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Chair

Mr. David Christopherson

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• (1100)

[English]

The Chair (Mr. David Christopherson (Hamilton Centre, NDP)): I call this 69th meeting of the Standing Committee on Public Accounts to order.

Colleagues, you will recall that we had agreed today to have a one-hour hearing on chapter 6, Special Examination of Crown Corporations—2011, from the 2012 Spring Report of the Auditor General of Canada. The Auditor General, Mr. Ferguson, is with us today. From the Canadian Race Relations Foundation, we have Mr. Friedman, who is a member of the board of directors and the principal operating officer. Welcome, gentlemen.

Mr. Ferguson, we'll start with you. You can introduce your delegation and then Mr. Friedman will have an opportunity for opening remarks. After that, we'll go in rotation. Colleagues, following this one-hour hearing, we will move in camera and continue the report writing we began at the last meeting. Is everybody in agreement on how we're proceeding? Very good.

Mr. Ferguson, you have the floor.

Mr. Michael Ferguson (Auditor General of Canada, Office of the Auditor General of Canada): I'm happy to be here today to highlight the findings of our special examination of the Canadian Race Relations Foundation presented in chapter 6 of our 2012 spring report. I'm accompanied by Nicholas Swales, the principal who led the work.

Our audit covered the period from November 2010 to April 2011. We issued the report to the foundation's board in September 2011. This was the first special examination conducted on the foundation.

[Translation]

The examination focused on the Foundation's governance, investment management, strategic planning, risk management and operations. We are pleased to report that we found no significant deficiencies in the foundation's systems and practices during the period covered by the examination.

We made three recommendations in the report. Each recommendation addressed an area where the foundation had several good practices but others that could be improved.

[English]

The first area where we made a recommendation was governance. The foundation's board of directors had most of the elements necessary for effective governance. Roles and responsibilities were defined and the independence of the board safeguarded. The board

also provided management with strategic direction and oversight. However, the board's competency profile did not identify the extent of investment management expertise needed to oversee the foundation's investment portfolio. We recommended that the competency profile be updated to include all skills needed, including financial and investment management expertise.

Investment management was also the subject of our second recommendation. The foundation adopted an investment policy in 2009 that included all the key elements necessary for managing the foundation's portfolio. This included a new set of performance measures. However, management and the board had not received information on how fund managers were meeting these new performance measures. We recommended that the foundation establish a process for obtaining better information on these measures.

[Translation]

Finally, the foundation had strategic and business planning processes that set clear direction and permitted monitoring by the board and management. It had identified its major risks and developed mitigating action plans. We recommended that the foundation periodically review the effectiveness of these risk mitigation plans.

We are pleased to note that the foundation agreed with all of our recommendations. We have not conducted any follow-up work, therefore I cannot comment on any measures the foundation has taken since we completed the special examination.

Mr. Chair, this concludes my opening remarks. We would be pleased to answer any questions that the committee members may have.

Thank you.

• (1105)

[English]

The Chair: Thank you, Mr. Ferguson.

Mr. Friedman, you may make your opening remarks.

Mr. Rubin Friedman (Member of the Board of Directors and Principal Operating Officer, Canadian Race Relations Foundation): Good morning.

[Translation]

Thank you for inviting us to take part in this discussion of the Auditor General's report on the special examination of the Canada Race Relations Foundation.

With your permission, I am going to try to shorten some parts of what I am going to read because I have added two more points. It will not last too long.

[English]

First of all, I wanted to give you a brief background on the foundation relevant to an examination of its functioning.

The Canadian Race Relations Foundation is a crown corporation that reports to Parliament through the Minister of Citizenship, Immigration and Multiculturalism. Its creation was an integral element of the Japanese Canadian Redress Agreement between the Government of Canada and the National Association of Japanese Canadians, NAJC, concluded in 1988. Under that agreement, the NAJC negotiated a total one-time contribution of \$24 million to create an endowment fund to establish the foundation. A representative of NAJC still attends our board meetings, but does not vote. It was intended that the foundation would help ensure that no other groups in Canada would be subject to the unjust treatment of Japanese Canadians during World War II.

When the foundation came into existence, it was planned that it would fund its operation primarily out of interest earned on its endowment. It was also designated as a registered charity. Here's the supplementary point: the foundation does not receive an annual appropriation from Parliament, and until 2010, I believe, it was not allowed to receive any moneys from an appropriation by the Government of Canada.

A significant portion of the endowment fund that we received, however, was invested in the stock market and suffered major losses during the 2008 global financial crisis. Expenditures were reduced by almost 40%. The number of staff was reduced. In a further cost-cutting move, the number of board members was reduced from 20 to 12. This was not our doing; it was the initiative of the Government of Canada. All the board members are now geographically closer to foundation headquarters in Toronto, and a number of board meetings are held by teleconference. All of these measures help us control our expenditures. The fund is now back to about its original level; it's hovering around the \$24-million mark.

I would refer you to the Auditor General's report for further information on the foundation and the structure and composition of the board. There's a lot of information on the foundation in the Auditor General's report.

We currently have a finance and audit committee, which acts as the principal part of the investment committee for the review and oversight of investments. We currently operate with six full-time positions and one part-time position, in addition to the position of executive director.

