



## 39th PARLIAMENT, 1st SESSION

# Standing Committee on Aboriginal Affairs and Northern Development

## EVIDENCE

## CONTENTS

**Tuesday, March 20, 2007**

### 1105

- ▶ *The Chair (Mr. Colin Mayes (Okanagan—Shuswap, CPC))*
- ▶ *Mr. Michael Wernick (Deputy Minister, Department of Indian Affairs and Northern Development)*

### 1110

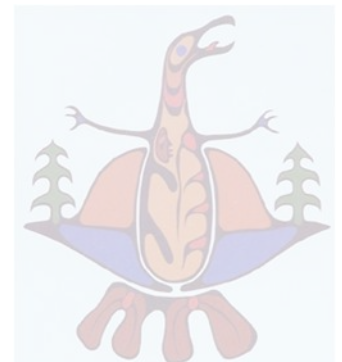
- ▶ *The Chair*
- ▶ *Mr. Peter Harrison (Senior Associate Deputy Minister, Department of Indian Affairs and Northern Development)*

### 1115

- ▶ *The Chair*
- ▶ *Hon. Anita Neville (Winnipeg South Centre, Lib.)*
- ▶ *Mr. Michael Wernick*

### 1120

- ▶ *Hon. Anita Neville*
- ▶ *Mr. Michael Wernick*
- ▶ *Hon. Anita Neville*
- ▶ *Mr. Michael Wernick*
- ▶ *Hon. Anita Neville*
- ▶ *Mr. Michael Wernick*
- ▶ *Hon. Anita Neville*
- ▶ *The Chair*



▶ *Mr. Marc Lemay (Abitibi—Témiscamingue, BQ)*

**1125**

▶ *The Chair*  
▶ *Mr. Marc Lemay*  
▶ *The Chair*  
▶ *Mr. Marc Lemay*  
▶ *The Chair*  
▶ *Mr. Marc Lemay*  
▶ *Mr. Michael Wernick*  
▶ *Mr. Marc Lemay*

**1130**

▶ *Mr. Michael Wernick*  
▶ *Mr. Marc Lemay*  
▶ *Mr. Michael Wernick*  
▶ *Mr. Marc Lemay*  
▶ *Mr. Michael Wernick*  
▶ *Mr. Marc Lemay*  
▶ *Mr. Michael Wernick*  
▶ *Mr. Marc Lemay*  
▶ *The Chair*  
▶ *Ms. Jean Crowder (Nanaimo—Cowichan, NDP)*

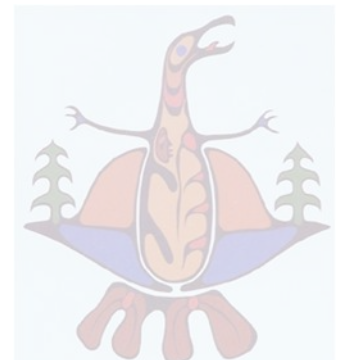
**1135**

▶ *Mr. Michael Wernick*  
▶ *Ms. Jean Crowder*  
▶ *Mr. Michael Wernick*  
▶ *Ms. Jean Crowder*  
▶ *Mr. Michael Wernick*  
▶ *Ms. Jean Crowder*  
▶ *Mr. Michael Wernick*

**1140**

▶ *The Chair*  
▶ *Mr. Harold Albrecht (Kitchener—Conestoga, CPC)*  
▶ *Mr. Michael Wernick*

**1145**



- ▶ *Mr. Harold Albrecht*
- ▶ *Mr. Michael Wernick*
- ▶ *Mr. Harold Albrecht*
- ▶ *The Chair*
- ▶ *Mr. Steven Blaney (Lévis—Bellechasse, CPC)*
- ▶ *Mr. Michael Wernick*

**1150**

- ▶ *Mr. Steven Blaney*
- ▶ *The Chair*
- ▶ *Mr. Steven Blaney*
- ▶ *The Chair*
- ▶ *Ms. Nancy Karetak-Lindell (Nunavut, Lib.)*
- ▶ *Mr. Michael Wernick*

**1155**

- ▶ *The Chair*
- ▶ *Mr. Steven Blaney*
- ▶ *Mr. Peter Harrison*

**1200**

- ▶ *The Chair*
- ▶ *Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ)*

**1205**

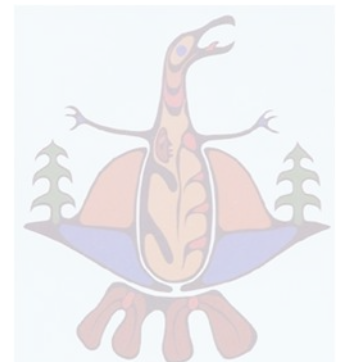
- ▶ *Mr. Michael Wernick*
- ▶ *Mr. Peter Harrison*
- ▶ *Mr. Marc Lemay*
- ▶ *Mr. Peter Harrison*
- ▶ *The Chair*
- ▶ *Mr. Yvon Lévesque*
- ▶ *Mr. Michael Wernick*

**1210**

- ▶ *The Chair*
- ▶ *Mr. Michael Wernick*

**1215**

- ▶ *The Chair*



- ▶ *Mr. Michael Wernick*
- ▶ *The Chair*
- ▶ *Ms. Jean Crowder*
- ▶ *Mr. Michael Wernick*
- ▶ *Ms. Jean Crowder*
- ▶ *Mr. Michael Wernick*
- ▶ *Ms. Jean Crowder*
- ▶ *Mr. Michael Wernick*
- ▶ *Ms. Jean Crowder*
- ▶ *Mr. Michael Wernick*
- ▶ *Ms. Jean Crowder*

**1220**

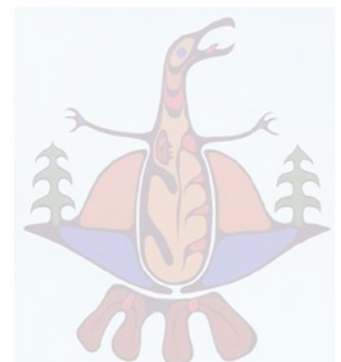
- ▶ *Mr. Peter Harrison*
- ▶ *Ms. Jean Crowder*
- ▶ *Mr. Peter Harrison*
- ▶ *Ms. Jean Crowder*
- ▶ *Mr. Peter Harrison*
- ▶ *Ms. Gina Wilson (Assistant Deputy Minister, Indian Residential Schools Resolution Canada, Department of Indian Affairs and Northern Development)*
- ▶ *The Chair*
- ▶ *Hon. Anita Neville*
- ▶ *Mr. Michael Wernick*

**1225**

- ▶ *Hon. Anita Neville*
- ▶ *Mr. Michael Wernick*
- ▶ *Hon. Anita Neville*
- ▶ *Mr. Michael Wernick*
- ▶ *Mr. Peter Harrison*
- ▶ *Hon. Anita Neville*
- ▶ *Mr. Peter Harrison*

**1230**

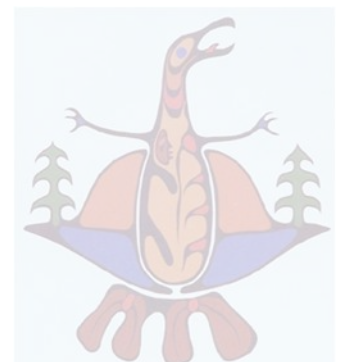
- ▶ *The Chair*
- ▶ *Mr. Marc Lemay*
- ▶ *The Chair*
- ▶ *Mr. Marc Lemay*
- ▶ *The Chair*



- ▶ *Hon. Anita Neville*
- ▶ *Mr. Peter Harrison*
- ▶ *Hon. Anita Neville*
- ▶ *Mr. Peter Harrison*
- ▶ *Hon. Anita Neville*
- ▶ *Mr. Peter Harrison*
- ▶ *The Chair*
- ▶ *Mr. Peter Harrison*
- ▶ *The Chair*
- ▶ *Mr. Peter Harrison*
- ▶ *The Chair*
- ▶ *Mr. Peter Harrison*

1235

- ▶ *The Chair*
- ▶ *Ms. Jean Crowder*
- ▶ *Mr. Peter Harrison*
- ▶ *Ms. Jean Crowder*
- ▶ *Mr. Peter Harrison*
- ▶ *Ms. Jean Crowder*
- ▶ *Mr. Peter Harrison*
- ▶ *Ms. Jean Crowder*
- ▶ *Mr. Peter Harrison*
- ▶ *The Chair*
- ▶ *Hon. Larry Bagnell (Yukon, Lib.)*
- ▶ *Mr. Michael Wernick*
- ▶ *Hon. Larry Bagnell*
- ▶ *Mr. Michael Wernick*
- ▶ *The Chair*
- ▶ *Hon. Anita Neville*
- ▶ *The Chair*
- ▶ *Hon. Anita Neville*
- ▶ *The Chair*





CANADA

## Standing Committee on Aboriginal Affairs and Northern Development

---

NUMBER 041



1st SESSION



39th PARLIAMENT

---



## EVIDENCE

### Tuesday, March 20, 2007

*[Recorded by Electronic Apparatus]*

\* \* \*

⏮ [\(1105\)](#)

*[English]*



**The Chair (Mr. Colin Mayes (Okanagan—Shuswap, CPC)):**

I open this Standing Committee on Aboriginal Affairs and Northern Development of Tuesday, March 20, 2007.

Committee members, you have the orders of the day before you. The business of the day, pursuant to Standing Order 108(2), is the supplementary estimates (B), 2006-07: votes 1b, 10b, 20b, 45b, 52b, and 54b, under Indian Affairs and Northern Development.

