accountable to CRTC under the Broadcasting Act. In terms of accountability, the role of the minister and the department is more to ensure that the administrative funds are used responsibly. That is the role of the minister with all independent organizations.

Mr. Jacques Gourde: Is this the last year for the one-time vote that the corporation gets each year in order to strengthen Canadian programming?

Mr. Daniel Jean: Actually, in the past, CBC/Radio-Canada received recurring funds of about \$1 billion; this \$60 million amount had been renewed several times since 2001. Next year, this vote will be completely eliminated, and it will only be partial this year.

Mr. Jacques Gourde: Thank you.

The supplementary estimates (B) show that the sum of \$200,000 is requested for government advertising programs. In which departmental programs will that additional money be invested?

Mr. Daniel Jean: That comes from the government envelope for advertising. The additional \$200,000 come from that envelope.

• (0905)

Mr. Jacques Gourde: What kind of advertising will the department do with that additional money?

Mr. Daniel Jean: It was an advertising campaign. That money specifically helped to fund the advertising in electronic media and television in the summer of 2012, specifically between June and December. But most of the campaign, the actual purchase of electronic space or commercials, is over.

Mr. Jacques Gourde: What was the target audience? Who was the advertising aimed at?

Mr. Daniel Jean: The advertising was to make all Canadians aware of the importance of the war of 1812, which was a significant event in Canadian history.

Mr. Jacques Gourde: Thank you.

[English]

The Chair: Thank you, Monsieur Gourde.

For the NDP, Jean-François Larose.

[Translation]

Mr. Jean-François Larose (Repentigny, NDP): Thank you, Mr. Chair.

My thanks to our guests for joining us.

if I understood correctly, you were talking about the war of 1812. How much did all that advertising cost?

Mr. Daniel Jean: The total amount for advertising was \$6.7 million, spread over three years.

Mr. Jean-François Larose: What does the amount of \$14.4 million for the 2015 Pan American Games include exactly? Can you give us short answers?

Mr. Daniel Jean: I can certainly do that. Canada's commitment for the Pan American Games is up to \$500 million.

Mr. Jean-François Larose: Is that for advertising?

Mr. Daniel Jean: No. The government's contribution to the organizing committee is for the infrastructure, the legacy, the things that will remain afterwards, and for government services. Only a part of that amount is in the supplementary estimates this year.

Mr. Jean-François Larose: What about the \$5 million for the Grey Cup?

Mr. Daniel Jean: The \$5 million for the Grey Cup paid for the train that went across Canada to raise people's awareness of the event and for the activities that went on during Grey Cup week, last week.

Mr. Jean-François Larose: How much money do you spend on advertising each year?

Mr. Daniel Jean: I do not have that information. I must tell you that it varies from year to year.

Mr. Jean-François Larose: How much is it approximately?

Mr. Daniel Jean: If you want, I can reply in writing and show you what we have spent in advertising over the last few years.

Mr. Jean-François Larose: The problem is quite simple, though. We see cuts in the order of \$27.8 million imposed on Radio-Canada. Is your reflex action to buy advertising—online or otherwise—from Radio-Canada, an institution that the government created? You impose \$27.8 million in cuts, but do you automatically try to re-inject that money back into Radio-Canada in advertising?

Mr. Daniel Jean: As I am sure you are aware, given the government reductions last year, each department, each agency and each organization had to make an effort with its own cuts. Radio-Canada identified the cuts it wanted to make as part of that exercise. Cuts are cuts; there was no question of applying the amount from one envelope to another.

Mr. Jean-François Larose: I have another question for you about the Royal Alberta Museum. Can we find out when the money that has been promised will be allocated to the main estimates and supplementary estimates?

Mr. Daniel Jean: Are you talking about the Canadian Museum for Human Rights in Winnipeg?

Mr. Jean-François Larose: No, I am talking about the Royal Alberta Museum.

Mr. Daniel Jean: I will have to check. We have a program that provides assistance to museums. All the museums in Canada can apply under that program, of course, but I do not have the details for the Royal Alberta Museum with me.

Mr. Jean-François Larose: Okay.

Mr. Daniel Jean: There is no request today in the supplementary estimates for the Royal Alberta Museum.

Mr. Jean-François Larose: In the main estimates, you announced savings in the order of \$17.8 million. In the supplementary estimates (B), that figure is \$18.5 million. Why are the two figures different?

Mr. Daniel Jean: Because, as I explained earlier, the two sets of estimates are quite different. At the beginning of the year, the main estimates are announced. That is our starting point, if you like. During the year, adjustments are made and new amounts of money come in and go out. You can reconcile everything by looking at all the adjustments, but you cannot compare the two sets of estimates.

Mr. Jean-François Larose: What was the impact on Canadians in terms of services and staff?

Mr. Daniel Jean: I answered the question about the staff earlier.

Mr. Jean-François Larose: How about the impact on Canadians?

Mr. Daniel Jean: We chose to focus on administrative efficiency. There was no impact on Canadians.

• (0910)

Mr. Jean-François Larose: So the cuts you made were in logistics, is that correct?

Mr. Daniel Jean: We found different ways to do things. It is not just about cutting staff. We found ways to do things differently, more cheaply, and without affecting our service to Canadians.

Mr. Jean-François Larose: But, in general, did the main financial impact of your cuts fall on the staff or on other things?

Mr. Daniel Jean: Are you talking about the reductions as announced in Budget 2012? Those staff reductions amounted to 38 person-years only.

Or are you talking about the exercise that I mentioned earlier, the very major structural deficit? The minister said that he wanted our reductions to be made in administration because he did not want to affect programs. He did not want to affect Canadians. We made all our cuts internally by increasing efficiency, so that Canadians would not be affected.

Mr. Jean-François Larose: Thank you.

[English]

The Chair: That concludes your five minutes. Thank you very much.

That was a good illustration of how we can cover a lot of ground when we keep our questions and answers short. That was five minutes exactly.

Next, for the Conservatives, Mike Wallace.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

Thank you for coming.

I'm going to ask you some specific questions from the estimates book. You have in front of you. These are just for clarification.

First, you have a savings line on page 41 in the book: "Spending authorities available within the Vote". In vote 1, it's \$200,000. It's not that much money. Further down, you have "Internal reallocation" of resources of \$10 million "to reduce the amount of new appropriations". Can you tell me, particularly on the \$10 million, what was reallocated and where it came from?

Mr. Daniel Jean: I'm going to let my chief financial officer answer that one because I asked him that question yesterday. It is purely an accounting adjustment.

Mr. Mike Wallace: Oh, okay.

Mr. Robert Hertzog: Yes, that's essentially it. Without trying to get too technical, the reductions, in the first part as you see in the upper part of the table, are applied against the funding that we receive. The funding that we receive is primarily—almost exclusively—vote 5 money, grants and contributions.

Mr. Mike Wallace: Right. Basically, you just didn't spend the money that was allocated in that line.

Mr. Robert Hertzog: The reductions were actually intended to come out of operating. Essentially, the money was offset against our vote 5, and then an adjustment was made to transfer it to vote 1, because they're operating reductions.

Mr. Daniel Jean: So in simple language, it's a technical accounting adjustment.

Mr. Mike Wallace: That's the \$200,000?

Mr. Robert Hertzog: No. That's the \$10 million.

Mr. Mike Wallace: That's the \$10 million. Did it come out of one vote to another or is there a variety of votes that it came out of?

Mr. Robert Hertzog: It came out of vote 1.

Mr. Mike Wallace: It came out of vote 1. All right. Because there's no explanation along the bottom, right...?

Mr. Daniel Jean: I'll just state that it is a technical adjustment. When you look at it in terms of money that came in and money that came out, you have the same amount.

Mr. Mike Wallace: Yes, I see that.

Mr. Daniel Jean: It's purely a technical adjustment.

Mr. Mike Wallace: Right.

One other one that I found here was a small amount, but it's a little strange to me. It's the transfer of \$605,000 from Shared Services. I thought we were sending money to Shared Services in most cases. Why is it coming back?

Mr. Daniel Jean: As you probably recall, all departments and agencies indeed transfer money to Shared Services Canada. In our case, when we looked at what was transferred, we saw that there was some money that had been counted twice for two specific things. We had discussions with Shared Services Canada. They recognized that an error had been made and they basically returned the adjustment to us.

Mr. Mike Wallace: Very good. Thank you very much.

My next question on the estimates themselves is about the money for the CRTC and the do-not-call operation. It has a significant ask here, I think, if I can find it here. I don't know where it is...

Mr. Daniel Jean: It's \$2.55 million.

Mr. Mike Wallace: Yes. It's a 34% increase over authorities to date. Why is it so high?

Similar to that previous question, Denis, the no-call list isn't brand new. It has been around for a few years, I believe—and maybe I'm wrong—but why is there such a significant increase?