I have given a list of key activities that the foundation is involved in, and it is part of my opening remarks. I would like to point out that because we are now allowed to receive moneys through government, that have gone through government appropriations, we have a contribution agreement with the Department of Citizenship, Immigration and Multiculturalism. With that money, we are undertaking an interfaith and belonging project as well as a civic education and engagement initiative. This is in partnership with others across the country.

●(1110)

I have given the clerk 15 copies in both official languages describing one of the elements of this initiative. It's a video competition across Canada for young people to present how they see themselves as Canadians.

I will respond to the three recommendations.

The first is that CRRF's board of directors should update its competency profile to ensure that it includes all skills needed, including financial and investment oversight. That's paragraph 32. Our comment is that the profile of competencies required has been completed, and we continue to search for a potential board member who has the qualifications to assist us in looking at our investments. That remains both a priority and a challenge.

Second, it was recommended that we should establish a process for obtaining information on how the performance measures added in 2009 are being met for our investment portfolio, and that we should access the results and act on its conclusions in a timely manner. Our comment is that following that report, our fund managers and the investment consultant we had at the time continued to perform under the benchmarks and were not able to meet expected performance measures. After a thorough RFP process, followed by further negotiations, on April 1, 2012, CRRF signed an agreement with RBC to manage its portfolio based on the measures and guidelines stated in the CRRF 2009 investment policies and goals statement, IPGS. We have received two quarterly reports and we plan to review the RBC's one-year performance in April 2013, along with the performance measurement criteria stated in the IPGS. Finding a prospective board member continues to be a priority.

Third, it was recommended that to fully implement our risk management process, the CRRF should periodically review its risk mitigation action plans and report on them to the board of directors. This is found in paragraph 56 of the report. Our comment is that in November 2011 the foundation engaged Grant Thornton chartered accountants to conduct an internal audit review of the foundation's financial operations. The objective of the audit was to corroborate our risk management through the internal controls in place in the areas of payroll, internal financial reporting, information technology, general controls, and investment management. Grant Thornton's report to the board of directors did not identify any material weaknesses. They reported one significant and six minor findings, none with respect to investment management. CRRF has acted on the points raised in the internal audit and continues to ensure that proper procedures are followed. We are committed to maintaining and enhancing governance and organizational structure and capabilities, as well as ensuring our long-term sustainability and development.

These constitute our opening comments. I would be pleased to answer further questions from the committee.

• (1115)

The Chair: Thank you, Mr. Friedman.

Mr. Saxton, you have the floor.

Mr. Andrew Saxton (North Vancouver, CPC): Thank you, Chair, and my thanks to our witnesses for being here today.

Mr. Friedman, this year the CRRF celebrated 15 years since its doors opened. Can you share with us some of the things that went well over the last 15 years and some of the things you might focus on differently over the next 15 years?

Mr. Rubin Friedman: First, that the CRRF was established in itself is a major achievement. When you understand that our organization is actually a result of a partnership between a community and the government, this is very unusual, so even that is an achievement.

Second, we've managed to create a profile for ourselves in the communities across the country. We have built up an information centre, a resource centre, that's probably unique in the country. We hope to be able to find the funds necessary to continue to build on what we've achieved so far in that resource centre and to share it broadly with all those in Canada.

What we'd like to do a little better, of course, is to continue to manage our resources carefully, to find ways of raising funds, either through fundraising, because we are a registered charity, or by applying to receive contributions from various governments. Indeed, we already have an agreement with the Ontario government to deliver their training for boards of education, administrators, and teachers, which will end on March 31, 2013. We have the project with multiculturalism, which I mentioned before. We're looking to build on those ways of proceeding, and continue to ensure that we are managing our money appropriately.

Mr. Andrew Saxton: I understand that you held three round table consultations this year. Can you share with us the outcomes of those consultations?

Mr. Rubin Friedman: This is one of the areas where I'm not totally familiar with what we've done in the past year. We have held round table consultations, and in general we do that not to achieve a specific concrete result other than to raise awareness of the issues and engage people in the discussion of how to eliminate racism in Canadian society. I would say that we have certainly succeeded in engaging the participants in that activity. I know this because we recently held our award of excellence dinner and symposium in Halifax, and there were 250 participants from across Canada representing 130 organizations. That gives you an idea of the breadth of our reach at the current time.

Mr. Andrew Saxton: Can you share with us some of the initiatives the foundation has undertaken to combat racism in Canada?

Mr. Rubin Friedman: The initiatives that we take relate to our mandate. Our mandate is one of research, sharing of information, running education initiatives, stimulating discussion and action across Canada to deal with racism on a daily basis.

It is our view that the best way to fight racism is to ensure that people treat each other with respect every day. We have rights, but we also have the responsibility to meet those rights. We have the responsibility to ensure that we are not treading on other people's rights. That is the approach we are taking, and that's the approach we think will have the greatest positive effect.

Mr. Andrew Saxton: Specifically I'm interested in knowing what initiatives you've taken. I understand your mandate and I understand what you're going for, but how are you implementing that?

• (1120)

Mr. Rubin Friedman: For instance, the project I just mentioned on interfaith and belonging will engage Canadians across the country on the emerging issue of discrimination based on religion. This is an issue that has started to come to the fore, so in that sense we are ahead of the game. We continue to maintain our contacts and to highlight how people fight racism locally in dealing with all manner of issues, the way the black community in Nova Scotia is dealing with racism in Nova Scotia, the way aboriginal communities come at the whole question of participation in Canadian society. We continue to do that.