The witnesses before us today, committee members, are from the Department of Indian and Northern Affairs: Michael Wernick, deputy minister; Peter Harrison, senior associate deputy minister; Gina Wilson, assistant deputy minister, Indian Residential Schools Resolution Canada; and Peter Traversy, acting chief financial officer.

Welcome to the witnesses, and thank you for your attendance. We'll begin with the presentation and then we'll go on to questions from the committee members.

Mr. Wernick, were you going to begin?

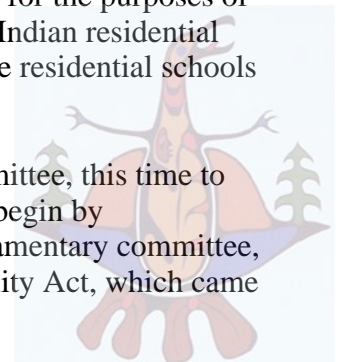


**Mr. Michael Wernick (Deputy Minister, Department of Indian Affairs and Northern Development):**

Yes, thank you, Mr. Chair. We've provided the clerk with copies of my remarks, which I promise will be brief. I'll move through them quickly to maximize the question time for the committee.

You've introduced my colleagues, but let me just note that Peter Harrison has joined the departmental management team and wears two hats. One is that of my associate deputy minister for the purposes of running INAC, and he is also deputy head in his own right for the purposes of the Indian residential schools organization and, therefore, would be happy to take questions related to the residential schools program and organization.

Mr. Chairman, I appreciate the opportunity, as always, to come before the committee, this time to discuss the supplementary estimates (B) of the department. Today I would like to begin by acknowledging that this is my first appearance before this committee, or any parliamentary committee, as the accounting officer of the department, designated by the Federal Accountability Act, which came



into force earlier this year. Under the act I am the official personally responsible for efficient management of the department's resources, and as such, I am accountable before parliamentary committees such as this one to answer questions pertaining to those responsibilities.

As I'm sure you know, under the act, my responsibilities as chief accounting officer in this respect are fourfold: to ensure resources are organized to deliver departmental objectives in accordance with government priorities, to ensure there are effective systems of internal control, to sign departmental accounts, and to perform other specific duties assigned by law or regulation in relation to the administration of the department.

In response to initiatives undertaken by the Office of the Comptroller General in the theme of stronger management, the department has implemented a new approach to financial planning, financial management, and financial reporting, based on a chief financial officer model. This new model is designed to strengthen accountability, which is crucial for a department that manages more than \$6 billion in parliamentary appropriations each year.

My colleague Peter is acting CFO for the purposes of today's appearance. We have created a permanent ADM-level position as chief financial officer, and I expect to be announcing the staffing of that position within the next couple of weeks. Earlier this year, I also created a new position of chief audit and evaluation executive, a position that will report directly to me as accounting officer and deputy minister.

[*Translation*]

I'm also proud to say that Indian and Northern Affairs Canada has actively supported the accountability work of the blue ribbon panel on grants and contributions, and has been active on a number of fronts that will contribute to a government-wide action plan targeted for late fall 2007.

As you know, promoting greater accountability is one of the Government of Canada's top priorities. This committee's scrutiny of the department's financial plans is a vital link in the accountability chain and I fully support the important work that members do.

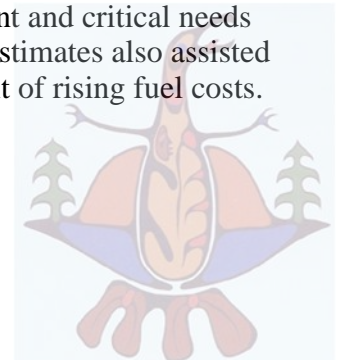
[*English*]

The supplementary estimates (B), now before you, represent the final step in the supply cycle for the department for the current fiscal year. The cycle began last year, as you know, with the tabling of the main estimates of \$6.3 billion, which included an increase of spending from the previous year of approximately 6.2%—or \$366 million, to be more precise—over the previous year's main estimates.

The next step in the process was the 2006 federal budget, followed by supplementary estimates. Part A of the supplementary estimates requested a further \$196 million from Parliament. Minister Prentice appeared before the committee last November to describe how the funds were to be invested and, in particular, described how they have helped first nations communities address urgent and critical needs brought on by floods, fires, and evacuations. The resources in the supplementary estimates also assisted residents of remote and isolated communities who suffer undue hardship as a result of rising fuel costs.

  [\(1110\)](#)

[*Translation*]





In the last phase of the supplementary estimates, tabled last month, Indian and Northern Affairs Canada requested approval for \$70.3 million for various initiatives. These investments support the government's overall commitment to make tangible, measurable progress on the challenges that face so many aboriginal communities.

*[English]*

The largest amount proposed in supplementary estimates (B)—\$27.4 million—relates to the organizational transfer of Aboriginal Business Canada to Indian and Northern Affairs. Given that the spending authorities had already been granted to Industry Canada earlier in the cycle, this transfer actually involves no new expenses to the government.

The exercise of organizational change consolidated into one department with an aboriginal focus the economic development programs that benefit aboriginal peoples. This should promote efficiency and improve the effectiveness of the existing programs. By pooling the expertise of staff and bringing them together, I'm confident the transfer will have a positive effect as we develop future programs and strategies.

These supplementary estimates also include \$21 million for some out-of-court settlements. In order to avoid unnecessary and costly litigation, the department will, from time to time, settle out of court where there's a recognized legal obligation, and of course on advice from our lawyers at the Department of Justice. Settlements for this fiscal year include three significant cases: O'Chiese, Testawich, and Tsuu T'ina.

*[Translation]*

Another large investment included in the supplementary estimates would see \$9.3 million spent on the aboriginal people's survey conducted by Statistics Canada. This survey will gather information about socio-economic conditions, among other data. The findings will help establish a clear baseline and enable governments and aboriginal organizations to measure the impacts of various policies and programs. Current, relevant, accurate data is fundamental to accountability.

*[English]*

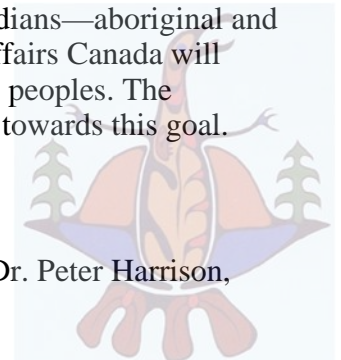
There is one more item in the supplementary estimates that I would like to draw to your attention, and that's the transfer of First Nations SchoolNet. Again this is a transfer from one department to another, and the estimates call for \$6 million to fund the program through to the end of the current fiscal year. First Nations SchoolNet enables hundreds of classrooms across the country to access the wealth of learning opportunities available to students and teachers via the Internet.

*[Translation]*

Mr. Chairman, the Government of Canada is determined to ensure that all Canadians—aboriginal and non-aboriginal alike—enjoy the prosperity of this country. Indian and Northern Affairs Canada will continue to identify and implement lasting solutions to the issues facing aboriginal peoples. The spending authorities now under consideration will enable us to take one more step towards this goal.

*[English]*

That concludes my opening remarks. With your permission, Mr. Chair, I'll ask Dr. Peter Harrison,



who is not only my senior associate deputy but is deputy head of Indian Residential Schools Resolution Canada, to talk briefly about his department's estimates.

Perhaps after Dr. Harrison's presentation the four of us will be able to answer any questions committee members have.



**The Chair:**

Thank you very much.

Mr. Harrison.

[*Translation*]



**Mr. Peter Harrison (Senior Associate Deputy Minister, Department of Indian Affairs and Northern Development):**

Thank you, Mr. Chairman.

My comments on the supplementary estimates (B) will be brief because they are comprised of only two items.

[*English*]

There are two items in supplementary estimates (B), and both of them are transfers from one organization to another. A remaining transfer of \$50.5 million was made from the Department of Canadian Heritage for the control and supervision of the office of Indian Residential Schools Resolution Canada. This transfer was made necessary by government restructuring, which saw control of the department transferred from the Minister of Canadian Heritage to the Minister of Indian Affairs and Northern Development on May 16, 2006.

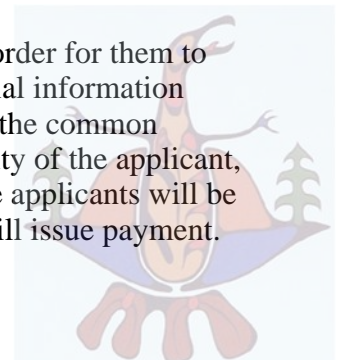


[*Translation*]

The second item is a transfer made between our department, Indian Residential Schools Resolution Canada and Service Canada.

[*English*]

We have transferred these funds through an agreement with Service Canada in order for them to prepare for the common experience payment. This preparation will entail substantial information technology development work. Service Canada will receive all applications under the common experience payment, conduct a screening of the application, authenticate the identity of the applicant, and transfer the data electronically to residential schools to validate residency. The applicants will be informed of the decision by Service Canada, and if appropriate, Service Canada will issue payment.



Thank you, Mr. Chairman.



**The Chair:**

Thank you, Mr. Harrison.

We'll start with Madam Neville, please.



**Hon. Anita Neville (Winnipeg South Centre, Lib.):**

Thank you very much. Let me say thank you to all of you for appearing today.

Mr. Wernick, while I appreciate very much that you are responsible under the Federal Accountability Act for the management of the fund, I am very sorry that the minister hasn't been able to find time to attend today, because he is responsible for setting the direction of the department. I know you will make every effort to answer the questions, but we would like to speak to him and it's unfortunate that he's not here.