Mr. Daniel Jean: As you know, the National Do Not Call List was created, and money has been punctually allocated as a bridge until a cost recovery system can be developed. This is the last kind of bridging fund to this until the cost recovery is in place.

● (0915)

Mr. Mike Wallace: Based on that answer, members of Parliament could anticipate that we won't see these kinds of transfers from Heritage Canada to this organization for that cause in the future. Is that correct?

Mr. Daniel Jean: That's correct. They have a cost recovery system that is coming into place on April 1, 2013. My colleague just gave me what the numbers were for the additional years, and that's pretty much the same number.

Mr. Mike Wallace: I'm turning to your plans and priorities document that you've produced. I know that it came out in June of last year, or whenever it was. I looked at these of the other organizations that we've had in front of us, and I appreciate.... It doesn't look like there's a big reduction in staff here, really. These are plans prior to the DRAP, so would you say this is accurate, or is this likely including your DRAP requirements?

Mr. Daniel Jean: On the evolution of the staff at Canadian Heritage, from the time of the Olympics, let's say, which was probably the highest, at about 2,300 people in 2009-10, we're at a current staff of about 1,753 people, and we're moving lower than that. We've had both an operational and a staff permanent reduction of 30%. When you include reductions of people who were affected by temporary projects like the Olympics and others—

Mr. Mike Wallace: Temporary projects—

Mr. Daniel Jean: —the reduction is actually much higher than that. We've had one of the most significant staff reductions in government.

Mr. Mike Wallace: Okay. On the money side, on the financial resources, the overall planning summary shows this year, and then an increase for next year, and an increase after that. Is that mostly due to our funding the Pan Am Games or being a partner in the Pan Am Games? We go from financial resources of \$1.3 billion to almost \$1.4 billion to I think \$1.45 billion.

Mr. Daniel Jean: You're correct. Indeed, \$14.4 million of the adjustment up is for the Pan Am Games, and there was another \$5 million for the Grey Cup celebrations.

Mr. Mike Wallace: *Merci beaucoup.*

The Chair: Thanks.

For the Liberals, John McCallum.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you.

Welcome to all of you.

In terms of the money going to the Pan American Games and the \$5 million for the Grey Cup, I'm wondering why you didn't know about that at the time of the main estimates and why it was delayed until now.

Mr. Daniel Jean: As the chief financial officer explained, it is not that we did not know, but we were doing a contribution agreement.

I'm going to take the Grey Cup as an example. We were doing a contribution agreement and it was not complete on how they were going to design the use of the \$5 million. The understanding would be between the department...on the fact that this would be done in the right way in providing the kinds of results that we expect. That's the reason for it.

We usually don't come to appropriate that money until the program, design, and implementation, if we need to go to Treasury Board, and until we've gone to Treasury Board and we have all the authorities in place, that's when we come for appropriations...

Hon. John McCallum: Well, I'm thinking that it's a little late. The Grey Cup is over. Does that mean you spend the money in advance of parliamentary approval?

Mr. Daniel Jean: No. That means that, sometimes, because of the way the appropriation cycle works, we have to risk-manage some of these things.

Hon. John McCallum: What does that mean?

Mr. Daniel Jean: That means we have to bank on the fact that it's going to happen. If it were not to happen, then we would have to find the money in some of our other appropriations....

Hon. John McCallum: Has the \$5 million already been spent?

Mr. Daniel Jean: The \$5 million is being spent by the organizing committee of the Grey Cup. We have a contribution agreement with them. We're coming to the appropriation now that explains, because we needed to negotiate the thing....but it has not necessarily been paid yet, right? It really depends on what payments come when they provide the program that it had been developed for, you.

Hon. John McCallum: Okay. I guess I'm expressing a bit of a concern that it seems you've spent the money before Parliament has approved it, or maybe that's normal.

Mr. Daniel Jean: As much as possible, in the best of all worlds, we always try to avoid that. But because of the way the appropriation system works, it does happen that you have money at risk like this.

Hon. John McCallum: Okay.

I notice that your "Promotion of and Attachment to Canada" envelope took quite a hit: \$24 million, or roughly 30% of last year's budget. My understanding is that cancelling Katimavik accounts for \$14 million. What else was cut to make up the remaining \$10 million?

● (0920)

Mr. Daniel Jean: In that program, there was Katimavik.... In terms of the reduction that was announced in the budget, in that program I only see Katimavik.

A voice: Yes—

Mr. Daniel Jean: The others are adjustments to other budget items, but they have nothing to do with the deficit reduction action plan.

Hon. John McCallum: So where do they come from, then, for the remaining \$10 million?

Mr. Daniel Jean: In that program we have some other programs, such as lieutenant-governors and other programs that are yearly projects, but in terms of reductions that were done in the context of the budget, under the document, I think there's a small amount in Canadian studies, which was money that had never been reallocated, and the other one is Katimavik, the one you mentioned.

Hon. John McCallum: Okay.

In terms of the Museum for Human Rights, you're requesting \$43 million. When that museum was announced in 2007, the government committed \$100 million, and I think it was thought that it would receive \$9 million in ongoing annual federal funding. What is the unforeseen need that led to this \$43-million request?

Mr. Daniel Jean: To be clear, the commitment of the Government of Canada to the construction is up \$100 million, and it hasn't changed. The notional allocation for operating funds is \$20.7 million. It's notional, of course, because they're not open yet, but that's what has been provided. What is being asked for through the supplementary estimates here is an advance on future appropriations to provide them with the flexibility to complete the museum. They've done fundraising and they have pledges that will be collected over a number of years, but in order to complete the museum by 2014, they require financial flexibility.

The Chair: You have 30 seconds, John.

Hon. John McCallum: Okay.

How much has been spent to date on this museum?

Mr. Daniel Jean: The total cost of the museum, once it is completed, is now \$351 million.

Do we have the number for what has been spent to date...?

If we don't have this, we'll be happy to provide it to you.

Hon. John McCallum: Thank you.

The Chair: Actually, John, you will find that in the package put together by our wonderful researchers. The total to date is \$109.6 million; it's on page 4 of your research paper.

For the Conservatives, Peter Braid.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you very much, Mr. Chair.

Thank you to our guests from the Department of Canadian Heritage for being here this morning.

Monsieur Jean, at a high level, my impression is that over the last few years there has been a greater focus at the department on promoting an understanding of Canadian history, including in our school system. Is that a fair assessment? Could you elaborate a little bit on that and why that is?

Mr. Daniel Jean: You're correct, Mr. Braid. As we march towards 2017, the 150th anniversary, and also given much interest expressed

by the public in having more information provided on history, we are trying, through existing programs and our commemoration program, to give people access to familiarize themselves with history.

As you probably also know, the minister made an announcement about the renaming of and the adjustment to the mandate of the Museum of History. That's all part of efforts to try to give people a chance to better familiarize themselves with history.

Mr. Peter Braid: Thank you.

I have a question about the annual funding to the CBC of \$60 million to help enhance Canadian content and Canadian programming. There was an earlier question from my colleague, Monsieur Gourde. You confirmed that, after a little more than a decade or so, that annual allotment to the CBC will expire.

I realize that there's no one from the CBC here, and I approach this question as someone who supports the mandate of the CBC. After more than a decade of \$60 million in annual funding—or for over \$600 million or so—could you speak to how Canadian content and Canadian programming have been enhanced at the CBC as a result of that investment?

Mr. Daniel Jean: I think that of course, the CBC is doing a number of things every year to try to create good Canadian content. In the case of your question, I think they would probably be better placed to judge, or the public in general would probably be better placed to judge, than I would be.

• (0925)

Mr. Peter Braid: Thank you.

I have a couple of questions about the Governors General foundations. There is a request in the supplementary (B)s for a funding transfer or new funding of \$2.5 million for the Hnatyshyn Foundation.

I have a couple of questions, both specifically about the transfer and why it is necessary, but also, if you could speak a little on this subject, about these foundations generally. It looks as though each former Governor General establishes a foundation at the end of their service to our country as a Governor General.

Could you speak about the mandate of the foundations, why they're created, where the funding comes from, and whether they are completely taxpayer-funded or there is some private sector support? Also, specifically, speak to us about the \$2.5 million and why it was earmarked.

Mr. Daniel Jean: You're absolutely correct that the foundations are usually created when the mandate of a Governor General is over. They are created as a legacy. They usually have different themes, depending on the legacy initiative that the departing Governor General would like to pursue. In the context of the Hnatyshyn Foundation, it's about arts and culture.

There is usually a combination of public money and fundraising money, very often in the context of matching. In the context of the Hnatyshyn Foundation, when it was created, there was a \$2.5-million conditional grant, and they also raised \$2.38 million. What is being sought through estimates today is something that was announced in budget 2012, for an additional \$2.5 million.

Mr. Peter Braid: Thank you.