As part of our initiative, we are going to be holding consultation discussions with groups across the country about how people of different faiths and how people of no faith can build a society together in a way that reduces and eliminates discrimination.

The Chair: Thank you. Time has expired.

We're moving in rotation. Monsieur Giguère, you have the floor, sir.

[*Translation*]

Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP): Thank you, Mr. Chair.

Ma question if for Mr. Friedman.

Thank you for appearing before us. I congratulate you on working in such an important area for Canada with so few resources. I wonder about the few resources you have available.

Your mandate is extremely broad. It affects important aspects of the development of our society. When one looks at the resources you have available to carry out this mandate, one wonders about your ability to fulfil all aspects of it.

Are you not afraid that a lack of financial resources is problematic when it comes to achieving your objectives and particularly the very long-term survival of your mission?

Mr. Rubin Friedman: That is a very good question. Obviously we are always looking for additional sources of funding besides those we already have. We are discussing the possibility of doing some fund-raising to add to the resources we already have. We will continue to seek information about the various government programs to find out which ones we could apply to for funding. We are going to do everything we can to restore our funding. We want to be sure that interest on investments is going to increase.

That being said, at present, you are right. We are putting our efforts into creating partnerships. We are putting them where we can work in collaboration with institutions in the regions, with national agencies, even local agencies. This is how we can broaden our scope of action. It is a matter of working with others. To some extent, this would be a very good approach even if we had all the resources in the world.

Mr. Alain Giguère: This is true to the extent that your budget is relatively limited and that, out of this budget, you have to manage your investments.

My next question concerns the allocation of resources and the administration of funds per se. Does the money you dedicate to purely administrative duties not restrict your basic mission?

Mr. Rubin Friedman: If you are asking me whether the time spent managing money takes time and resources that we cannot allocate to measures that are more active and direct pertaining to race relations, I can only agree with you. The answer is yes.

Still, we must pay attention to the spending of public money. All those who receive public funds must respect their management and ensure they are properly spent. I think that the measures we have put in place do so.

Meanwhile, as I said, we are focusing our actions on ensuring that the little we have has a bigger impact.

•(1125)

Mr. Alain Giguère: So, briefly, if I understand correctly, respecting the Auditor General's recommendations concerning the foundation's investments, the process for getting additional information on performance measures will get under way soon, if it has not already done so.

Mr. Rubin Friedman: Given that we have changed our fund manager, we have not reviewed all the criteria at this time. However, after one year's operation, we are going to review both the extent to which the current manager's objectives have been met and the criteria themselves.

Mr. Alain Giguère: Thank you very much, sir, for your information and I wish you success in fulfilling your projects.

[English]

The Chair: Very good. Thank you, gentlemen.

We'll move over to Mr. Kramp. You have the floor, sir.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Chair.

I have a couple of questions for Mr. Friedman.

I am a little concerned with the investment side of the agency. Hindsight being 20/20, we went through a downturn, but as you are

a charitable organization, I am a little concerned there is a 40% drop in income. I would question seriously the investment strategy that was in process within your organization. If I were to take a look at, let's say, even my own portfolio, if it went through a 40% downturn, obviously, it wouldn't be a portfolio that has the balance necessary to protect government funds and/or even those of the private sector.

However, if you've turned that corner now—you went to RBC or somewhere similar—I'm still concerned with your statement. Finding a prospective board member with investment expertise remains a priority, yet we have thousands of people in this country with serious investment experience. Why are you still experiencing a problem bringing someone on board that's going to deal with this situation and give you professional advice?

Mr. Rubin Friedman: First of all, I don't know all the thousands, but I'm sure there are many. The ones who and other board members have approached are concerned by the amount of time they have to invest in the activity compared to the amount of remuneration that they usually get for doing the same activity elsewhere. When it comes to a competition, with regard to that question, I'm afraid we don't compete very well because we're a voluntary organization.

In addition, it has to be someone who is a team member, someone who will be part of the board, someone who will share our vision and our goals. It's not simply the investment expertise, although that is a major part of it.

I would like to finish by inviting everyone in the room who knows some of these thousands of people to send us some names, so that we can contact and hold discussions with them.

•(1130)

Mr. Daryl Kramp: Have you made it known to the general public that you have a need that's not being fulfilled? People don't automatically walk up to an organization and say they'd like to be a board member. How are you messaging this?

Mr. Rubin Friedman: We will be putting it through the usual method we have for advertising for board members. We have gone through the existing board members to see if we can find contacts. I'm serious—this was not meant as a rebuttal to you—I'm really serious that if anyone can help us to find a qualified person with an expertise in finance who would be willing to serve on the board of the Canadian Race Relations Foundation, please forward the name.

Mr. Daryl Kramp: Okay. I'd like to have more specifics of what your organization actually does, what the accomplishments are. As an example, you mentioned that you're doing specific education on interfaith and belonging. Give me another four or five measures that you are implementing or that you have implemented that have proven to be successful programs.

Mr. Rubin Friedman: We have worked with cities across the country to implement policies on anti-racism. We did that in partnership with UNESCO and the Federation of Canadian Municipalities. We work in partnership with the Province of Ontario to deliver training across Ontario. We have worked in the past with various community organizations on their specific initiatives. We have organized round tables with Ryerson University, the Ontario Human Rights Commission, and other players such as these across the country.