I have a number of questions and I suspect the time doesn't allow me to ask them all, but I'm going to start on three particular areas. I want to ask you about the funding for the Mackenzie Valley environmental impact review. I want to ask you about Aboriginal Business, which was at Industry Canada, being transferred to the department. And I want to ask about the changes in capital grants, where they are going and where not.

Let me start with the funding that's in the estimates for the Mackenzie Valley Environmental Impact Review Board's participation in the hearings of the Joint Review Panel for the Mackenzie Gas Project. I wonder if you could speak to the purpose of it, what in fact is taking place, and how your department operates in terms of the Mackenzie Valley initiative and how you operate with first nations communities in the area and reconcile the two.

I'll start with that.

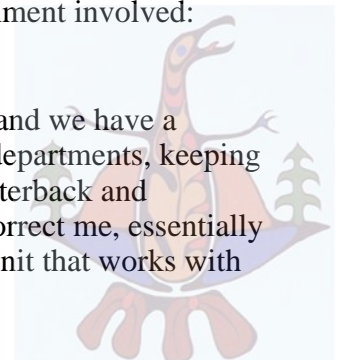


**Mr. Michael Wernick:**

I'll try to give you a first approximation answer, Ms. Neville, and I may have to turn to my colleague the assistant deputy minister, who follows this more day to day, if I don't do a good job of it.

As you know, the Mackenzie Valley pipeline is a private sector project going through regulatory processes at the NEB and the joint review process. There are many parts of government involved: Natural Resources Canada, Department of Finance on tax issues, and so on.

What we do in Indian and Northern Affairs is that we have a coordination role and we have a secretariat dedicated to keeping track of all the moving parts, working with other departments, keeping an eye on the regulatory process and supporting the minister in his role as the quarterback and coordinator for the pipeline project. So as I understand it, and my colleague will correct me, essentially the estimates are to provide that secretariat support, and there's a very small staff unit that works with other departments and the regulators.



In terms of the first nations, there are a couple of involvements. First, there's been a significant effort over several years to deal with unresolved land claims up and down the Mackenzie Valley, and that continues to be the case. Settlements have been reached with several of the first nations groups, and implementation is more the issue. And we are in active discussions with Deh Cho to try to resolve their claim in a satisfactory manner, and we have a negotiator on that. It's one of those arduous claim negotiation processes that are managed by the Comprehensive Claims Group, which my colleague Michel Roy heads.

There's ongoing consultation going on with first nations communities and organizations up and down the valley, and we do provide some funding to support their activities. There are also some funds that flow through out-of-court settlements that have been reached over previous years, where the courts awarded amounts to first nations groups and so on. So there are several moving pieces.

That's a broad brush overview. I'm hoping I've got that mostly right. If there's anything in more detail, I'd be—

 [\(1120\)](#)



**Hon. Anita Neville:**

I appreciate your comments that it is your responsibility to—my words, not yours—quarterback the development of the Mackenzie Valley pipeline, but what I am questioning is how you reconcile that with the fiduciary responsibility to aboriginal peoples.



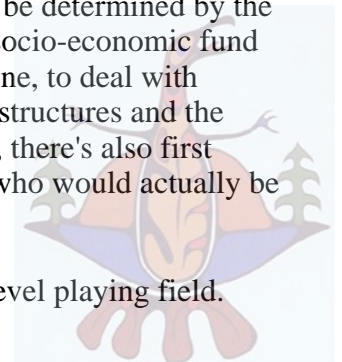
**Mr. Michael Wernick:**

I'm not quite sure how to answer that. The project is a private sector project. It that will be decided on a commercial basis by the proponents as to whether they want to build it. They are going through the regulatory processes and environmental and social impacts and so on, and those processes are going to go well into the rest of this year and probably early 2008 before those regulatory permits are issued under whatever conditions the regulator provides.

First nations groups and organizations have been intervenors and active participants in all of those processes. Our role, I think, is in part to make sure there is a level playing field, and that those voices are heard and those messages are heard, and that those processes are as open and transparent as possible to first nations peoples up and down.... We also have ongoing relationships, of course, with the territorial governments and with the bodies that were created under the various land claims agreements.

So as to the fiduciary responsibilities, I'm not quite sure what the underlying question is. In terms of the possible impacts of the pipeline, should it be built—which is still a question to be determined by the proponents and the regulators—the government set aside in last year's budget the socio-economic fund of \$500 million, which will be drawn down by the communities, if there is a pipeline, to deal with mitigating social and economic impacts. We've gone to some trouble to create the structures and the governance around that fund. There's first nations participation in it. As you know, there's also first nations participation in the pipeline itself through the Aboriginal Pipeline Group, who would actually be equity partners in the project should it come to pass.

It's a lot of communication and coordination and trying to make sure that it's a level playing field.



That would be my attempt at an answer.



**Hon. Anita Neville:**

Okay. I'll follow up on this at another time and another place.



**Mr. Michael Wernick:**

Sure.



**Hon. Anita Neville:**

Let me ask you about reallocation of capital dollars targeted to schools that has not materialized. Can you speak to that? We see here, and I don't know where it is the case, that there is an allocation of funding for school construction on reserves in Newfoundland and Labrador, Nova Scotia, and Alberta.

We hear anecdotally about moneys that have been committed for school capital projects that have been diverted for other funding. Can you speak to that at all?



**Mr. Michael Wernick:**

Well, if you have a specific case, I'd be happy to drill into it.

The capital program is essentially a pot of money that is available to be sent to first nations groups to build capital projects. It isn't actually managed as capital. It's essentially a contribution program. The number is somewhere in the ballpark of a billion dollars each year, and it's divided up into sub-envelopes for each of our regions for planning purposes. It's almost a waiting list or queueing issue between the readiness of the communities, the work that has to go on on design or architectural studies or procurement or getting the contractors and so on. You're constantly moving projects up and down the list in each region, and what we try to do is balance an enormous set of needs against the available dollars in each region. That's what happens.

The capital program covers everything from water and waste water systems, electrical grids, schools, community halls, and so on. I'm not aware of cases where capital would have been diverted to other needs. We have an overall contribution pot of about \$5 billion. We try to move money around so that we don't leave anything on the table at the end of the fiscal year, given the needs that are out there.

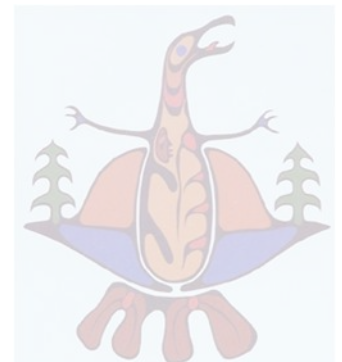


**Hon. Anita Neville:**

Can I have one quick—



**The Chair:**



No, you've had eight minutes and you're only supposed to have seven.

Mr. Lemay.

[*Translation*]



**Mr. Marc Lemay (Abitibi—Témiscamingue, BQ):**

Good day. I want to commend you for being able to find your way through all those documents. I myself still have difficulty doing so, even though I had suggested last year that we try to simplify things.

Mr. Chairman, I would like the time it takes to find the exact place to not be counted as my speaking time, because it might take some time. Thank you.

On page 110 of the French version of the supplementary estimates (B), under the heading “Explanation of Funds Available (dollars)”, it states that:

\$32,594,362 in total authorities is available: \$5,103,000 within the Vote due to reduced requirements related to the deferral [...]

Have you found the paragraph, so that we can talk about the same thing? Are we on the same page, Mr. Deputy Minister? Very well.

 [\(1125\)](#)

[*English*]



**The Chair:**

Mr. Lemay, could you just tell us what page you are on in the French?

[*Translation*]



**Mr. Marc Lemay:**

In the French version, it is on page 110. However, I do not know what page it is on in the English version.

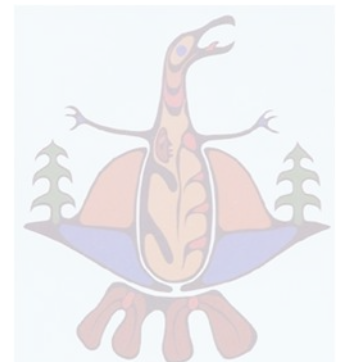
[*English*]



**The Chair:**

We can refer to it, if you want to continue with your question.

It's page 143 in English.



[Translation]



**Mr. Marc Lemay:**

Can I have an extra minute please?

Thank you, Mr. Chairman.

[English]



**The Chair:**

I'm very understanding.

[Translation]



**Mr. Marc Lemay:**

Mr. Deputy Minister, I would like to ask you or your assistants to clarify something for me. If \$32,594,362 are available for first nations, given that they have truly crying needs, if only in terms of water and housing, could there be a way to use some of that money to address those needs? Am I being clear? Is my question too simple?

Mr. Traversy can respond.



**Mr. Michael Wernick:**

No, no, it is just that I do not know exactly where to start.

The structure of the resource allocation process contains a number of votes. You have to distinguish between the funds that you, as members, allocate to us for operational costs—I am referring here to vote 1—and those funds that you allocate for contributions to first nations, which correspond to vote 10, so far, so good?

We use this structure in compliance with the Financial Administration Act.

Treasury Board gives us some flexibility in that it allows us to reallocate funds within a vote. Occasionally, we can ask for permission to transfer funds from one vote to another, but that in some way is done with parliamentary approval. It is by approving these votes and estimates that you approve the type of transfer that you want to see.



**Mr. Marc Lemay:**

Okay. That's fine.





I am still on the same page. Vote 10 concerns funds that can be allocated to first nations. There are \$4,880,906 in total authorities available within the vote due to reduced requirements related to the deferral of payments.