Finally, just to help clarify and confirm the bottom line, total requirements with your supplementary (B)s are roughly \$26 million and you're applying savings of \$18 million, for a total request of about \$7.5 million. At the end of the day, will the Department of Canadian Heritage be spending more or less money this year than last year?

Mr. Daniel Jean: I'll let Rob answer, but first of all, you're right in the preamble to your question: the net is an additional \$7.5 million. There's a number of reductions that amount to so much, and there is new money that has come in because of events like the Pan American and Parapan American Games.

Now, on the issue of how it compares with last year, Rob...?

Mr. Robert Hertzog: Thank you.

Thank you, Mr. Braid.

When you look at how much the department is going to be spending, you have to look at the main estimates and the supplementary estimates, the authorities that are given to us during the year, as well. In supplementary estimates (A), we received only a very minor amount of funding, and in supplementary estimates (B) is the \$7.5 million net that was referred to.

Overall, year over year, in our vote 1 there's a decrease of \$24.4 million. In our vote 5 there is a decrease of \$33.2 million. But that \$33.2 million in vote 5 is after a transfer that was made—essentially a transfer to another department, to AANDC—of \$38 million. Excluding that transfer, our funding for grants and contributions programs is going up this year by roughly \$5 million.

Mr. Daniel Jean: The transfer that my colleague is referring to was a “machinery of government” transfer when some of our aboriginal programs were transferred to AANDC.

The Chair: Thank you, Peter.

For the NDP, we have Linda Duncan.

Ms. Linda Duncan (Edmonton—Strathcona, NDP): Thank you very much.

I'll ask one brief question and then pass this over to my colleague, Monsieur Blanchette.

I noticed that the CRTC has gone up from.... I don't have the main estimates here, but in the supplementary (A)s, they were at \$11.3 million, and then it went to \$16.2 million in total. In the programming money that your department provides to CRTC, do you include dollars to support interventions or applications for aboriginal radio and television programming where they are seeking support by the CRTC to run aboriginal programming? I think it's in your mandate—for sure for the CRTC—to be supporting aboriginal programming.

I'm just curious about this. Some regulators, such as energy boards and so forth, provide intervenor costs for those who might have trouble affording an intervention. I am wondering whether those dollar figures, including the increases—because I know there is increased interest in aboriginal broadcasting—include any additional money to assist them to intervene effectively?

● (0930)

Mr. Daniel Jean: The CRTC, of course, is an organization that has both revenue generation and appropriation. The appropriation is quite small compared with what they have in terms of revenues.

In relation to your specific question on interventions, I'll ask my colleague to answer you.

Mr. René Bouchard (Executive Director, Portfolio Affairs, Department of Canadian Heritage): I'm going to say, speaking first of all by way of preamble, that overall the level of appropriation for the CRTC has been fairly stable, except for some interventions, which Mr. Jean referred to, for the do-not-call list over the last few years. Within the approximately \$10 million to \$11 million they receive on an annual basis, about \$6 million is linked to employee benefit plans, and the rest of it is for the operation of the organization. So I don't think, quite frankly, that \$4.5 million of \$5 million is directed toward helping groups to intervene in front of the CRTC.

Ms. Linda Duncan: Okay. So my question is actually quite simple: does Heritage Canada not provide any dollars to the CRTC to support interventions by aboriginal organizations?

Mr. René Bouchard: To my knowledge, it does not—

Ms. Linda Duncan: Okay—

Mr. René Bouchard—but we will double-check, and we will get back to you if I'm wrong in my answer.

Ms. Linda Duncan: Thank you very much.

[*Translation*]

Mr. Denis Blanchette: In the first quarter, spending on activities in the cultural industries programs are 63% lower. Can you explain why that is the case? Is there a trend to be discerned there?

Mr. Daniel Jean: In terms of the figures, I will ask Bob to reply.

In terms of the general question on cultural programs, there were no major cuts apart from the ones made as a result of Budget 2012.

Mr. Robert Hertzog: That is correct. It may be a question of timing. It depends on the time the money was spent, but there were no changes to the budget like...

Mr. Denis Blanchette: Does that mean that, at the end of the year, I am likely to find something more balanced?

Mr. Daniel Jean: Yes, that is possible.

Take the contribution to the Canada Media Fund as an example. It depends on the time during the year when it will be made. This is a major contribution that will affect the quarterly reports.

Mr. Denis Blanchette: Thank you.

In total, what are the 1812 war celebrations going to cost?

Mr. Daniel Jean: There is an amount totalling \$28 million in the federal government budget. Part of that money went to Canadian Heritage and the rest to Parks Canada and other organizations.

Mr. Denis Blanchette: What are the major cost items in the commemoration of the war of 1812? When will it come to an end?

Mr. Daniel Jean: As I said earlier, for the war of 1812, an amount of \$6.7 million was set aside for the advertising campaign, or, in broader terms, for a media model. There were programs for...

Mr. Denis Blanchette: Communication costs amount to 25% of the budget for the celebrations?

Mr. Daniel Jean: As the minister mentioned and as I explained previously, the \$28 million was an additional amount put into the budget for the war of 1812. Some money in already existing commemoration programs were also used to support a lot of projects in communities across Canada.

Mr. Denis Blanchette: So the celebrations will cost more than \$28 million, if I understand correctly.

Mr. Daniel Jean: The celebrations cost more than \$28 million, but most of the money is invested in communities across Canada through programs.

[English]

The Chair: That concludes your time. Thank you very much.

For the Conservatives, we have Bernard Trottier.

[Translation]

Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC): Thank you, Mr. Chair.

My thanks to our guests for being here this morning. I have some questions for them.

In your comments, you mentioned that there were savings in the International Expositions Program. I know that there has been a debate recently in Toronto, my home city, about the funding and about what should be done to support international expositions. Can you tell me the nature of the savings that were achieved?

• (0935)

Mr. Daniel Jean: As one of the reductions announced in last year's budget as part of the effort to reduce the deficit, the International Expositions Program was cancelled. It was a program used either to prepare a bid or to do related work. It was also used to

fund bid committees for international expositions. The government had to make some difficult choices. It decided that international expositions are perhaps not the best way to promote Canada, given the new media.

Mr. Bernard Trottier: What were the approximate annual costs of supporting those programs?

Mr. Daniel Jean: About \$8.85 million annually.

Mr. Bernard Trottier: The other savings you mentioned were in the Canada Interactive Fund. I do not know that program very well.

Could you tell me what the Canada Interactive Fund did and what needs it was meeting?

Mr. Daniel Jean: The Canada Interactive Fund was created to make it possible for organizations to promote new ideas, in terms of their activities, by using the new media. The fund was set up several years ago, but unfortunately the type of application was not what had been hoped. In fact, there were not a huge amount of innovations at all. A lot of people asked us to pay for their websites and things of that nature. It was more about current expenses.

There were difficult choices to make. When you look at that one, you see that the program was not providing the anticipated results.

Mr. Bernard Trottier: What criteria did you use to choose the programs that you had to reduce or completely cancel?

Mr. Daniel Jean: We presented the minister with options for the programs that were giving the least convincing results. Against that background, given the effort that had to be made to reduce the deficit, choices had to be made between the programs that were not giving us the results and those that were giving us good results and that we wanted to protect. The choices were obvious.

Mr. Bernard Trottier: I see that there are supplementary requests in sport, for the Pan American Games, for example, and for ParticipACTION.

Is it the goal of Canadian Heritage to support sport activities more and more?

Mr. Daniel Jean: As you know, Sport Canada is a part of Canadian Heritage. The Minister of State (Sport) is one of the ministers within Canadian Heritage. The goal is certainly to encourage youth to be active. We also have a tradition of hosting large events and promoting excellence in sport. The Pan American Games really are a large event that we are hosting; they are a way to promote sporting excellence and to motivate young people to want to emulate the model.

The Grand défi Pierre Lavoie and ParticipACTION, for example, are really designed to encourage young people to be active.

Mr. Bernard Trottier: How confident are you about the Pan American Games budget? Because unexpected things always come up when it comes to sporting infrastructure and building major facilities.

Mr. Daniel Jean: As you know, the federal government is contributing \$500 million for infrastructure, legacies, government services, the reports we receive and those we are part of.

Because of the auditing that is being done, everything is evolving correctly at this stage.

Mr. Bernard Trottier: What will be the government's approach if the City of Toronto and the Government of Ontario asked for more money to put on the Pan American Games?

Mr. Daniel Jean: The maximum contribution from the Government of Canada is \$500 million for the three envelopes I mentioned. It will not be more than that.

[English]

The Chair: Thank you, Bernard. That's right on for five minutes. Perfect.

Jean-François Larose.

[Translation]

Mr. Jean-François Larose: Thank you, Mr. Chair.

I also thank our guests. My thanks to Daniel Jean for being so specific.