That's the type of initiative we have taken. We have collected guidelines, materials, and research from across the country which is in our resource centre. We're currently looking at ways to make those resources more available, to make people more aware of their existence, and to increase access to it over the next year or two.

The Chair: Time has expired, sir. Thank you both very much.

Moving along now to Mr. Ravnat. You have the floor.

Mr. Mathieu Ravnat (Pontiac, NDP): Thank you, Mr. Chair.

The first thing I would like to do, Mr. Friedman, is congratulate you on the great work you do. I know of the foundation and some of its work. Over the years, you have done some great work. In particular, a national video competition for ages 16 to 20 is dead on. It's the kind of thing 16 to 20 year olds are looking for, creating a YouTube video or something. I think it's a great initiative. I assume it goes through the school system and that's the way they will plug into it.

I have a couple of questions with regard to the change in the number of board members. I know there is an attempt to create a balance between those who are experts in finance and those who are experts in race relations. I wonder if you could talk about some of the consequences of going from 19 to 10 members.

Mr. Rubin Friedman: The consequences of going to—

Mr. Mathieu Ravnat: From 19 to 10 members, and what that means for the ratio going forward.

Mr. Rubin Friedman: Actually, our challenge on the board is to have other than visible minorities on it. We have a few, but I see the real challenge in going from 20 to 11 in terms of representing different regions in the country. It's hard to represent everything with 20, and it's even harder to represent everything with 12. In terms of representation, that's a challenge for sure.

On the other hand, since we are open to working with so many different organizations, and since we maximize our impact through partnerships and cooperative projects, a lot of that issue of representation is diminished. It's not entirely eliminated, but it is diminished.

When we choose people for our board, we have to be concerned about how many females are on the board, how many people are from the west, how many people are from the east, while still keeping our travel and participation costs down.

Those are the elements we try to balance. You're right that it's a challenge. It's a challenge which we are faced with every time we have to replace someone on the board.

• (1135)

Mr. Mathieu Ravnat: My second question is related to something the Auditor General pointed out with regard to your self-evaluation framework. Any organization that doesn't take a good look at itself is problematic. You want to hit certain measures of success. I'm just wondering what work you have done on that.

Mr. Rubin Friedman: We have reviewed the complete series of questionnaires we were using. We have looked at what other organizations and crown corporations have done in terms of self-evaluation. The general conclusion is that one has to ask a series of important, significant and meaningful questions, but one shouldn't ask too many of them. It gets repetitive. It becomes difficult. The other important thing is to use evaluations that you can do something about.

I would point out that all members of the board are appointed by governor in council. This means there's a process we go through, and it's not a simple outreach to an individual who we think can do a job. There's a whole series of steps that we go through before someone is actually appointed.

What have we done? We've done what I said. We've completely reviewed the questionnaire. I was at the point of putting together the final self-evaluation questionnaire when I was asked to be the principal administrator. I suppose that as soon as the executive director arrives on the scene, I'll get back to doing that.

Mr. Mathieu Ravnat: My final question concerns research. I know your mandate has a research component. Have you engaged in research partnerships? For example, there's the Social Sciences and Humanities Research Council, and there are a number of universities and faculties that specialize in these issues.

Could you tell us a little bit about that?

Mr. Rubin Friedman: We have engaged in partnerships with others.

Our most recent research was an attitude survey with respect to how various groups in our society are perceived. That was carried out by Jack Jedwab and the Canadian Ethnic Studies Association. We have those results, and we released a number of them at our award of excellence symposium and dinner.

We're currently going through all of the results to see what we can release in the next phase.

The Chair: Good. Thank you very much, both of you.

We'll move on. Mr. Hayes, you have the floor, sir.

Mr. Bryan Hayes (Sault Ste. Marie, CPC): Thank you, Mr. Chair.

In thinking of this endowment fund, I'm thinking of myself as an investor. Maybe I'm going to donate \$1 million to sit in an endowment in perpetuity, and the interest on that endowment will be used for the organization itself. That's my understanding of the way endowments work.

I'm challenged here, in that a significant portion of the endowment fund was invested in the stock market in 2008. I'm thinking again of myself as an investor. Probably I would put the principal endowment in a GIC to guarantee some interest, and then you start investing that interest.

Of the original \$24 million, how much money was lost in the stock market problem in 2008?

Mr. Rubin Friedman: I know it was a significant proportion. I don't have the exact figure, but I can probably get it for you. I think it had a huge impact, and I believe we still are working to repay what was lost.

• (1140)

Mr. Bryan Hayes: How do you ensure that something like that doesn't happen again? Give me a sense of your portfolio mix now, in terms of what is guaranteed and what is still in the stock market.

Mr. Rubin Friedman: Our portfolio is now divided in two. Half of it we can't touch, except to transfer some of the interest from that side of the partition to the other side. On the latter side of the partition, we can withdraw the funds for operations. The fund is partitioned, and some of it we are not allowed to touch.

In terms of what happened in 2008, many charities suffered tremendous losses in 2008. We were not the only organization invested in the stock market. You may recall how many charities throughout North America were severely affected by that stock market... I wouldn't call it a crash, but to us it felt like a crash.

Let me draw your attention to the fact that before 2008 the foundation was drawing something like \$2 million and more from the interest. At the time it didn't look like a bad investment strategy.