My understanding, Mr. Wernick, is that funds are set aside for the settlement of aboriginal claims, but because not enough claims are settled, money is left over in the envelope.

Given the budget transfers that we are doing today and which we will approve, I would like to know whether such aboriginal communities as Kitcisakik, Kangiqsujuaq and Pikangikum can expect funds to be reallocated to help them address their crying needs.

  [\(1130\)](#)

**Mr. Michael Wernick:**

There is a difference between settling a claim on March 29 and settling it on April 3. We are talking about two different fiscal years.

**Mr. Marc Lemay:**

Indeed.

**Mr. Michael Wernick:**

Here is what we do. The maximum votes granted to us by Parliament totals slightly more than \$6 billion. If we knowingly spend one dollar more than that, then I am in deep trouble. As the manager responsible, I cannot spend over that amount.

However, by following the rules established by law and Treasury Board, we try to maximize each dollar. We strive to find projects and investments, settle cases, speed things up and make use of every dollar that Parliament allocates to us.

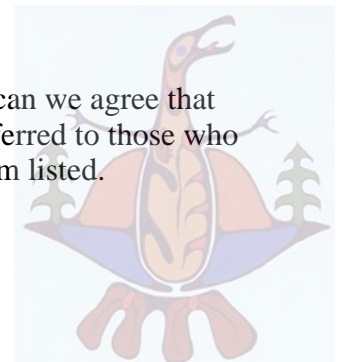
At the end of each fiscal year, we do not quite know whether we can settle a file or launch a construction project, because we do not have all the permits, for example. We then make use of the margin available to us and spend almost every dollar granted to us by Parliament, but not one dollar more.

**Mr. Marc Lemay:**

Given that today is March 20 and there are only 11 days remaining this month, can we agree that some allocated funds will not be spent and could be allocated, reallocated or transferred to those who currently most need them? We know that they exist and, in any case, you have them listed.





**Mr. Michael Wernick:**

All I can tell you is that all available amounts of money will be spent in accordance with the law and relevant policies. We cannot break the rules. There has to be a contract, a commitment, a settlement or a construction project. Within the rules established for our programs, and approved by Treasury Board, we will try to maximize our efforts.

**Mr. Marc Lemay:**

Can you give a single example? In concrete terms, given what we are reallocating today, could you, within the next 11 days, authorize the construction of a hospital or repairs to a school? Can you give us a single example? Could I invest something in such a project? For example, we have just heard today that there was a settlement or a treaty in such and such a place.

**Mr. Michael Wernick:**

Funds set aside for claims cannot be spent for any other purpose. Together with our negotiation partners, we try to settle things, when possible. Yes, there are two, three, four tables with which we hope to achieve settlements by March 31. That does not amount to a lot of money, but is nevertheless important. If we succeed, that will relieve the pressure over the next fiscal year and free up funds for other projects.

With regard to construction projects, it is not easy to launch a construction project to build a school because there are all kinds of decisions that a community has to make. We act as a financial partner. First nations are responsible for managing their projects.

**Mr. Marc Lemay:**

Thank you.

[*English*]

**The Chair:**

Madam Crowder.

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):**

Thank you, Mr. Chair.

I want to thank you for coming before the committee today. I would echo the previous comments, that it's disappointing the minister couldn't find time.

To give a bit of context, back on November 2 when the minister appeared before the committee, he indicated that the supplementary estimates would be used to take additional steps to enhance the quality



of life in the first nations communities. That was his statement to the committee.

In a briefing note to the minister around the financial situation in 2005-06, the department had identified an issue, saying that Indian and Northern Affairs' financial situation is constrained. It went on to say that the situation exists because “new funding neither covers program growth (price and volume) nor does it allow the Department to fully address such pressures as emergency management assistance, social assistance or educational funding pressures.” That was advice in which the department acknowledged it was having some trouble in its ability to meet a growing need identified in the communities.

Then we had on February 22 a news release by both the Minister of Canadian Heritage and the Minister of Indian Affairs announcing substantial funding. This was on February 22. These were funds that, in my understanding of it, in some cases needed to be expended by the organizations by March 31, so there were roughly four or five weeks to spend significant amounts of money.

Then the supplementary estimates, in the English version on page 82 under the health department, talk about the fact that some money from health—My understanding of it is that this funding was being deferred because of delays in the development of an implementation plan for the aboriginal health human resources initiative.

Those are just a couple of examples of where money that seems to be needed in communities either was very late coming in the fiscal year or has been deferred because of delays in moving forward with initiatives.

When we know there are such pressing needs in communities around housing, around water, around child welfare—the list is endless—I wonder if you could comment on why there are delays in getting money out so that it's almost impossible for organizations to spend it so late in a fiscal year, and why initiatives like this human resources health initiative were not moved on earlier in the fiscal year, so that we'd actually have results in this fiscal year.

 [\(1135\)](#)



**Mr. Michael Wernick:**

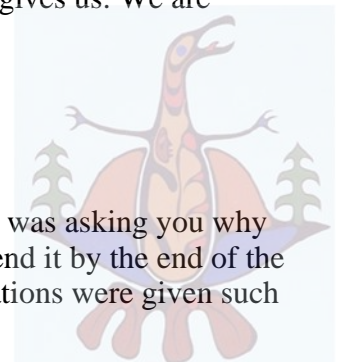
I can't comment on what Health Canada may or may not have done. You'll have to take that up with Health Canada. And I can't comment on a briefing note I haven't seen. If you'd like to table it with me, I'd be happy to write comments on it.

In general, I guess I would answer with sort of a variation on my answer to Mr. Lemay. We have the funds that Parliament gives us, and it's not responsible for me to authorize or encourage spending one dollar more than that. But we do try to maximize the use of the dollars Parliament gives us. We are constrained—I don't hesitate to use that word—because we have \$6.3 billion—



**Ms. Jean Crowder:**

Could I interrupt here for a second? I wasn't asking you to spend more money; I was asking you why money was already allocated, and in February we were asking organizations to spend it by the end of the fiscal year. I'm not asking you to spend more money; I'm asking you why organizations were given such



a brief period of time, when we know that organizations need to organize to getting money out. And when they're given such a short period of time—



**Mr. Michael Wernick:**

You'd have to give me a specific case. It would depend on what the program was, what the initiative was. Sometimes the program there—



**Ms. Jean Crowder:**

Okay. For ITK there is \$447,907, and this was money that was coming out for the aboriginal peoples program to support the day-to-day operations and annual general assembly of the ITK. There's a specific example.



**Mr. Michael Wernick:**

They would have made an application, we would have assessed it, we would have provided advice to the minister, and the minister would have made a decision on it. That's how contribution agreements work. We have over 5,000 of them. We wouldn't be giving them 12 months of money to spend in three months; we would be giving them four months of money to spend in four months.



**Ms. Jean Crowder:**

This wasn't four months of money to spend in four months. This was money that was announced on February 22, and they were expected to spend it by March 31. My understanding, from talking to some of these organizations, is that this was a problem for them. I guess what I would suggest is that, like any good financial manager, we do forecasts and we allocate money and we deal with organizations, yet what we're hearing from organizations is that money is coming out very late.

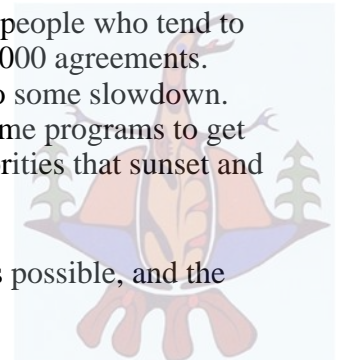
Is there anything the department can do to address that, so those organizations can also be fiscally responsible? They have financial obligations to meet. I'm just asking if there's any mechanism in place or consultation happening to help these organizations and the department to expend money in the fiscal year in which it's allocated.



**Mr. Michael Wernick:**

I'm not quite sure how to answer that. There is an ongoing relationship with the people who tend to use the programs. We have 40 or 50 grant contribution programs. We have over 5,000 agreements. There was a problem last year, because the election and the new government led to some slowdown. There wasn't a nice sort of continuity from year to year; it took a little while for some programs to get reconfirmed. This is a problem we have every year in the sense that we have authorities that sunset and have to be renewed, and so on.

All I can do is try to provide you some assurance that we try to be as efficient as possible, and the



burden shouldn't be on the applicant or on the recipient. Our due diligence processes should be as fast as possible.

At the end of the day, the tool we use most is the contribution agreement. That's how we get money out to people. We spend \$5 billion through contribution agreements. It's not an ideal tool for doing some of the things we do, and that's why I referred, in my opening remarks, to the very important work of the blue ribbon panel on grants and contributions, which deals with the challenges you've raised right across civil society and the third sector and voluntary groups and first nations. It has recommendations and it has findings on dealing with first nations recipients. The government has broadly endorsed the direction of the blue ribbon panel, and we see that as an immense opportunity to maybe make a simpler, leaner, more efficient way to fund people.

 [\(1140\)](#)



**The Chair:**

We'll go to Mr. Albrecht on the government side.



**Mr. Harold Albrecht (Kitchener—Conestoga, CPC):**

Thank you, Mr. Chair.

It's quite obvious to me, in conjunction with Mr. Lemay's comments about the complexity of the entire system here in terms of the estimates and supplementary estimates, and I certainly don't pretend to understand it all—

I do want to refer, though, to one of the comments you made on page 8 with regard to Aboriginal Business Canada being transferred to INAC. Certainly, I think this committee is very concerned about and wants to see economic development as one of our central points in the work we do on behalf of all aboriginal peoples in terms of creating efficiency and effectiveness.