Were the \$14.4 million for the Pan American Games and the \$5 million for the Grey Cup imposed on you or did you ask for them?

Mr. Daniel Jean: Those are two different things.

Let us start with the Pan American Games. We have a program for hosting major international events like the Olympic Games, the Pan Am and Parapan American Games, or a world athletics championships like we had in Moncton a few years ago. We have a program that allows us to help all of them. For very major events, like the Olympics or the Pan American Games, the government has to make a supplementary contribution, because the costs are very high.

The decision about the Pan American Games was made around 2008-2009. The commitment of the federal government was to assist up to an amount of \$500 million.

• (0940)

Mr. Jean-François Larose: I understood that, but you did not answer my question.

Were those things imposed on you at the Department of Canadian Heritage? It is a simple question. I just find it odd...

Mr. Daniel Jean: No, they were not imposed on us. Like any request for a major event, an organizing committee gets together. An analysis is done and an opinion is provided to the minister who decides...

Mr. Jean-François Larose: Is that just for sports, or does it happen for other things?

Mr. Daniel Jean: It happens for any public policy initiative, or something that requires a public policy approach or funding. It is the

same process. Opinions are provided to the minister and the minister discusses it in cabinet.

Mr. Jean-François Larose: I find it odd that there is a department of sport. It seems to me that they do their own promotion. Why is Canadian Heritage in the business of promoting sport?

Mr. Daniel Jean: No. Sport Canada comes under the Department of Canadian Heritage. Canadian Heritage has various mandates: heritage is one mandate; culture is another and official languages is another. The Minister of Canadian Heritage is also the Minister of Official Languages. Sport Canada is part of the Department of Canadian Heritage. It is a department. Our minister responsible for sport is a minister of state.

Mr. Jean-François Larose: I am trying to understand the structure.

Mr. Daniel Jean: I am happy to help, sir.

Mr. Jean-François Larose: Do you get the feeling that Radio-Canada will not be participating as much in the Olympic Games?

Mr. Daniel Jean: We are talking about the Pan American Games in 2015. As the result of a competitive process, CBC/Radio-Canada was chosen by the Pan American Games organizing committee as the host broadcaster.

Mr. Jean-François Larose: I have one last question for you. Just now, you said that you were not aware of the Royal Alberta Museum situation. Is that correct?

Mr. Daniel Jean: Yes. You can understand that we get several thousand funding requests each year from a number of organizations. In this case, I will be happy to go back to the department to see if we have anything on that.

Mr. Jean-François Larose: You are really not aware of it? Nothing has come across your desk? You have no recollection at all? In spite of all the extensive media coverage, you are really not aware?

Mr. Daniel Jean: It is fair to say that I have a good knowledge of national museums. Various museums in Canada have applied under our programs. We are talking about thousands and thousands of applications. At this stage, I do not remember this one. That does not mean that we did not get an application. But I will be happy to go back, find out, and get back to you with the information.

Mr. Jean-François Larose: Thank you.

[English]

The Chair: There's a minute or so left in your time, and I wouldn't mind asking a question myself.

Some of the other museums are listed in the supplementary estimates (B). The figure, for instance, for the Canadian Museum of Nature, in Ottawa, is \$33,134,000. Is that just the annual operating cost grant or is that a capital expenditure?

[Translation]

Mr. Daniel Jean: René will give you some details about that.

[English]

Mr. René Bouchard: Usually, it's both: capital and operations.

The Chair: Is that a standard amount per year?

Mr. René Bouchard: The amounts that I have for the previous years are in line with the amount you just quoted. Based on the public accounts, in 2011-2012, they had \$28.6 million; in 2010-2011, they had \$33.3 million; and the year before that, they had \$33.4 million. The fluctuation, in this particular case, is due to the investment in capital.

The Chair: The museum of science and technology is at \$28.9 million per year.

Mr. René Bouchard: Yes.

The Chair: Is that about average for operating...?

Mr. René Bouchard: Again, in this case it is for operating and capital. If you look at previous years, you'll see that in the year 2011-12, based on public accounts, they had \$30.3 million. The year before, they had \$35.4 million, and the year before that, they had \$36.7 million.

Again, in this particular case, I would tend to believe that the fluctuation is due to investment in capital.

• (0945)

The Chair: Could you explain, then, why the notional operating cost for the new Canadian Museum for Human Rights is set at \$20.7 million per year, I believe? How did they arrive at that figure if these two smaller museums are in the range of \$33 million per year?

Mr. Daniel Jean: As we've mentioned, this is a notional allocation because the museum is not open yet. When the time comes to open, we will probably have to revisit what is actually required to operate the Canadian Museum for Human Rights.

The Chair: So the \$47 million that you're contemplating for the Canadian Museum for Human Rights is actually using the operating money you would have used had it been open this year and borrowing against future operating costs for future years.

Mr. Daniel Jean: It's a combination. There's the \$21.7 million operating allocation and also an advance on future appropriation as financial flexibility.

The Chair: It's an advance on future money, so they're spending the money for 2014 this year. How will they operate in 2014?

Mr. Daniel Jean: As I have explained, they have a cashflow problem. They have pledges. They have had very successful fundraising, the most successful fundraising of any national museum—

The Chair: Well, in fact, just for the record, they've raised more money privately than all other museums combined in their total histories. If you took all the money raised by all the other museums in their lives and combined it all, it doesn't add up to what we've raised privately for the Canadian Museum for Human Rights.

Mr. Daniel Jean: These pledges have been made over time. They will be collecting their pledges. The pledge collection is quite good, actually. But in order to be able to complete the museum, they needed some financial flexibility in order to be able to have the money now. In the future, the pledge collections will compensate for the future appropriations that are being advanced.

The Chair: Okay. So we'll have a tag day sale to keep our doors open in 2014.

Are there any other questions? The next panel of witnesses has not arrived—the aboriginal affairs department, I believe—unless they are outside waiting.

John, go ahead if you have a question.

Perhaps we could ask them to see if the other panel is here.

Hon. John McCallum: I think you said that the number of jobs had dropped by something like 30%.

Mr. Daniel Jean: In our permanent base of employees, it's about 30%, and it's more than that if you include some of our.... It's over a five-year period, right?

Hon. John McCallum: But how is it possible that your services to Canadians have not been hurt at all when you lose more than 30% of your employees who provide those services?

Mr. Daniel Jean: It's because we've prioritized our efficiencies and our changes in areas that do not serve our clients.

The Chair: I'm afraid that concludes your time, John.

I want to thank the representatives from the Department of Canadian Heritage.

Deputy Minister Jean and other panel members, thank you for your helpful information.

We're going to briefly suspend while we invite the next group to hear us.

Thank you very much for being with us.

• (0945)

_____ (Pause) _____

• (0950)

The Chair: Ladies and gentlemen, we will reconvene our meeting. We're running a little bit late.

Without any delay, we will welcome the representatives from the Department of Indian Affairs and Northern Development.

We have Mr. Michael Wernick, the deputy minister.

Welcome, Mr. Wernick.

We have Susan MacGowan, the chief financial officer.

Welcome, Ms. MacGowan.

Perhaps we could have opening remarks for five or ten minutes, and then we'll open it up to questions.

Mr. Michael Wernick (Deputy Minister, Department of Indian Affairs and Northern Development): Thank you, Mr. Chairman.

Thank you, members of the committee.

I have some talking points that walk people through the specific items in the supplementaries. If it's agreeable to you, Mr. Chairman, I'll just leave that with the clerk for reference.

I'd just note that we have a busy agenda at the department. There are currently five bills before Parliament being debated at various stages in both chambers. We're busy on implementation of the March budget. There are both positive investments and deficit reduction measures.

Of course, we do have the supplementary estimates here. These are, in a nutshell, largely measures that flow from the budget, so the decisions came after the main estimates were put to bed. This is often a pattern with our department. There are significant supplementary estimates every year.

If you add together the main estimates, the supplementary (A)s, and the supplementary (B)s, we will be spending about \$8.5 billion this year.

I'd be happy to take questions on any of the supplementary estimates items, of course, and on any other matters of interest to the committee.

The Chair: Thank you very much for your brevity, Mr. Wernick. We will go right to questioning.

I believe we are beginning with our critic for the NDP, Linda Duncan.

Ms. Linda Duncan: Thank you very much, Mr. Chair.

Thanks for your brevity. We actually probably have a lot of questions for you, so I appreciate that. Thank you for the background material.

Going to your background materials, Mr. Wernick, I note that you emphasize that "an issue of great concern to the government" is safe drinking water. You also mention the safe drinking water bill, which of course is going through the House right now. It's finally in the House after being in the Senate for a while. You state that it "will enable the federal government to work with First Nations on a region by region basis, to create enforceable regulatory standards".