This is something about myself. I was in the Department of Multiculturalism when the Canadian Race Relations Foundation was created on paper, and I was an executive director of the Japanese Canadian redress secretariat. I remember during the discussions at the time, somebody saying, "Let's assume a conservative amount of interest. How about 10%?"

If you remember how people talked, that's why we ended up in the situation we did, and we certainly weren't the only ones.

Mr. Bryan Hayes: That's fair enough.

I have a question for the Auditor General.

One of your statements, sir, was: Its investment policy includes all the key elements necessary to guide the Foundation's investment strategy... However, management and the Board need more complete performance information to better monitor the investment portfolio.

What do you mean by "more complete performance information to better monitor the investment portfolio"? What does this entail?

Where would they get this performance information? How would it be found? What should they be doing as an organization to find that performance information?

Mr. Nicholas Swales (Principal, Office of the CIDA, Foreign Affairs and International Trade, Passport Canada, Office of the Auditor General of Canada): The observation was that in their policy, which they had reformulated in 2009, they laid out a series of performance measures. They were not just looking at a single measure; there was a series of them.

Our point was that they had not yet been getting information on all of them; they had only been getting information on some of them. The point was that if they felt that having this series of measures was appropriate, and I think that's a reasonable position for them to take, they should at least get the information on them and use that information to better manage the portfolio.

Mr. Bryan Hayes: Is it your opinion that the direction they were taking is correct in terms of having laid out what it is they need to do, but that there are certain areas for which they haven't actually looked at the data?

Mr. Nicholas Swales: That's right, at the time that we did the special exam.

Mr. Bryan Hayes: Thank you.

Do I have more time, Chair?

The Chair: No, you don't. Thank you.

We'll move along to Mr. Byrne, who now has the floor.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Thanks, Mr. Chair.

Mr. Friedman, thank you and the other gentlemen on your staff for appearing.

Mr. Friedman, you have indicated to the committee some frustration about filling the board's full complement. Have you nominated or recommended to the minister the names of potential board members who have not been approved?

Mr. Rubin Friedman: I can't really speak to that. I can only speak to the process. I can't speak to the outcomes.

• (1145)

Hon. Gerry Byrne: No, Mr. Friedman, I think you can. If you've nominated someone to the minister or recommended someone to the minister, you are at a parliamentary committee and you can speak to that.

Mr. Rubin Friedman: No, you misunderstand me. I've been a member of the board since April 5, 2012. I am not involved in the nomination process. It's the human resources committee that would be involved. Therefore, I'm not aware of anyone who has been recommended who has been refused. That's all I can say.

Hon. Gerry Byrne: What is your position with the foundation?

Mr. Rubin Friedman: I'm a member of the board and I'm not aware of anyone who was recommended who was refused.

Hon. Gerry Byrne: Mr. Friedman, would you be able to provide to the committee, after going back to the organization, information in answer to that particular question?

Mr. Rubin Friedman: I can ask.

Hon. Gerry Byrne: If you receive an answer, would you commit to providing that information to the chair?

Mr. Rubin Friedman: The information that I can get, I will provide.

Hon. Gerry Byrne: What kind of timeframe would that be? Would you commit to providing that information within days or weeks of receiving it?

Mr. Rubin Friedman: As soon as we leave this room, I will contact the chair of the human resources committee and ask the question, and then we'll see.

Hon. Gerry Byrne: Mr. Chair, consistent with our policies or our initiatives to ensure that we don't produce a report until we have all the information available to us, could I get from you a commitment that this committee won't endeavour to report on this particular issue to Parliament until we actually receive this information one way or other?

The Chair: Quickly, what is the information requested?

Hon. Gerry Byrne: It is whether or not the Canadian Race Relations Foundation has nominated or recommended to the minister specific individuals to fill their complement on their board of directors and whether or not those recommendations or nominations have been accepted by the minister.

The Chair: Mr. Friedman, you're indicating that you'd like to speak.

Mr. Rubin Friedman: Yes.

I need a time period. The organization has existed for a long time, and most of the current board members were not there—

Hon. Gerry Byrne: That's fair enough. We'll say since the governance, since the change in statutory provisions limiting the board from 20 to 12, since that period of time, if you could forward that information, that would be very helpful.

Mr. Rubin Friedman: I need a period of time. Thank you.

The Chair: Sir, how long would it take you to provide us with that?

Mr. Rubin Friedman: I do not know the answer because it hasn't come up before. I can ask as soon as I leave the room. I can let you know right after that.

Hon. Gerry Byrne: Thanks, Mr. Chair.

The Chair: All right, go ahead. Continue with your question. I have some things to think about.

Hon. Gerry Byrne: Your particular foundation is very important to each and every one of us. We congratulate you and compliment you on your work. One of the things we do want is to ensure that you have independence, that you have the capacity to do what's right without interference.

What would you suggest, Mr. Friedman, is the most significant race relations issue in Canada today? You indicated the genesis of this organization was the injustices done to Japanese Canadians some time ago. What's the most significant and pertinent issue we should be aware of?

Mr. Rubin Friedman: I think there are two.

One issue is relations with our aboriginal peoples and first nations. That's a really significant and fundamental problem that's not going away. Aboriginal peoples and first nations often don't like to cast the question in terms of race relations. They see it more in terms of relations among peoples, but the non-resolution of that issue has a

significant impact on race relations as well. I would say that's one of them.