I wonder if you could give us a bit of a progress report as to how this transfer is going, what point we are at in the process, and what obstacles we may have run into—an overall picture as to the success of this initiative.



**Mr. Michael Wernick:**

Thank you for the opportunity to give you a progress report. It's a little bit of a coming-attractions trailer too, in terms of progress.

There are two kinds of trends that happen in the organization of the Government of Canada over time. One is that things tend to collect at INAC, and you take on responsibilities as an aboriginal department because it's more efficient or effective to have things under one roof. And the other trend is that you want to drive a sensibility and interest in first nations or aboriginal issues into other departments. So there are significant aboriginal responsibilities at Health Canada, CMHC, and Industry Canada, and so on and so forth.



At another time, Aboriginal Business Canada was set up in Industry Canada with the theory that Industry Canada, in its overall suite of supporting small business, would put some special effort into aboriginal entrepreneurs. It's a very successful program that delivers about \$30 million of assistance to aboriginal entrepreneurs. It has an advisory board that goes with it, and so on.

The new government decided to go the other way and bring the responsibilities under one roof. So what we're doing is taking that organization and its programs and authorities and grafting them onto what's around in the Indian affairs department—which tend to work with the communities, rather than entrepreneurs, on readiness for investment issues. We do have a budget for economic development and activity.

It took until December to get the approvals. The organization moved over on December 1, I think it was. Because I knew it was coming, I created an assistant deputy minister position to work full time on economic development issues. That's filled by Mr. John McKennery, who is on duty and has been working ever since and running around the country talking to aboriginal groups and private sector people, and so on. There was quite a significant event in Saskatoon, as you probably know, an economic development summit involving first nations and aboriginal groups and the private sector, and we were very active in that.

So that's where we are. We are in discussions with the minister about appointments and revitalizing the advisory board and putting some prominent people from first nations and Aboriginal Business into the advisory board. So it's a work in progress. I have hopes and aspirations that over the next year we'll be able to give the minister and the government some proposals for more energized and more vigorous economic development strategies we could pursue, because the premise of your question, if I read into it, is that we're not really going to make a dent in the social conditions if we don't have underlying economic activity and employment in the communities.

⏪ ⏩ [\(1145\)](#)

⏪ ⏩

**Mr. Harold Albrecht:**

What kind of uptake has been expressed to you on the part of aboriginal communities across Canada in terms of the change? Has there been a positive response?

⏪ ⏩

**Mr. Michael Wernick:**

The response is positive, based on what I have heard at the Saskatoon event. There was a similar event in Quebec, at Mashteuiatsh. It is one of one of the most active areas, actually, in first nations country, if I can put it that way. In these discussions about economic development, the national chief has posed a challenge to the private sector to step up and get involved in partnership agreements.

So there are a lot of good ideas out there in the communities and the private sector, and some very encouraging partnerships. We're seeing some very big players step up, like EnCana and Siemens and others. My worry, frankly, is that we'll have a flood of good ideas and applications, and Parliament has only given us so many resources to cope with them.

⏪ ⏩



**Mr. Harold Albrecht:**

Thank you.

If I have some time left, I'll share with Mr. Blaney.

**The Chair:**

Mr. Blaney.

[*Translation*]

**Mr. Steven Blaney (Lévis—Bellechasse, CPC):**

Good morning, and thank you for being here.

My question deals with something you said during your presentation. It was in response to initiatives by the Office of the Comptroller General. You created a chief audit and evaluation executive position that reports directly to you. I would like to commend you on that because I myself have worked at Indian Affairs, and substantial efforts were made with regard to accountability. You face a considerable challenge, because the funds are not managed by Indian Affairs, but are mostly transferred to aboriginal communities. The funds are transferred to aboriginal communities and are managed by a third party, on the one hand, and on the other, there is an added difficulty in connection with the autonomy or governance of first nations with regard to the management of their funds. Nevertheless, those funds are transferred under particular agreements.

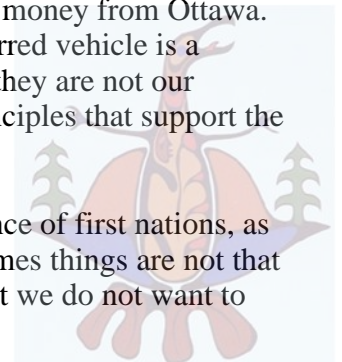
I would like to hear your views on the means that have already been taken and the improvements you will bring about so that the communities that manage the money that is transferred to them do so by applying the same accountability criteria that you use in your department.

**Mr. Michael Wernick:**

That is a fundamental question, Mr. Blaney. As accounts manager, I think that my challenge, and yours, as a parliamentarian, is to find the right balance between two principles. One of those principles is to be accountable to Canadian taxpayers for public funds. Are those funds used in the best manner possible? Parliamentary committees oversee our operations and the Auditor General assists us greatly in terms of managing those funds and making the most efficient use of taxpayers' money.

The other principle that you raise is maximizing the autonomy of first nations and communities. We learned hard lessons in the past, namely that we cannot achieve results solely with money from Ottawa. Communities have to truly manage and pilot their future. As I have said, our preferred vehicle is a contribution agreement by which we fund third-party activities. Most of the time, they are not our schools or our programs. Our funding is done in compliance with a number of principles that support the activities of aboriginal organizations.

I believe that the bridge between the two principles is the capacity and governance of first nations, as well as their capacity for planning and management. We make efforts, and sometimes things are not that easy. We want to assist and encourage them, facilitate things and support them, but we do not want to





dictate our partners' efforts. For the current fiscal year, we have allocated \$10 million, I believe, to support the financial management capacity of first nations. There is an organization today that is called Aboriginal Financial Officers Association of Canada. There is a truly aboriginal public service: there are thousands of people working to manage and plan programs. We try to assist them, not dictate to them. I believe that that is the bridge between those two principles.

⏪ ⏩ [\(1150\)](#)

⏪ ⏩

**Mr. Steven Blaney:**

Do I still have some time left?

[*English*]

⏪ ⏩

**The Chair:**

You're out of time.

[*Translation*]

⏪ ⏩

**Mr. Steven Blaney:**

Thank you.

[*English*]

⏪ ⏩

**The Chair:**

From the Liberal side, who would like to speak?

Madam Karetak-Lindell.

⏪ ⏩

**Ms. Nancy Karetak-Lindell (Nunavut, Lib.):**

Thank you for appearing before us. Of course, we were expecting the minister.

I want to get a clarification on what looks like a discrepancy to me. Looking at page 90 of the blue budget book, I see that the government states that it spends more than \$9 billion each year for aboriginal people, yet you have figures of \$6.3 billion in your estimates. There is about a \$3 billion discrepancy there, so I would like to get a clarification on that, first of all.

Further to what Mr. Albrecht said, there seems to be a lot of funding being transferred to the Department of Indian Affairs from other areas. Frankly, that worries me, in that—and I have said this before—everything seems to be going under one department, leaving programs to be run by just one



department. I figure the expertise would be with Industry Canada when it comes to running SchoolNet and Aboriginal Business Canada, in that we as aboriginal people are entitled to the same expertise as any other Canadians, no matter who we are. However, we seem to be getting ghettoized into one area, with the people taking care of us only dealing with Indian Affairs, and not as people who are entrepreneurs, not as people who need good health care, not as people who need to access to services, like every other Canadian in this country.

The other worry I have is that with all the funding being put into one department, we could become another statistic, in terms of  $x$  dollars per aboriginal person. The average Canadian will think the current Government of Canada is spending so many dollars on each aboriginal person in Canada and will not separate out the fact that, as people who live in this country, we are already entitled to universal health care. There should not be a dollar figure for us that is different from that of any other person here in Canada, yet because we're aboriginal persons, we get a dollar figure put on us per person, no matter where we live in this country and no matter that we're entitled to some of those dollars already as residents of this country. I am really uncomfortable that all this money is going to be put down later on as  $x$  number of dollars per each aboriginal Canadian without differentiation as to which of those are our entitlements already as people who live in this country.

To go back, could you explain to me the discrepancy between the \$9 billion in this blue book and what you have in your speech, and the fact that by having everything put into one department I don't think we are going to get the level of service to which we are entitled.

This is especially from a minister who used to say before that the first thing his party would do is probably get rid of Indian Affairs because they didn't think it was a department that was serving the aboriginal people of Canada. Now they're putting more money into it instead of dismantling it—which is what I used to hear from the Reform Party and the Canadian Alliance.



**Mr. Michael Wernick:**

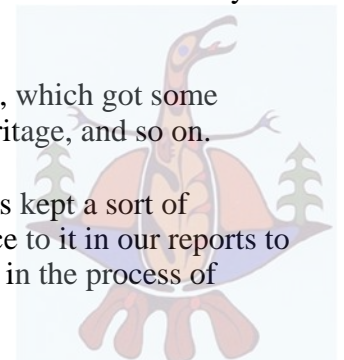
Thank you.

I noted four questions—and I'll see if I can move through these quickly, Mr. Chair. I noticed the look.

The difference between the two figures is pretty straightforward: it's the activity of other departments. Parliament gives Indian and Northern Affairs in the order of \$6 billion. I think we'll end up this year at about \$6.4 billion, something like that. The difference between that and the \$9 billion is basically the money that Parliament gives to other departments, the largest chunk being the non-insured health benefits that flow through the Department of Health. That figure, if my note here is right, is about \$1.8 billion. Human Resources and Skills Development has about \$400 million, and they got some more yesterday for the aboriginal skills and employment partnership programs. The next biggest one is probably CMHC, for their housing programs. They spend somewhere in the order of \$300 million a year for housing, which you can identify as aboriginal housing.