Here is my first question for you, Mr. Wernick. Given the statement that safe drinking water for first nations is of great concern to the government, it's rather surprising that in the main estimates this year, there was a reduction of \$159.2 million for water and waste water. The rationale given for that is that the waste water action plan ended in March of this year. Given the purported concern of the government for safe drinking water and for maintaining protection of the source water, I look forward to an explanation as to why they would not renew that for the long term so that there would be certainty of that funding.

My concern, and the concern of the first nations, goes hand in glove with the report from the national engineering assessment that more than a billion dollars is needed to bring all first nation water supplies up to the standards most Canadians benefit from. An

estimated additional \$80 million, according to the government-funded national engineering assessment, is needed for training, source water protection, and emergency response. Yet given the clear estimate by the independent engineering assessment that a billion dollars is needed, and when we have more than 100 first nation communities still on boil-water advisories, no new money is allocated in supplementary (A)s, as far as I can see. Then \$136 million appears in supplementary (B)s over a two-year period.

Can you advise us as to whether the government is considering renewing its long-term commitment to safe drinking water and waste water for the first nations? And can you provide a rationalization, given the need, given the number of boil-water advisories, and given the number of first nation communities at risk? What is the timeline over which we can anticipate that each of those communities will come into the 21st century and have access to safe drinking water?

● (0955)

Mr. Michael Wernick: Thank you for the question.

I know from previous experience at the committee that this is a subject of great interest to you. I would not want to speculate on what decisions will be made in budgets that have yet to be tabled by the Minister of Finance of the day. We will find out. My job is to administer the funds as best we can.

I will try to answer as many of your questions as I can.

In terms of the sort of change in the numbers, it's actually the first example I can give you: the reason the number appears to drop in the main estimates is that it was a sunsetted decision. It simply ran out of time. The plan number would come down and it's added to the appropriations precisely today, through supplementary estimates (B). It didn't make it in time for the supplementary (A)s; it's in the supplementary (B)s, and it's \$136 million per year for each of two years.

Ms. Linda Duncan: Oh, it's per year.

Mr. Michael Wernick: It is per year for each of two years. That's a two-year extension of the level of activity.

It will be a slight fall-off—I'm sure you've done the math—because there was a little extra injection of resources due to the stimulus package in Canada's economic action plan. If you follow the year-over-year numbers, the annual investments follow a pattern. If I start in 2008-09, it is \$308 million. Then you get a peak, because of the stimulus package, of \$380 million and \$395 million. It drops down to \$311 million and goes up to \$330 million. I'll have to leave the numbers with you. That's the sort of zone of investment we're in.

The water strategy the government has been pursuing since 2007 has three parts to it, and I know that you're very familiar with this. This is for other members. One part clearly is investing in infrastructure. You need the plants for water and waste water. The second part is training of operators. We all know the stories of Walkerton and Prince Albert and so on. There are things that need to be done. The third pillar, in the government's view, is enforceable standards, and that's why Bill S-8 is before Parliament.

Ms. Linda Duncan: Thank you very much.

Of course, we have this bill before the House right now, and essentially it's an empty bill, because the anticipation...the bill provides that all the details of standards and certification and so forth will be provided through regulations yet to be promulgated. I'm wondering if this \$136 million per year is also supposed to cover the negotiation process and the hiring of all the necessary technical experts to develop this plethora of regulations.

Mr. Michael Wernick: The very short answer is that we will be providing funding for those processes of developing regulations.

The reason the bill is structured like that is that the decision was made that the regulations should as much as possible track the regulations in the province in which a community is surrounded. If you're in a Saskatchewan reserve, the regs should look very much like the Saskatchewan water regulations, which will facilitate common inspections, common infrastructure, and so on. There aren't a lot of reasons why, from a science point of view, the standards should be different on a reserve than they would be in a community five kilometres down the road.

Because the standards vary from province to province, we will probably end up with regs that more or less track provincial regulations as they're made, and of course they would be developed in a process with first nations, because they're going to end up owning and operating the facilities.

The Chair: Thank you very much.

For the Conservatives, Ron Cannan is next.

Hon. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

Thank you to our witnesses for sharing with us a little bit about Indian Affairs and Northern Development, as it's known in the supplementary (B)s.

I want to share with you the fact that I come from the Okanagan, from Kelowna—Lake Country, and am representing Westbank First Nation and the Okanagan Indian Band. UBC Okanagan recently renewed their agreement and framework for our aboriginal students in post-secondary. We all want clean drinking water on first nations, a good roof over their heads, and education.

As Ms. Duncan alluded to, there's somebody else with the surname of Duncan, our Minister Duncan, who has been working closely with our B.C. government in the First Nations Schools Association in reforming first nations education and, earlier this year, was able to sign an agreement. I notice that \$45 million in supplementary estimates (B) has been allocated for the development of school systems "to ensure readiness" of first nations education.

Could you please elaborate on how this money will be spent and where the schools will be constructed and renovated?

• (1000)

Mr. Michael Wernick: In terms of the list of specific schools, I'll turn to my colleague for that. There were three in northern Ontario already announced, and we have a bundle set aside for Manitoba schools, so I can provide you with the specific locations. There are many, many school projects under way right now across the country using our base funding, plus the additional investments that came with the budget.

On education, you do give me an opportunity to follow on Ms. Duncan's question, because the clear advice from the Auditor General in her May 2011 report is that one of the obstacles to long-term and sustained progress in these areas is the lack of clear legislative standards that define roles and responsibilities, the expectations, and the accountabilities. That's true of water standards, which were recommended by the Auditor General, and it's true of first nations education, which was recommended by the Auditor General, a Senate committee report, and a national panel.

We are assisting the minister in the process with the Assembly of First Nations. There will be further consultations with a view to having legislation before Parliament next year and operational by the September 2014 school year.

Hon. Ron Cannan: That's excellent. We know that legislation won't be the panacea. We have to work with the first nations communities as well to implement that, so I'm glad to see that it's moving and making good progress.

Speaking of schools, a sad chapter is the residential schools program. I know that you have \$125.6 million allocated in the supplementary (B)s for the continued implementation of the residential schools settlement agreement. Could you elaborate further on how those funds will be used, please?

Mr. Michael Wernick: Certainly. This is another one where it's not easy to get the context out of the parliamentary documents. This is essentially another installment of funding for the implementation of our obligations under the agreement.

The settlement agreement was reached in 2005-06, and implementation began in September 2007. We're now in the sixth year of implementation of the agreement. I expect we will be implementing the agreement well into 2015 or 2016 and perhaps even a little longer.

This is another decision that flowed from the budget. We needed the Minister of Finance to allocate funds to continue the implementation of our obligations. He did provide those for an additional four years, and you are seeing them briefed into the department through these supplementary estimates.

Hon. Ron Cannan: So will we see further supplementary estimates on this?

Mr. Michael Wernick: We would expect—my colleague will correct me—that the main estimates next year would reflect the additional resources, and they should turn up in the main estimates for each of the next few years.

Hon. Ron Cannan: In your main estimates, you've budgeted about \$7.9 billion, and you're looking at approximately another \$450 million, so it's \$8.4 billion, I think, for your department. How much do we invest horizontally across all budgets for first nations communities across Canada?

Mr. Michael Wernick: More than 30 departments and agencies have some activity that touches on aboriginal communities. The second-largest share after us would be Health Canada and their non-insured health benefits and health services. There's a significant piece of housing delivered by CMHC, and there are significant investments by Human Resources because of the skills and training programs.

All in, I think I'll be more or less right if I say that it's between \$11 billion and \$12 billion a year across the federal government. I'd be happy to provide details, but that would be the ballpark.

Hon. Ron Cannan: Approximately how many people would be served by that \$11 billion to \$12 billion?

Mr. Michael Wernick: Most of the funds go to people who live on reserve, which is about half a million. There are some programs that reach off reserve, such as non-insured health benefits, for example, which you can carry around with you across the country. There are post-secondary education subsidies that you can carry around with you across the country. There are some urban programs.

It's overwhelmingly, though, for services to reserve communities and self-governing first nations, where we're kind of like a very strange province doing the things that other Canadians would get from provincial governments.

Hon. Ron Cannan: It's a challenge. Keep up the good work.

Thank you very much.

The Chair: Thank you, Ron.

Linda Duncan, again.

Ms. Linda Duncan: Thank you very much.

One of the concerns that has been expressed is about the announcement of the cuts to tribal councils and other organizations that support first nations and delivery of services. One of the big roles that the tribal councils have been providing, including some of the technical advisory groups under the tribal councils.... There's one in Alberta that has been doing terrific work on advising on resource developments and safe drinking water.

The 2009 audit by your department found that the first nation lands and resource boards and other first nation entities were strained and struggling under trying to respond to the plethora of resource and development projects. Of course, we have...what's the one along James Bay? There are all those mining proposals, and then in northern Alberta, of course, we have massive developments in oil and gas. In the Northwest Territories, it's diamond mining. In Nunavut, it's mining exploration.