The other has to do with what we call competing rights. How are we going to resolve different views on what is permissible in the public sphere with respect to religion? How are religions going to adapt to what is permissible in the public sphere? How are they going to adapt to each other?

Those are the two major issues we're facing right now. That doesn't diminish all the other issues we're facing, but you asked for the top two.

• (1150)

The Chair: We're well over the time.

Just on the information, Mr. Friedman, normally something like 30 days would be a reasonable timeframe. Given the importance of the information we're requesting, given the season we're heading into, could I ask that you look at trying to meet a January 15 deadline, with the understanding that if for some reason that's not a reasonable deadline for you, perhaps you could advise us in writing as to why and how much extra time you would like? But I would like you to go away with the understanding that by perhaps June 30 you could have that information.

Mr. Rubin Friedman: June 30?

The Chair: Sorry, it's January 30. You're listening better than I am. Okay?

Mr. Rubin Friedman: Yes.

The Chair: Mr. Byrne, is that okay?

Hon. Gerry Byrne: Thank you, Mr. Chair, and if it would be possible for you to commit to the committee that we will not engage in any discussion or consideration of a draft report until we find that information—

The Chair: I knew this was coming and that's why I was trying to work my way around this.

Let's go with the January 15 timeframe. I went with that because I can't imagine we will be looking at a draft report before then. If everything comes together, we won't need to go there. It takes us into a new policy area. It looks like an area that we're going to have to talk about, given other discussions. But for now, I don't think it's reasonable for the committee to shut down its own ability to study this and leave it open-ended as to when this information is coming. That's why I built in a reasonable length of time and a procedure for Mr. Friedman.

Now, if we get information from Mr. Friedman that suggests it may take longer, I will make sure the committee is seized of that to decide how they want to move forward and whether or not they're going to wait for it.

I don't expect those at the end of the table to understand what we're talking about. It's internal stuff related to other report writing.

The key thing for you, Mr. Friedman, is if you could get us that information by January 30 next year, you would be helping us a lot.

Mr. Rubin Friedman: That's fine. I just want to make sure I have the question formulated correctly. If you could send it to me in writing, it would be better.

The Chair: Yes, we can send you the Hansard from this meeting, which will make it very clear what was sought. Between you, the clerk, and Mr. Byrne, we'll make it very clear as to what you need to provide and then hopefully you can provide that in a timely fashion.

Mr. Byrne.

Hon. Gerry Byrne: Thank you, Mr. Chair.

Since it looks as though we may be examining the question in a very technical and precise way, I'd amend it by suggesting if any communication, as you have described it, that would have been forwarded from the Canadian Race Relations Foundation to any representative of the Department of Citizenship, Immigration and Multiculturalism, not just the minister himself, regarding nomination or recommendation of individuals, members, to the board since 2008....

Mr. Rubin Friedman: Okay.

The Chair: Does that work for you, sir? Are you clear?

I want to be clear again. I keep mucking up these dates and months.

The deadline is January 15, 2013, based on a stretched out 30 days.

Mr. Rubin Friedman: Yes, that's fine. Thank you.

The Chair: What is it now?

Mr. Andrew Saxton: Let's say January 13, 2015.

The Chair: Don't do this to me, Andrew. It's too close to the end of the session.

Mr. Byrne.

Hon. Gerry Byrne: For the benefit of the witness and for the benefit potentially of each and every one of us, this information would be conveyed as if it were privileged information and held within the context of communication to a parliamentary committee.

The Chair: Yes, it's the usual procedure.

We're all good on that, then, folks. Very good.

We'll move along now to Mr. Shipley. You have the floor, sir.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you, witnesses, for coming.

In the report regarding the Canadian Race Relations Foundation, with respect to the strategic planning process, paragraph 50 refers to the corporate objectives in the strategic plan and lists four items: clear objectives, activities to be delivered, staffing and resource requirements, and performance measures and targets.

The report states, "The Foundation's activities are mainly outreach and awareness activities, which are intended to contribute to the elimination of racism and racial discrimination." With respect to systems and practices, the report states, "The progress of all the Foundation's activities is reported in detail at the Board's meetings...." It also states, "These reports provide management and the

Board with enough information to monitor activities and make any necessary adjustments."

In your presentation, Mr. Friedman, there's a lot about the activities that are going on and the risk management in terms of the foundation funding and the endowment that is there.

I wonder if you could help me a little bit in terms of where I would find more information about results analysis. Whenever there are seminars and round tables, all of us who are elected have these, and at the end of the day, we usually put together in one form or another the details of the results, how the objectives are going to be met, and the numbers.

In this case, I'm looking for more than the general comments about all the meetings and stuff. Rather, where, over the 15 years, are the charts showing the results, which would indicate what's been effective in different cultural areas and different areas across the country?

Maybe you could help me with that.

•(1155)

Mr. Rubin Friedman: I think we have evaluations of each of our activities. That surely exists. I know that because I just looked at one from the award of excellence dinner.

Mr. Bev Shipley: What would that be, for example?

Mr. Rubin Friedman: Well, that would basically look at the success of the event itself: who it reached, how it reached, comments on how we could do better in the future, the impression of the people who participated, who they are going to take the information to, that kind of thing. That's the kind of evaluation we have.

If you're asking whether we have changed Canadian society, it's a little hard to do such an evaluation without looking at what else has gone on in the world over the last 15 years.