And it goes on. There's a whole bunch of other things, including Justice Canada, which got some more money yesterday, the Public Health Agency, Industry Canada, Canadian Heritage, and so on.

In order to help Parliament keep track of that, the Treasury Board Secretariat has kept a sort of inventory or framework. It's on the Treasury Board website, and we make reference to it in our reports to Parliament. That's the famous figure of \$9.1 billion that you keep hearing. They're in the process of





updating that to another fiscal year, and it'll probably end up being, I don't know, \$9.2 billion or \$9.3 billion. But that's the difference, basically; the \$3 billion involves the other departments.

In terms of ghettoizing or, on the flip side, mainstreaming into other departments, that's a choice governments will have to make. It has gone back and forth over the years. There probably is a selfish reason not to expand too far—that is, there's only so much one minister or one poor deputy minister can keep an eye on. Plus there are efficiencies in having more specialized purposes.

I tend to agree with what I think you're saying, that if Health Canada is really good at health issues, and HRSD is really good at skills and employment and so on, we shouldn't try to replicate that in the department. But what I think we can do—and *do*, I assure you—is be an advocate for aboriginal issues and sensitivities.

I have people out there as antennae every day, attending interdepartmental meetings and working with other departments. If we see an opportunity to take an initiative or a program or a regulation that's in the works and make it work better for aboriginal peoples—by changing the design a little bit, or setting some resources away—then we go to bat for that time and time again. Sometimes we succeed, sometimes we don't. But I do agree that we have to do both. We have to have a strong centre of expertise and responsibility and we have to try to mainstream it into the roles of other departments.

In terms of how to count spending, I'm not sure there's a right or a wrong way to present it. You can get into debates about what is spending for aboriginal people or for first nations people. We can certainly account for a good piece of it, because it flows through our programs to first nations recipients. Those are the core numbers you tend to see bandied about. And they're significant resources when you take that \$9 billion and divide it by the recipient population, but you're also quite right to say that first nations Canadians benefit from old age security or guaranteed income supplement or the fact that there's a national defence department or whatever. They're Canadian citizens as well. So you can get yourself into some attribution and methodology issues.

But to go back to where your colleague was, there is a special federal responsibility for first nations peoples and for aboriginal peoples in the general sense. We have subsection 91(24) responsibilities, we do have the Indian Act, we do have honour of the Crown responsibilities with regard to claims and settlements. So there is in fact a stream of money that Parliament provides specifically for first nations peoples, and I guess our job is to manage it and account for it.

⏪ ⏩ (1155)

⏪ ⏩

**The Chair:**

From the government side, anybody?

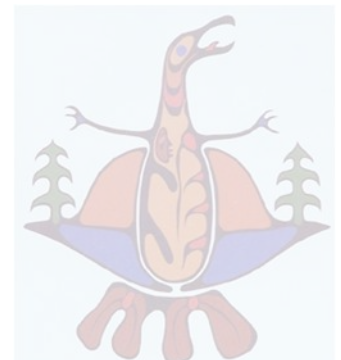
Mr. Blaney.

[*Translation*]

⏪ ⏩

**Mr. Steven Blaney:**

Thank you.



You gave a good answer to my question regarding accountability and governance.

Mr. Harrison, will your mandate deal more with internal department activities or will you, without overburdening communities with respect to the information requested, work to do follow-ups and implement measures to ensure that the bulk of the amounts transferred to communities is spent in accordance with the same accountability criteria that you must meet?



**Mr. Peter Harrison:**

Mr. Chairman, I would like to put this into context. First of all, the residential school issue concerns individuals. It all depends on the sufferings and experiences they endured in the residential schools.

We have the same minister as Mr. Wernick, but we have departmental status. Our goal is that payments, which are currently being made and will continue once our agreement with churches and aboriginal groups is implemented, be made to individuals.

We also recognize the fact that it might have an impact on communities. Once the agreement comes into force, we expect that close to \$2 billion will be paid out. Perhaps I should explain that, because it is complex.

When the agreement comes into force, all individuals who were students in an aboriginal residential school—we are talking about first nations people, Métis and Inuit—will be able to apply for a payment. There will be a \$10,000 payment for the first year spent in a school and \$3,000 for each subsequent year. Amounts will vary from one individual to another. Individuals will apply to Service Canada, our department will analyze each individual case, and people will receive a cheque.

I have to say that we have many contacts with aboriginal groups: the Métis, Inuit and first nations. People are wondering what will happen once that money comes into the communities. Indeed, the amount I referred to could have a significant impact. As I had said, we are discussing that. A number of committees are dealing with the issue. As well, there will soon be a conference, in Winnipeg, and its theme will be the impact of that money in communities.

Finally, Mr. Chairman, many communities are located very far away from financial institutions. Individuals will receive cheques, and we are wondering what they will do with those cheques, given that there is no banking system in the remote communities. We are therefore discussing with banks and financial institutions to see how we can assist the individuals who will be receiving those payments.

I hope that answers your question.

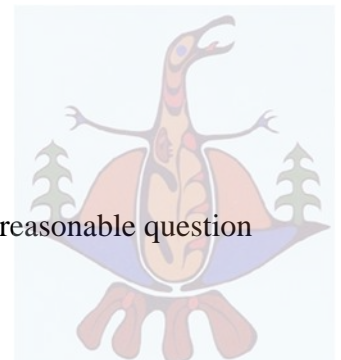


[English]



**The Chair:**

Actually you only have 30 seconds, so I don't think you have enough time for a reasonable question on that.



Mr. Lévesque, go ahead, please.

[Translation]



**Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ):**

You are telling us that we will soon be needing aboriginal banks. Mr. Harrison, if I understood correctly, emergency transfers were supposed to be made to certain people. With regard to applications that have been made, do you have the numbers at hand showing how many applications were finalized and how many are yet to come?

I will start by asking all of my questions. I will give you time to consult. I also have one for Mr. Wernick.

Mr. Wernick, what kind of safety margin do you have to ensure that there will be a sufficient amount of money? Have you established a safety margin? If there is money left over at the end of the fiscal year, will you be able to carry it over to the next?

On another issue, let us look at the table at vote 45b, which deals with the program expenditures of the Indian Specific Claims Commission. Knowing that the commission lacks specialized counsel and that the time to process an application largely exceeds what could be considered a normal delay, despite the hard work by those mandated by the commission headed by the skilled and excellent Renée Dupuis, could you explain how the \$20 million in additional assistance would help speed up the processing of applications? We know well that there is a shortage of experts particularly, ie, of specialized counsel.

We are in favour of the independent commission receiving additional funds, but we also want to make sure that the commission receives all the support necessary to carry out its work. I would like to get your views on that.

 (1205)



**Mr. Michael Wernick:**

Could we begin with the residential schools?

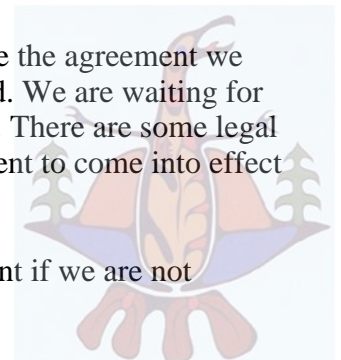


**Mr. Peter Harrison:**

Thank you for your question. This is really a very important matter, Mr. Chairman.

As I just mentioned, the common experience payment will come into effect once the agreement we have entered into with the churches and the first nations' groups has been approved. We are waiting for this agreement to be approved by the eighth judge of the Nunavut Court of Justice. There are some legal considerations at stake, but administratively speaking, we are expecting this payment to come into effect in the fall.

However, some older people are dying off and will not be able to get the payment if we are not



vigilant enough. The government has said that individuals—we're talking about seniors—who were aged 65 or over on May 30, 2005, could apply to receive the payment sooner. We know that the minimum amount will be \$10,000 per person who was at a residential school. The previous amount was \$8,000. Some individuals have applied for this payment, and we have given it to them before the agreement came into effect.

I cannot give you the figures I received yesterday, because we are tracking the situation on a day-to-day basis. An amount of \$82,700,000 has been distributed to 10,338 individuals.



**Mr. Marc Lemay:**

Could you repeat that please?



**Mr. Peter Harrison:**

Our figures yesterday showed that we have paid \$8,000 to 10,338 individuals, for a total of \$82,700,000.

Mr. Chairman, the total number of people who have applied for payment is 13,447. Our demographic analysis anticipated that the number of applicants would be 13,500.

I mentioned that, because in the future, there will be questions asked about our forecasting models. I think we have gained some very important experience in this regard.

You will want to know about the other applications as well. Over 200 applications are being processed and others are not yet complete. We are working directly with the people involved to help them fill in their application for early payment. In some cases, there is no proof that they were at residential schools. This must be proven by asking questions and by asking for documentation. There are also some individuals who were not 65 when they applied.

Those are the figures, Mr. Chairman.

[*English*]



**The Chair:**

Thank you.

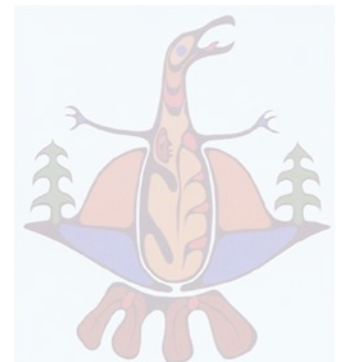
Is there anyone from the government side?

[*Translation*]



**Mr. Yvon Lévesque:**

Mr. Wernick.



[English]



**Mr. Michael Wernick:**

There were two other questions there, Mr. Chairman. I'll try to move very quickly.