I'm wondering if you could explain to us where in the supplementaries we might find those cuts to the support for those organizations, and how the department is rationalizing these cuts, given that the government has said—and to their credit—that they want to move towards and support first nations in self-governance. How do they rationalize the decision to take away the funds from the very entities that are supporting the first nations in self-governance, in trying to negotiate good benefit agreements with the resource sector, and in trying to deal with the massive environmental impact reviews and so forth?

•(1005)

Mr. Michael Wernick: I'll try to deal with those quickly, Mr. Chairman.

You won't find them in the supplementaries because these are reductions that only kick in next year and, for the most part, in 2014-15. They were announced with a fair bit of lead time for people to make adjustments—both the tribal councils and the representative organizations. They will show up in future estimates in terms of line items.

In some ways, I guess, you'd want to be asking the Minister of Finance about resource allocation, but I'll do my best. If you're given a target to find reduction scenarios of 5% and 10%, you identify particular areas. The minister, certainly with my full support, decided to protect various areas.

We didn't touch the residential schools agreement. We didn't touch education. We didn't touch water and waste water. We didn't touch northern programs and so on. As you start to pull back from the total spending, there are only so many areas you can go to. We took a 10% reduction on the operations of the department—480 positions—so we know very well that we had to set an example and try to take the hit first on our own operations and bureaucracy.

The second sort of concentric circle out there was reductions to the aboriginal representative organizations and tribal councils. We never expected them to be happy about that, but we're trying to create fairly clear structures in terms of separating the role of the advocacy political organizations, on the one hand, from the tribal councils, which will move more and move into service delivery in the future, and to create a tiering structure that actually incents them to merge and form larger entities over time. We're seeing some early evidence that people are starting to discuss that. We're still in the period where they're unhappy about the funding reductions. That's a resource allocation decision.

All in, I think the minister would want me to underline that with the 5% scenario and the 10% scenario, the reduction to the department was 2.7% all in, mostly on operations, and was more than offset by the additional investments in water and education.

Ms. Linda Duncan: I have a few seconds left.

Of course, you do double duty in your department, in that you also have northern development. I'm looking at your plans and priorities and at the supplementary (B)s and then looking back. On page 17 of your plans and priorities, you are forecasting, for northern land resources environmental management, moving from a commitment of \$203.9 million this year down to, in 2014-15, \$67 million.

Can you tell me whether, within the supplementary (B)s, some of those additional moneys are assigned right now in your department to dealing with federal obligations under the Mackenzie River Basin agreement? That has been a topic of great conversation around the potential impacts of the oil sands, particularly given the news that the impacts may be going as far afield as more than 100 kilometres.

Mr. Michael Wernick: I will have to get back to you on the details. I am almost certain that the answer for the reduction that you show in planned spending is that it is because of sunseting programs. We will be back with decisions in future budgets which will replenish those numbers.

We did not take any reductions in the DRAP exercise on our northern activities. You'll know that we have a very busy legislative agenda on the northern regulatory system.

• (1010)

The Chair: Thank you, Mr. Wernick.

Thank you, Ms. Duncan.

Kelly Block.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you, Mr. Chair.

I too want to welcome you and thank you for being here.

In your very brief opening remarks, you noted that you have a number of pieces of legislation working their way through either the Senate or the House of Commons. I was very pleased to see Bill C-27 pass in the House of Commons. It's now in the Senate.

I want to commend the department on the work it is doing, and I want to focus some of my questions around some of the transfers I see in the supplementary (B)s. My first question is around the grants to first nations "to settle specific claims negotiated by Canada". This is on page 86 of the supplementary estimates document.

I'm wondering about the \$17.421 million in funding for specific claim settlements. Can you tell us a little bit about how that money is being spent?

Mr. Michael Wernick: I'll make sure that I can identify the specific amount.

Specific claims, for members who aren't familiar with this, are allegations of violations of trust or sharp dealings, or a grievance of some sort. They're not the unresolved land claims. These are very specific issues, as the name implies. We had an out-of-court settlement model for them for many years, which people deemed was not very effective.

In 2007 or 2008, the government brought in legislation to create a binding tribunal to make final awards on these issues. The tribunal is a creature of legislation and is up and running now. The existence of

the tribunal sets up a process of negotiating settlements. We're motivated to settle, and so are first nations, because of the existence of the tribunal.

We have invested significant resources in the last few years in clearing up the big backlog in the pipeline of getting legal assessments. Essentially, my negotiators can't offer a number until we've done a risk assessment of what we think the claim may be worth.

We have eliminated that backlog. We have made offers right across the country. We have actually, in some cases, also said no, that we don't think there's a basis for a settlement and that people are free to go to the tribunal if they think they have a good case.

In aggregate numbers, we are now at well above \$1 billion in settlements. The list of communities showing where these are is on our website, and we have a progress report, and so on. Most of the claims are in British Columbia, but there are many across the west, as I'm sure you know. They can be as large as \$200 million to \$300 million, in the case of the Bigstone Cree in the northwest part of Alberta or the Coldwater claim in central Ontario. Or they can be very, very tiny: a railway or a road was being created, and reserve land was taken away, and now compensation has been paid. They can vary from a few thousand to several hundred millions of dollars.

We have essentially eliminated the backlog. We're well more than halfway done with what we inherited in 2007 and are on the path to resolving many of the others.

Mrs. Kelly Block: Thank you.

For my next question, I'm very interested in hearing more about the Canadian Polar Commission. I'd like to know specifically what it is. I know that it's about the management of the northern science award. Could you tell us a little bit more about it?

Mr. Michael Wernick: I'll look for more details. It's actually a fairly arm's-length satellite of the department. I don't spend a lot of time with them, other than, as you described it, the fact that it's a body that was created basically to create a forum and a management vehicle for coordination of northern science issues.

The federal government has many departments involved in northern science. Many universities, think tanks, and other people also are involved in northern science. The commission plays a very important role in that. They had a big part to play in the International Polar Year activity of the last few years. As we move forward on the High Arctic research station, which will create a world-class facility in Canada's north, they undoubtedly are going to have a big in-basket of work on coordination of science activities.

Because they're such a tiny entity, occasionally we have to transfer the money to help them do various things. One of the things they're involved in is the recognition of good science and we simply provided them some money to do the awards.

I hope that gives you some picture of what they do.

• (1015)

Mrs. Kelly Block: Yes. Thank you.

The Chair: That's perfect timing, Kelly. Thank you very much.

Next, for the Liberals, we have John McCallum.

Hon. John McCallum: Thank you, Mr. Chair.

Welcome.

I'd like to go back to the drinking water issue. I know you've said that you couldn't really anticipate future budgets, but given the estimate of a total cost of \$1 billion, if you were to continue to spend in the future what you're currently spending, when—if ever—would this problem be resolved?

Mr. Michael Wernick: I think what the assessment tells you—and it's a very candid snapshot of the state of water and waste water facilities across the country—is what is the upper bound of what it could cost. It makes some assumptions about what kinds of solutions...they tend to be the high-end ones, the “we will extend piped water solutions”, in communities that are highly distributed. These are not compact subdivisions and are spread out.

The technology on water is evolving very, very rapidly, so that there are solutions now emerging in the marketplace whereby filtration and treatment can be delivered and installed basically under your kitchen sink in your own home. There are all kinds of different approaches being developed across the world. What we're trying to do, which is not easy, because we don't actually do the contracting and the building—the first nations do—is speed up the process of the adaptation of those new technologies.

I think the stats are always a little hard to read, because you may have a community in which almost everybody is hooked up, but there may be a back part of the reserve that is not hooked up. I'm not always sure whether they're counted properly. The other thing is that communities can vary from 10,000 people to 100, and so if you count by communities, you may not be getting the picture of population.

We've made a lot of progress on the percentage of population that is now served by low-risk facilities. The low-and-medium category is well over 75%. It is going to be hard to get that last piece, and we're hoping that some of the innovation and technology will help with this.

I would like to get on the record that boil-water advisories are not a good indicator, because they can be a very temporary phenomenon; sometimes one happens because of a break in the pipe or because of lake runoff in the spring. The City of Vancouver had a boil-water advisory. That doesn't mean that people in Vancouver don't have safe drinking water. We do feel that the risk assessment methodology that's in that statement is a better measure.

Hon. John McCallum: Well, you didn't really answer the question. Maybe it's unanswerable.

Mr. Michael Wernick: I don't know the arithmetic of future budgets, and I don't know how fast some of these new technologies will be deployed.

Hon. John McCallum: Given that your budget stays the same, what's your best estimate of the timing?