Mr. Bev Shipley: I'm not trying to put it in a box. Our intention is to contribute to the elimination of racism and racial discrimination. It leads me, then, maybe to...because I'm not getting that answer.

When I look at the mandate of the organization, it is fairly generic.

I'm wondering about your thoughts in terms of the mandate. Rather than being very generic about having a number of discussions around the country with different groups, do you think—in terms of speaking for the board, as you're the representative today—that maybe that mandate needs to be refocused a bit, and tightened up? Maybe it's because I don't have all the information here with the studies and where the actual result analyses are moving because you do talk a lot about being in partnership with other organizations, also.

Mr. Rubin Friedman: We are constantly focusing and refocusing our activities. I mentioned that, I think, already. We've already refocused our activities to things that we can do with the resources we have.

Does that mean we should change the mandate? That would be acting too soon because perhaps in the future we'll have more resources and maybe we wouldn't want to let drop aspects of the mandate simply because we can't realize those total objectives in exactly the same way now as we could 10 years ago because we had more resources.

I think the people who created the foundation had the intention that it maintain its vision and direction over a long period of time, and that yes, with time, our resources would expand and contract, and we would have to direct our attention to what we consider to be the greatest priorities. I guess that's what we're doing presently.

• (1200)

The Chair: Thank you.

I'm going to try to get one more in. We were a few minutes late getting started, so we have a couple of minutes. We'll get one more in and then we'll conclude.

Madame Blanchette-Lamothe, you have the floor.

[*Translation*]

Ms. Lysane Blanchette-Lamothe (Pierrefonds—Dollard, NDP): Thank you, Mr. Chair.

I wish to thank the witnesses for being with us.

I represent a riding that is very rich in its cultural diversity. In my riding there are several major issues related to your mission, for example, children who cannot play on local soccer teams because they wear a turban. I think that your mission is very important and an interesting one, and I am very happy to welcome you to today's meeting of the committee.

I have a question regarding the selection of members of the board. You mentioned more than once that the members of the board were appointed by the Governor in Council on the minister's recommendation.

Could you give me your opinion on this? Could you tell me whether, in your opinion, there might be better ways of going about appointing members of the board? Do you feel this creates obstacles? I would like to hear your comments on this.

Mr. Rubin Friedman: As far as the appointment of members is concerned, I think this is the normal way of going about it, as is the case, if I am not wrong, with all crown corporations. Given that we are a crown corporation, this is the only way of doing it.

In fact, we have had the support of the minister in several cases concerning our work. So we follow the normal procedure that applies to any crown corporation with regard to recommendations and appointments.

Ms. Lysane Blanchette-Lamothe: With regard to current challenges, you talked to us about two major challenges facing the corporation right now.

In your opinion, how seriously should these two challenges be taken? What resources would be required to do a really effective job in these areas? What should the scope be of the action taken to deal with these challenges?

We know that you have a very relevant mission in this regard and that your resources are nevertheless limited. What sort of support do you expect to get from the government in order to deal with these challenges?

Mr. Rubin Friedman: You all know of course that currently there are federal budget cuts being made because of the financial situation. In such situations, it is true that every agency has to examine the way in which it spends public money and do the best it can to ensure that expenditures are made efficiently and effectively. That is what we do.

Ms. Lysane Blanchette-Lamothe: My goal here is not to attack anyone. You have expertise in race relations in Canada. I want to know how serious the two challenges you mentioned a little earlier are. In your opinion, what resources should be made available to the board or other stakeholders to really change things as far as these current challenges are concerned?

Mr. Rubin Friedman: It is not as crucial as education or health for all Canadians, but it is an important issue that has to be dealt with. For me, what is very hard is that racism cannot be eliminated by the government. Every individual in Canada is responsible for eliminating their own racism and that of others. So it is not only a matter of resources. The population's understanding of difference and each person's attitude towards it is at issue here. We cannot change things solely by passing a law. It is much more practical than that.

• (1205)

Ms. Lysane Blanchette-Lamothe: So we have to wait for everyone to become aware of the scope of the issue. Is this the only way of bringing about real change?

Mr. Rubin Friedman: Of course a legal framework is required to show that racism is not allowed. This is very important. However, it is through everyday practice that racism will be eliminated. Legislation will help to reduce it but will not eliminate it. When we talk about everyday practice, we are talking about people's attitudes towards one another.

[*English*]

The Chair: Thank you.

That will conclude our hearing. Thank you all very much.

Mr. Friedman, I just want to point something out to you. I have been on this committee a long, long time. One might think it is easier for smaller organizations to follow all the rules and details, but it has been my experience that the lack of capacity to stay on top of those things...

This is the first examination of your organization by the Auditor General. In my mind it would have been, maybe not acceptable but certainly understandable if there were procedures that were very loose, shortcuts taken, and you made up your own way of doing things, that everything was nice and clubby, and it could work. Yet, the Auditor General went in there and I want to repeat what he said:

We are pleased to report that we found no significant deficiencies in the Foundation's systems and practices during the period covered by the examination.

In my opinion, given everything I have seen, that is something you should be very proud of. No one has ever gone in there and come out, having been analysed by Mr. Ferguson, received a report like that. That speaks an awful lot to the commitment of the people that are running that organization, the staff and volunteers.