**The Chair:** I'll allow that.

**Mr. Michael Wernick:** Thank you.

We can always follow them up later.

[Translation]

There may be two points I could make about the latitude we have.

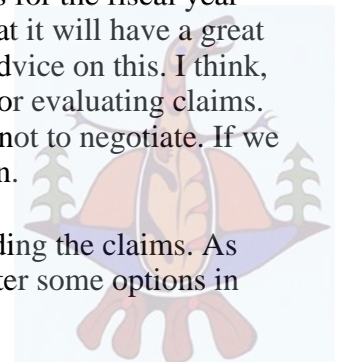
First, according to the rules laid down by the act and by Treasury Board, if we have not spent all of our operational budget, we can transfer up to 5% of the total to the next fiscal year. That prevents overspending in March—the March madness that was referred to earlier. This gives management some responsibilities at this time of the year. In the context of claims and negotiations, the department is involved in 200 tables at the same time. Treasury Board is very generous in reallocating the funds: if we do not have a final legal agreement, we can transfer the amounts earmarked for these agreements and they carry over from one fiscal year to the next. Each time an agreement is reached, that is shown clearly in the public documents and the documents tabled in Parliament. I think that during the current fiscal year, we will carry forward close to \$200 million into the next fiscal year. If we reach agreements, so much the better.

In terms of our latitude and sound management practices, I insist on mentioning the establishment of a chief financial officer position. We are really going to strengthen our internal management, have monthly financial statements and a three-month review to see where we are at and to determine the pressures on the resources available. Many resources are more or less allocated on April 1 because we have some legal obligations. There are some agreements and we manage the room we have for the rest of the year. It is quite tight for the rest of the fiscal year with the creation of a chief financial officer position, the introduction of a new internal financial management table, and so on.

As you may know, there is now a policy whereby all the departments must table their audited financial statements by 2009. We are quite well advanced in preparing all of these statements. I hope this will help us maximize the use of our resources, but I must admit that it is tight.

As regards the commission, it does have resources. As for the \$20,000, this is probably some adjustment for Treasury Board. The commission has its allocation, and in the votes for the fiscal year beginning April 1, it will get \$6.7 million more for its operations. I do not think that it will have a great deal of difficulty as regards the availability of lawyers, but I am prepared to take advice on this. I think, rather, that the problem will lie with the department, because we are the first line for evaluating claims. The commission is a sort of appeal body where people can challenge our decision not to negotiate. If we reject a claim, the commission is there to take a second look, to appeal our decision.

I think the best question for the committee has to do with the apparatus surrounding the claims. As you probably noticed in yesterday's budget, we are working hard to give the minister some options in



order to change the whole process, including the option of having an independent tribunal or some other model. If we manage to reform the entire system, I imagine the commission will play a different role.

 [\(1210\)](#)

[English]



**The Chair:**

Thank you.

We're going to go to the government side. I have a question here from the chair.

Mr. Wernick, you mentioned in your opening address that the department has actively supported the accountability work of the blue ribbon panel on grants and contributions and has been active on a number of fronts. Is the blue ribbon panel on grants and contributions just for the allocation of the grants or is it also for monitoring the compliance to program guidelines and best practices as far as execution of expenditures goes?



**Mr. Michael Wernick:**

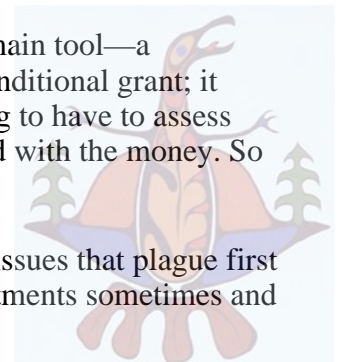
I may get in a little over my head here, Mr. Chairman, but the panel was created by the government—last spring, I think it was—to look at grants and contributions funding as a tool of public policy. There's a lot of grant contribution funding. We are probably one of the biggest providers of it at about \$5.2 billion, but there are many other departments that rely on either grants or contribution agreements. It's a set of tools that were created through the Financial Administration Act quite a number of years ago.

What the government picked up—as I'm sure members from all sides have picked up—was that in tightening accountability for the use of those resources, particularly after the events at HRDC back in 2000 and so on, we had added as a system, with good intentions, a lot of oversight, a lot file checking, a lot more attestations, more process up front, more checking after the fact. For some recipients—small NGOs, community groups, and so on—we had made it almost impossible to do business with the Government of Canada, and this was the “web of rules” kind of language that was picked up.

So the committee, chaired by Mr. Clark and Mrs. Lankin—and I forget the third member who dropped out later—looked at the whole thing. Basically they said the government should rethink the entire tool kit. Sometimes grants are grants. Sometimes they should be forgivable and sometimes they should be repayable, and we should look at that in terms of measuring the tool to fit the job, if I can put it that way.

We see that as an immense opportunity, because as I say repeatedly, that's our main tool—a contribution agreement. When you have a contribution agreement, it's not an unconditional grant; it means you're providing  $x$  number of dollars for a purpose. That means you're going to have to assess whether the applicant is eligible, and you're going to have to measure what you did with the money. So you're going to create reporting with the contribution agreements.

Can we find a more efficient way to do that, and can we deal with some of the issues that plague first nations communities, for instance, having to deal with 10 or 15 government departments sometimes and





reporting to each of them separately? Surely we can find a way to streamline that. That's the opportunity.

The President of the Treasury Board said, broad-brush, he endorses it, and broad-brush, there will be a new financial transfer payment policy in place by the end of this year. So we are certainly going to work very hard to persuade our colleagues at Treasury Board to find some instruments that work better for aboriginal recipients.

⏮ ⏪ (1215)

⏮ ⏪

**The Chair:**

So you're putting that all together in your role as the person who's going to oversee those dollars.

⏮ ⏪

**Mr. Michael Wernick:**

That's to try to change the tool kit. I guess my other role, which you alluded to, is to work with the tools I have. So to that extent, we still have to work with contribution agreements, and then we simply have to manage them, as Ms. Crowder said, to take out as much of the bureaucracy and make them as efficient a tool as possible

⏮ ⏪

**The Chair:**

Thank you.

Are there any further questions from any other members from the government side?

Madam Crowder.

⏮ ⏪

**Ms. Jean Crowder:**

Thanks, Mr. Chair.

I'm not sure how the department will be dealing with this, but one of the pieces of legislation that was passed in this sitting of Parliament was the B.C. first nations education agreement. There's nothing in the supplementary estimates that talks about any funding for having that agreement move forward. So that's one question. I wonder what's going to happen in the department on the urban aboriginal strategy and the Powley decision. My understanding is that any funds that were allocated for those will expire March 31. I don't know if there's bridging.

There was nothing in the supplementary estimates to deal with those issues. I wonder if you could deal with that.

⏮ ⏪

**Mr. Michael Wernick:**



The reason for the second case would be that the supplementary estimates are for 2006-07, and that year is going to finish in two weeks. You're worried about whether there will be money there on April 1 for 2007-08?



**Ms. Jean Crowder:**

Yes, and I understand that the supplementary estimates are for 2006-07. But is having nothing in the future budget a signal—because there was nothing in the supplementary estimates for bridging, for example—that those programs are finished?



**Mr. Michael Wernick:**

There are a lot of programs that technically finish on March 31. There will be a lot next year. We're going through the process now of finding the right assurances for people and of communicating these to them. I'm not worried about the urban aboriginal strategy or the Powley funding being there on April 1.



**Ms. Jean Crowder:**

You think there will be something there?



**Mr. Michael Wernick:**

It will be there, and I'm quite confident it will be pretty much what we funded this year. We're trying to find a way to communicate that to the recipients in a way that helps them plan. It's not the best way to do things, I understand, because they go with a great deal of uncertainty late into the fiscal year. I have another 22 or 23 authorities expiring next March 31 to try to juggle as well. That's just part of the challenge.

On B.C. first nations education, the legislation is in place, and it's being implemented, and we have A-base funding. I'm not aware that there are any operational issues in getting it implemented. If there are, let me know.



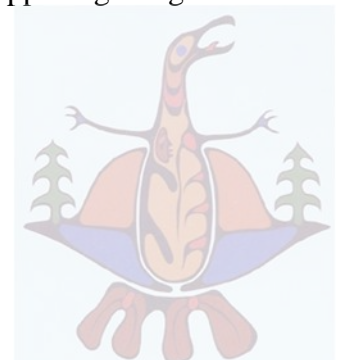
**Ms. Jean Crowder:**

Okay. I'll get back to you on that. We've had some conversations with the B.C. people, and apparently their understanding of the money that was going to flow is different from what's happening. I'll get back to you on that specifically.



**Mr. Michael Wernick:**

Thank you.





**Ms. Jean Crowder:**

Can I ask you a question on residential schools?

I don't want to talk about the common experience; I want to talk about the advance payment for elders who are over 65. When you talk about the fact that 10,338 people have been paid out and 13,447 people applied, is the difference between those two numbers people who have been turned down or people who are still waiting to be processed?

  [\(1220\)](#)

**Mr. Peter Harrison:**

It's a mixture.

**Ms. Jean Crowder:**

Can I ask you about the ones who have been turned down? We've been hearing from people who haven't been able to provide school records because the school has burned down, or income records.

**Mr. Peter Harrison:**

Floods.

**Ms. Jean Crowder:**

Yes, and floods. Several decades ago, not everybody expected that they'd have to keep those records.

I know some efforts were made to accommodate these elders, many of whom are ill. Is there anything else being done to help the seniors access that money?