Mr. Michael Wernick: I'd have to do the math on that. We are building as many systems as we can. Sometimes the system is an extension; what's starting to happen more and more is a sharing of facilities between reserves and neighbouring communities. Because this is a challenge for small municipalities right across the country. Ten years ago, you never would have had a community share a facility with an Indian reserve. That's happening more and more.

Hon. John McCallum: Moving to a different subject, you're requesting \$45 million in the supplementary estimates “for the development of systems and supports to ensure readiness for First Nations education legislation” as well as “to support the construction and/or renovation of schools on reserves”.

Can you tell us which specific first nations your department or your minister has asked for input on the development of these systems and supports?

Mr. Michael Wernick: What happened in the budget, as I'm sure you remember, is that the government declared its intention to have legislation in place by the end of this Parliament. There is a process under way with the Assembly of First Nations and other regional groups. We had a national panel on K-to-12 education, which went around the country and reported. You can find that report on our website, as well as the Auditor General's report, which gives advice, as well as the Senate Committee on Aboriginal Peoples report, which gave advice.

There has been a lot of first nations input into this. I'm sure people will say that there wasn't enough, but we can document who participated in all of these things. And there will undoubtedly be further consultation before the bill is tabled next year.

The money for programming is.... While we expect a fairly noisy debate about the legislation, to get on with the school success programs and the partnerships on the ground, which are making a difference in outcomes, there was a significant investment in those in 2008 and there was another investment. If I remember the math, the Minister of Finance put in \$275 million: \$175 million went for schools and \$100 million for programming, or the other way round. The idea is that we're not going to wait for the legislation to make progress on the ground with communities.

You're seeing partnerships. On the same theme, local school boards 10 years ago didn't want to talk to the Indian reserves in their community. There are all kinds of partnerships now on curriculum development, teacher training, and so on. Those are really starting to make a difference, and we're hoping the legislation will provide that structure of accountability that will accelerate progress.

• (1020)

The Chair: Thank you, Mr. Wernick.

Thank you, Mr. McCallum.

Next for the Conservatives, we have Costas Menegakis.

Mr. Costas Menegakis (Richmond Hill, CPC): Thank you, Mr. Chair.

Thank you to our witnesses for appearing before us today.

It is abundantly clear that our government is focusing on our first nations communities. I would venture to say that the number of pieces of legislation we have seen and the ones that are before us today is perhaps unprecedented in our Parliament.

I can see from even the additional ask, the additional request in the supplementary estimates, that roughly \$471 million represents about 6% of the overall budget of the department, so clearly there's a focus on the first nations communities. I believe it's the right way to go if we indeed are serious—which we are—about long-term, sustained progress in first nations communities.

With respect to the supplementary estimates, I want to expand a little on the question of the development of systems and supports and the construction and renovation of schools on reserve. Can you elaborate a little on the school portion of it? I'm particularly interested in youth programming and youth education. Of course, that is a priority for every community in our country, and especially for our first nations communities.

Mr. Michael Wernick: I do have some of the details of what the specific injection this year is going to. It hasn't been fully allocated, as I'll come to in a second.

The minister made an announcement earlier in the summer. In particular, we're focusing on some of the big, expensive projects in remote communities that were always difficult to find resources for. Two big ones are Fort Severn and Pikangikum in northwestern Ontario. There's a school replacement in Kwakiutl in British Columbia and also another in—I'm not going to say that name right, but perhaps you can help me, Ms. Duncan—Tl'etinqox-t'in, British Columbia. There's a full school replacement in Lax Kw'alaams, a major renovation and an addition in the Peter Ballantyne community in Saskatchewan, and a new K-to-12 school in Shamattawa, which is a very troubled community in Manitoba. There's a \$25-million expansion in St. Mary's.

Sometimes the renovations are very effective. In some provinces, to graduate from high school, you must have a credit in physical education, or you don't get your diploma. And we have schools where there's no gym, so simply adding the gym is going to help with graduation rates and so on. It isn't always a new build that will make a difference in the community.

We have held back some money in Manitoba. The chair will know these communities very well. We think we're going to have a bundled arrangement for two, three, or four communities where we would build all of the schools in one go, which obviously has some efficiencies.

Mr. Costas Menegakis: I note that some \$11.9 million in the supplementary estimates (B) has been allocated for funding of the family violence prevention program. Can you share with us some of the details of that program and, more specifically, how these funds will be used?

Mr. Michael Wernick: That is another example, I must say, of a sunset program. The authorities simply ran out and the decision in the budget was to extend them for one more year. We're in the same loop. They will run out next March 31, and we hope that the next federal budget will extend the program further.

There are basically two components of the program. One part is funding for a network of women's shelters. There are about 41 shelters across the country. The other part is in prevention and public education programs and in trying to deal with the issue of family violence by getting into communities, as more of a prevention-based model.

● (1025)

Mr. Costas Menegakis: How about the specific claims settlements and the \$17,421,000 requested in the supplementary estimates? How will that money be spent?

Mr. Michael Wernick: My understanding of it is that these are actually going to go into payouts on more than 50 settlements that we've reached.

Mr. Costas Menegakis: Is it right across the country?

Mr. Michael Wernick: As I said in an earlier answer, they're often very small settlements, but all the same, they are meaningful for the communities. We expect in this fiscal year to pay out 51 claim settlements.

Mr. Costas Menegakis: Thank you very much. That is very helpful.

Thank you, Mr. Chair.

The Chair: Thank you, Costas.

That's the end of one round of questioning.

Perhaps I could just build off Costas' last question and ask for a little more clarification.

Under the specific claims, does the cost of negotiating them come out of your budget or does the Department of Justice supply those lawyers out of their budget?

Mr. Michael Wernick: It's a bit of both, Mr. Chairman. We have staff who are involved in preparing the cases and actually doing the negotiating.

There are Department of Justice lawyers. I think the bulk of it would be in our appropriations, because we have a service contract with the Department of Justice. They do work, they bill us, and we pay them for it. I stand to be corrected, but I think it would flow through our appropriations.

The Chair: So on this \$250 million, a good chunk of that might not in fact be to settle outstanding claims, but to fight and resist the settlement of some claims when there's not a mandate to settle them.

Mr. Michael Wernick: No. I would say that it's the legal work to do the assessments and the opinions to enable our negotiators to make offers. The bulk of the money, I'm quite confident, is actually the cheques that go out in settlements.

The Chair: Okay. Thank you.

Denis Blanchette will speak for the NDP.

[*Translation*]

Mr. Denis Blanchette: Thank you, Mr. Chair.

My thanks to our guests.

Your department is facing a major challenge. Your clientele is made of a group of citizens whose number is growing. You also have a government that wants budgets to be reduced. You have to meet the objectives of budget cutting, of strategic reviews and all the rest.

Do you intend to publicly show somewhere how you are going to meet the challenge of budgetary restrictions so that people can see where the staff positions have been eliminated and whether services, or just internal services, are affected? How are you going to manage the elimination of services and do you intend to publish your strategy for achieving it?

Mr. Michael Wernick: I believe I am correct in saying that, on our website, you can find a table describing the ways we are implementing the reductions as a result of this budget.

They are achieved in operating budgets and in grants budgets. Fifteen or so initiatives are listed. It has been up on our website for a month.

Mr. Denis Blanchette: I understand that, but you know even better than I how much pressure that creates inside your department. I am sure that, when you get back to your office, you will sit down and ask the people around you how to handle it. It is going to be an organizational priority for you, given the constraints placed on you.

Do you intend to publish your overall strategy for achieving these government objectives, these cuts? And how that will affect life in your department?

Mr. Michael Wernick: The only effects on services to communities come as a result of the measures we have already discussed: the reductions for councils and political organizations. Those are the only measures that affect external services.

As I have tried to explain, we made cuts to our operating budgets and to our staff; that allowed us to reorganize our internal services. Mostly, it was people working in finance, in human resources and in procurement. We reduced...

• (1030)

Mr. Denis Blanchette: How many people could that involve?

Mr. Michael Wernick: It will involve 480 positions. After the budget, we gave letters to 742 employees to inform them that they will be affected and we spent the spring and summer implementing those internal measures. We have not finished yet. Actually, we are about 80% finished. We have looked for people who want to leave voluntarily, and I believe I am correct in saying that 200 people have left the department or are going to do so. They are retiring, moving to positions in other departments or taking a severance package. That has allowed us to provide some front-line service positions.

I have the figures now. Seventy people have to leave involuntarily.

Mr. Denis Blanchette: Thank you very much.

When I began my remarks, I mentioned the challenges you are facing, given your growing population. I admit that I am not an expert and I do not know the file very well. But when I hear

questions on this in the House of Commons, I get the impression that we are always plugging holes, patching things up.

We know that the Aboriginal demographic is growing fast and that there are challenges in housing, in water and in schools; but I do not get the impression that there is any plan to deal with those things in the long term. Maybe I am mistaken, and feel free to tell me if I am.