The last thing I want to leave you with is a suggestion. If you can't find an individual that doesn't have a lot of economic experience, maybe you could tap into one of the local universities that could create an economic advisory board, or investment advisory board, made up of some of their leading students and some of the profs who could provide that on an ongoing basis regardless of who your individual person is. That's just one more suggestion. Again, sir, well done. Please keep up the good work.

Mr. Saxton.

Mr. Andrew Saxton: Could I just get some clarification? The additional information that Mr. Byrne asked for, when does that start? Can the clerk repeat exactly what we've asked our witness to come up with?

Hon. Gerry Byrne: I believe it's since 2008. The Hansard will reflect 2008.

The Chair: My understanding is that the question is, "What recommendations correspondence did the council have with the government, the ministry, vis-à-vis appointments?" Is that correct? Is it since 2008?

Mr. Andrew Saxton: My question, then Chair, is why stop at 2008? Why don't we go back even earlier to the previous government? Let's find more information.

The Chair: Well, I think it was more a matter of Mr. Byrne trying to find a reasonable cut-off point. If he wanted to go just after this government took office, he would have made it 2006. But if you want to suggest that, I don't see anything political in it.

Mr. Andrew Saxton: Okay, that's your opinion, but I think it would be helpful to know what the previous government did as well.

The Chair: How far back would you like to go, to Mackenzie King?

Mr. Andrew Saxton: Well—

The Chair: That may slow down when we're going to get this information.

Mr. Andrew Saxton: I think it would be helpful to have some more information.

The Chair: Do you have a problem with that, Mr. Byrne?

Hon. Gerry Byrne: I never have a problem with information, but I think you have pointed out a couple of things. Perhaps the government really doesn't want to see this information ever tabled and would actually obfuscate it for that purpose. I think those watching this presentation through CPAC are seeing now that there's probably something the government wants to hide that's now become visible.

Also, there was a very clear policy reason why the question was asked. The principal operating officer and a member of the board of the directors of the Canadian Race Relations Foundation, who is appearing before us right now, seemed to indicate that there was a certain level of frustration around the appointments process. He did

point out that it was the government that actually legislated a reduction in the number of board members from 20 to 12, and that there were issues.

I sort of pieced this together, Mr. Chair. Given the fact that the board has been reduced under law from 20 to 12 members, based on legislation that was passed relatively recently, we should probably find out whether or not there have been issues there since 2008. If the government wants to go back and expand the scope of this to 1993 and beyond to 1986, if the Canadian Race Relations Foundation has records going back that far—which I doubt that it does; it's 25 years—then they can provide it if they want. Well, actually, they can provide it if they have it, because they're bound by parliamentary authority to provide it if they do have it.

Maybe what we should do is just get a clear answer on 2008 to the present, unless, of course, the government has something to hide here, that nominations have been made—

• (1210)

The Chair: Now you're getting into debate, and I don't have a motion yet, per se.

Hon. Gerry Byrne: The government won't want to do this again.

The Chair: All right, everybody, just calm down.

Mr. Friedman, what do you have to say about this?

Mr. Rubin Friedman: My main comment is that I don't know what information is available back that far. I just joined the board in April and I haven't looked at records that go back past last year yet.

My only answer is that I don't know what information exists, what's in the file, what's in the records. I feel fairly confident that with a more limited period I can speak directly to the people involved. If we go back further than that, I don't even know where the former members of the board are.

The Chair: Yes.

Somebody help me—analysts, somebody—when was the change made in the law for the number of board members?

Mr. Alex Smith (Committee Researcher): In 2010.

The Chair: It was in 2010. We're going back two years prior to that.

I have to tell you, it seems reasonable to me. To go back, what amounts to just shy of five years, that takes us two years before the change. That would give us some sense of any pattern of any issues, if there were any, or whether things were going along fine. We can also see how it's been the last two or three years. Five is a usual catchment number. This is pretty close to five years. For what it's worth, it seems to me that going back five years is asking a fair bit of an organization, but that's not beyond the pale. It meets our needs. I don't see it as being overly political, given the government has been in power since 2006.

My inclination is to stay with what we've requested and that we ask for it back to 2008, any correspondence between the foundation and the ministry or the minister vis-à-vis appointments to the board. Any of that correspondence that exists, we'd like to see a copy of it. Mr. Friedman has agreed. He's going to try to meet our initial deadline of January 15, 2013.

Mr. Friedman, if for some reason you can't, you're going to correspond with our clerk, advise her that you're having difficulties, what those difficulties are, and how much of an extension you might be seeking. That's what we're looking for from you by the 15th. So far, Mr. Friedman feels that's a reasonable request in terms of his ability to respond to our request within that timeframe.

Colleagues, I'm inclined to let that stand. If we have that information, it's timely, and the analysts will have it in time to incorporate it into their report. Then we'll be ready to go sometime in the new year when the draft is in front of us.

That's how I see where we are right now. Are we all okay with that instruction and that understanding going forward?

●(1215)

Mr. Andrew Saxton: Mr. Chair, we will review the information when it comes in and make a further decision at that time.

The Chair: You can do that in the context of when the draft is first in front of us, because it will have incorporated that. If you have some reason to request any action, as always, I will entertain the motion.

That's our understanding, folks.

Again, with that, I thank our guests very much. Mr. Ferguson and Mr. Swales, you did an excellent job as always. Mr. Friedman, you were very impressive, sir, and thank you very much for your appearance today.

We will now suspend and then reconvene in camera in five minutes.

[Proceedings continue in camera]

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