Mr. Michael Wernick: No, no, no. Thank you for the question because it gives me the opportunity to quote from the best document, the best diagnosis of the conditions of our Aboriginal peoples and communities. This is the former auditor general's report on First Nations, from May 2011, chapter 4.

This is the manual, the textbook on the diagnosis. She identified four clear challenges that put structural obstacles in the way of progress. It would be fair to say that, since then, the government has been following the advice and adopting the solutions that flow from the auditor general's diagnosis, including legislative standards on drinking water and education.

I agree with the report completely: we cannot simply keep adding money to programs that are not working in the hope that things will get better.

Mr. Denis Blanchette: But actually...

[*English*]

The Chair: Actually, you're well over your time.

Mr. Denis Blanchette: Thank you.

The Chair: Thank you very much.

Next, for the Conservatives, Mike Wallace.

Mr. Mike Wallace: Thank you, Mr. Chair.

Thank you for coming. I've had the opportunity to talk to a lot of departments on estimates, but I don't think I've ever had Indian Affairs and Northern Development in front of me.

First of all, I want to thank you for the work you and your staff do. I know that it's very important work, with challenging files in many cases. I do appreciate everything you do.

Just because I don't know... I'm not trying to criticize here; I need to understand a little bit. All the supplementary (B)s are at \$2.5 billion, or \$2.8 billion with statutory added in, so there's \$2.5 billion in voted stuff. Your total is just shy of half a billion dollars. Is it a norm for the department that you have fairly large supplementary (B) s, or is this an exceptional year?

Mr. Michael Wernick: It is a norm that we have large supplementaries; they can be (A) or (B). That links to the previous question. Most of our core programs are contribution programs. We give money out in return for services being delivered. They are hard-wired to sunset at some point, so we are constantly—

Mr. Mike Wallace: Renewing—

Mr. Michael Wernick:—going into budget cycles trying to seek their renewal. There will be another batch this year, and another batch, and another batch, and until more of these programs are on a statutory and legislative basis, this is the cycle. This year is a fairly large year because there was a very big decision taken on residential schools, but you will see significant supplementaries every year.

• (1035)

Mr. Mike Wallace: For you, from managing the process, I'm assuming that you would prefer that they were on more of a statutory, longer-term approach than this piece. Or does it give you, as management, an opportunity to look at what's working and what's not and, because they sunset, it gives you an opportunity to make change?

Mr. Michael Wernick: I think there are other tools—this is my personal view, having been a deputy for six years—and sunseting isn't the best way to get people to look at programs, question their assumptions, and reconsider them.

We audit every single auditable unit in the department. We evaluate every single program in the department. You can go to our website and find 70 or 75 reports of audits and evaluations. We've gone through consultation exercises on everything from matrimonial property to water and whatnot.

These are issues that I discussed with the public accounts committee, Mr. Chair, you may remember.

I don't think that forcing the sunseting of big, stable programs—like education and water—is the only way or even the best way to make sure that people question the assumptions.

Mr. Mike Wallace: Okay. I appreciate that.

I have two questions from the actual estimates, and really, again, just because I have no idea.

It's not a lot of money, but you have one line for funding “for diamond valuations and mining royalty assessment activities in the Northwest Territories...”. Why are we as taxpayers paying for those valuations? Why are the proponents of the diamond mines or whatever not paying for those assessments? If we are paying...I don't know what we're assessing.

Mr. Michael Wernick: It's a good question, but it's a bit of a policy question. The way it's set up now is that there are royalties that flow from the mining activity, some of which go to the territorial governments and some of which go to aboriginal governments. These are important revenue sources for those northern governments, and you need a reliable source of assessing the value of something in order to come up with a collection charge for it.

These are activities in having a reliable assessment source. The payback to the taxpayer is the royalties themselves—

Mr. Mike Wallace: So do we get paid back? Is there a revenue stream for us to be paid back for the service we're providing?

Mr. Michael Wernick: I'm not sure.... I think the issue of cost recovery from the mining companies is a policy issue that's under consideration and that keeps coming up. That's not the regime we're operating under right now, but.... The basic administration of the scheme is provided through these appropriations.

Mr. Mike Wallace: My final question for you is this. We had Canadian Heritage in front of us in the hour before you, as you know, and they had transfers of moneys to your department. In your estimates, there's a transfer of moneys from your department to Canadian Heritage. Is this just because one department is taking the lead on the management of it and not the other? I don't understand why we have to keep transferring money back and forth to each other.

Mr. Michael Wernick: It's an excellent question. I've had it before.

We're organized in vertical accountabilities. The minister is answerable and I am answerable for the funds that Parliament flows through my department and my programs, as are my colleague Daniel and all of my other deputy minister colleagues.

For the most part, the funds will actually flow through the department and be reported from that department, but there are always things that come up where there aren't watertight compartments. One department has the lead, but other people are affected. The War of 1812 celebrations probably came up, and northern science has come up today. The only way we can really tell Parliament that you allocated money but that it was flowed through another department is precisely through this documentation.

Mr. Mike Wallace: Okay.

Thank you, Mr. Chair. Those are my questions.

The Chair: Thank you, Mr. Wallace.

Then we will finish up with the NDP. Linda Duncan has another question.

Ms. Linda Duncan: Thank you.

I want to thank you for your cooperation. I hope you don't feel that you're being grilled down here. I really appreciate your good answers. You have a massive department, which means we have a lot of questions. I wish we had more time with you.

I want to laud you for your plans and priorities report, which we finally got, because you have in there, on page 27, the whole description, supposedly, of delivering on the Prime Minister's undertaking on this new cooperative nation-to-nation relationship. It's described there.

I notice also that in the main estimates you actually come and say that, for the department, one of the efforts is to have first nations “participate more fully” in the political process. In the plans and priorities report, you allocate almost \$800 million, going down to \$360 million, to forge this new relationship. But what I find puzzling is where we find that in the main estimates or the supplementaries. I would have thought there would be an actual line now. Is it intended that this will happen sort of by the by, through everything else that is going on? I'm surprised that there's not a line in the estimates and the budget for this new process, which would have costs of its own.

• (1040)

Mr. Michael Wernick: I thank you for the question. If it's of interest, we can try to follow up on how the high-level architecture flows through.

A quick version is that those relationships flow through all kinds of arrangements. We're in a funding relationship for various purposes with I think 45 representative organizations. Five are national and four are regional. There are about 75 tribal councils and more than 600 band governments—

Ms. Linda Duncan: To be cut...?

Mr. Michael Wernick: —and that's just first nations alone. We also have relationships with Métis and Inuit organizations.

The Chair: Thank you, Linda.

The NDP has allowed me a minute of their time to ask one more question.

I'm dying to ask some questions of you, Mr. Wernick, but I have one specific Manitoba-related question that falls into your estimates, I believe. The Treaty No. 1 first nations have had a long-standing TLE on the Kapyong Barracks, as you know, the abandoned military base.

I have two questions. One, when will the housing component of the Kapyong Barracks be made surplus and given to Canada Lands for disposition? Also, I understand that a settlement has been reached of 50% of the Kapyong Barracks. What is the dollar figure you will be supplying so they can purchase the 50% of the declared surplus barracks as they stand now?

Mr. Michael Wernick: You've caught me, Mr. Chair. You know more about this one than I do. I would be happy to provide a written response. We're working with National Defence, Canada Lands, and the treaty group to try to move this along. I don't have those details in front of me.

The Chair: I believe that Chief Fontaine from Sagkeeng has announced that a settlement has been reached.

Mr. Michael Wernick: Okay. Well, I'm not familiar with that, but I do know we are trying very hard to move along the treaty land

entitlements in Manitoba and Saskatchewan. It is a tough process because we're talking about provincial crown lands, third party interests in the land, and a lot of lawyers working for every single party—no offence.

But we have accelerated the movement of land in Manitoba. There are dashboards on our website that show you how many acres and where. There is still work to be done.

The Chair: Maybe, then, to the first part of that question, when will the housing portion be...?

Mr. Michael Wernick: I will get back to you on that as soon as humanly possible, Mr. Chair.

The Chair: That would be great. Thank you very much.

We still have a minute left.

Denis Blanchette, you had a question you wanted to pose, did you not?

[*Translation*]

Mr. Denis Blanchette: No, it's fine.

[*English*]

The Chair: We're okay?

I think that pretty well concludes our time. We want to thank you very, very much for taking the time to be here. We know how busy you are. I think you have about the toughest job in the entire civil service, frankly, Mr. Wernick. We do appreciate your taking the time to be with us today as we examine the supplementary estimates in more detail.

Mr. Michael Wernick: Thank you, Mr. Chair. This is the third parliamentary committee in five days, so....

Voices: Oh, oh!

The Chair: Good grief. You're in big demand. Thank you for being with us here today.

The meeting is adjourned.

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