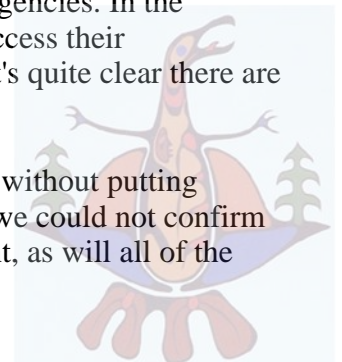
 

**Mr. Peter Harrison:**

The key question here is the availability of documentation, as you pointed out. Quite clearly, some of these documents are in institutions that burnt down or flooded, as you pointed out.

We're working very closely, Ms. Wilson in particular, with the various church agencies. In the provinces, for example, we have an agreement with the Northwest Territories to access their information. We have well over a million documents online that we can use. But it's quite clear there are some instances where there are missing documents.

In the case of the advance payment, it was an attempt to do as much as possible without putting people into difficulty. Those who could not confirm residency or those for whom we could not confirm residency, of course, will still be able to apply for the common experience payment, as will all of the other recipients. This does not replace it.



I don't know, Gina, whether or not you want to briefly say anything about missing records.



**Ms. Gina Wilson (Assistant Deputy Minister, Indian Residential Schools Resolution Canada, Department of Indian Affairs and Northern Development):**

The only thing I'll add is that for the 1,390 elders who had missing records, we're going to be fast-tracking those applications and putting them up first, because we already have most of the information.

Under the common experience payment, we'll have a number of new strategies and policies that we didn't have under the advance payment program. We'll have a computerized search system. We'll have an enhanced manual review. We'll have a panel with survivor representation to review complex cases. We'll have a reconsideration process, and finally, we'll have an appeal mechanism. All of these steps were not available under the advance payment program, and there are new mechanisms in place to deal with those particular elders.



**The Chair:**

Are there any questions from the government side? Are there any further questions from the Liberal side?

Madam Neville, please.



**Hon. Anita Neville:**

Thank you very much.

Mr. Wernick, in response to my colleague's question about the \$9 billion, you indicated that it included funding dedicated to aboriginal peoples from other departments.

In the House, sometime in the last two months—and I'm going to go back and check—I referenced the fact that this money includes the residential schools agreement, which is a legal entitlement. The minister in fact acknowledged that. Where is the residential schools agreement money listed in the budget, how is it listed, and where does it fall? As I said, he acknowledged it in the House, and I am curious to know how you determine it.

Ms. Crowder asked the question that I was going to ask about the residential schools process, because we also are hearing from many who are being denied standing as survivors, I guess, under the program. I'm pleased with the initiatives you're putting in, particularly the reconsideration and appeal.

My question to you is this. How are you going to be communicating it to the communities so that they know this option is available to them? Based on what we're hearing at the moment, they are not aware of it.

I have more questions, if I have time.



**Mr. Michael Wernick:**

These sorts of accounting issues are a little difficult. The \$9.1 billion figure that is used the most often is a snapshot that the Treasury Board Secretariat took of programming across the Government of Canada in 2005-06. This is all on the Internet, and we can work with the clerk to provide anything to follow it up. When they took the picture, standing in the frame was Indian residential schools as an organization. So if I have the right piece of paper in front of me, about \$120 million of that was the activity in 2005 and 2006, which was the old alternative dispute model, the operating costs, and so on. This predates the large settlement that was reached earlier this year, and the large amounts of resources that will flow over the next year out of advance payments and the common experience payment.

You're right in the sense that some residential schools activity was captured in that \$9.135 billion, and you could keep it in or leave it out.

On the fact that it's a legal obligation, I'm not sure what that tells you, because we also have legal obligations with respect to claims and negotiations. There are a number of things we do that are contractual or legal.

⏪ ⏩ [\(1225\)](#)

⏪ ⏩

**Hon. Anita Neville:**

But they're not in program dollars. It's misleading to list it as program dollars when it's not program dollars.

⏪ ⏩

**Mr. Michael Wernick:**

The claim settlements that were reached in 2005-06 are captured in there. If you were to take the picture again a year later you'd get a slightly different mix. If you were to take the picture again in 2007-08 you'd get a slightly different mix. But the portrait is more or less accurate of about \$9 billion spread across 16 departments.

⏪ ⏩

**Hon. Anita Neville:**

What budget line are the payments coming out of? Is it that \$120 million in advance payments?

⏪ ⏩

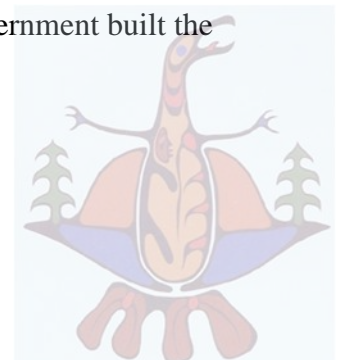
**Mr. Michael Wernick:**

No, that would have predated the whole settlement. In the 2006 budget, the government built the settlement from the Iacobucci process into the fiscal framework.

⏪ ⏩

**Mr. Peter Harrison:**

Maybe I can add a little detail to that.





**Hon. Anita Neville:**

I would appreciate it.



**Mr. Peter Harrison:**

For 2006-07, for Indian Residential Schools Resolution Canada, as opposed to Indian Affairs, the total amount expended will be \$244,600,000.

We can provide these numbers, Mr. Chairman. These are taken from the previous estimates process.

Operating costs—because we are having to build up a significant team to work with the survivors—are in the order of \$93 million, and that's for our offices across the country.

I've already mentioned advance payments, but the existing process allowed for two things. One was for an alternative dispute resolution mechanism, where we have adjudicators who work with people and who work out a settlement. And the other is litigation, where individuals have gone before the courts and have received a result from the court that the Government of Canada has to pay.

Mr. Chairman, that amount this year, 2006-07, is \$72 million.

If I add together what I already mentioned in answer to a previous question—the advance payments—and I add those settlements, that's a total of \$154,700,000 that has gone to individuals.

Where is the \$1.9 billion? The settlement agreement, which is the legally binding, court-approved, and court-supervised agreement between Canada, the church entities, and the aboriginal organizations, will come into effect once a number of things have taken place.

The first item is the support and the agreement of nine judges from across Canada. They met in Calgary on March 8. Eight have approved. The justice from Nunavut had a problem because of the weather and will come forward pretty soon, I would assume.

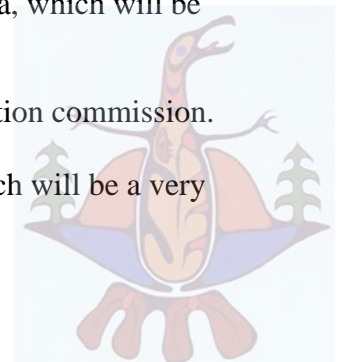
The settlement agreement lays out a number of things in addition to what I just referred to for 2006-07. It will effectively be a whole new program, Mr. Chair. The link between the two was the advance payments for the elders.

The new program will have several aspects to it. First of all, I've already mentioned the common experience payment. That is \$1.9 billion that is currently in an account, effectively a special purpose account or a trust fund in the fiscal framework. So it is there. Following the implementation date, that will be made available through the regular appropriation process to Service Canada, which will be putting out the cheques.

The second item is that \$60 million has been provided for a truth and reconciliation commission.

Third, \$20 million has been provided to support commemorative activities, which will be a very important part of the ongoing process.

There is \$125 million as an endowment to the Aboriginal Healing Foundation.



There is \$100 million in cash and services that will come from the churches for healing initiatives.

And we expect \$100 million in payments for legal counsel for former students.

The final element of this, Mr. Chairman, is what is referred to as the independent assessment process. The common experience payment will be to all individuals who attended, as a resident, an Indian residential school. The independent assessment process will be run by a chief adjudicator and a series of adjudicators working for her or him who will be totally independent of the Government of Canada. It will assess damages, because this is part, obviously, of a class action response. It will assess damages in terms of sexual abuse, physical abuse, and psychological abuse. It is effectively an extension of the alternative dispute resolution process.

We do not know, Mr. Chairman, how much that will be, because we don't know how many individuals will wish to go through that process, nor do we know what the assessment will be by the adjudicators. The settlement agreement, however, indicates that the Government of Canada will provide those funds on a timely basis.

  [\(1230\)](#)

I hope, Mr. Chairman, this has provided a little more detail on the funding.

**The Chair:**

I don't think there are any questions from the government side.

Mr. Lemay.

*[Translation]*

**Mr. Marc Lemay:**

No, that is fine.

*[English]*

**The Chair:**

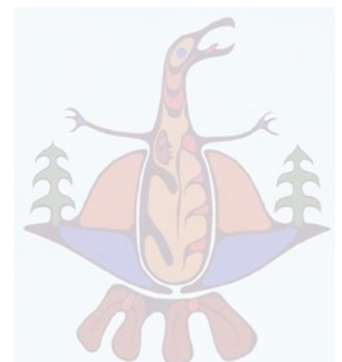
Okay.

Madame Neville.

**Mr. Marc Lemay:**

Madame Neville is spoiled sometimes.





**The Chair:**

I spoil her.



**Hon. Anita Neville:**

Spoil me, you don't, Mr. Chair, but you're kind. Thank you.

Has the money flowed to the Aboriginal Healing Foundation? They had not received their moneys as of late January, early February. Has that money gone to the foundation?



**Mr. Peter Harrison:**

I can report, Mr. Chairman, that once we've been through the proper channels to have that approved, there will be an advance of the \$125 million to the Aboriginal Healing Foundation . The \$125 million was to be made available on implementation date. That has been delayed, as you know. Up to \$25 million will be made available through that process.



**Hon. Anita Neville:**

When do you expect that to be?



**Mr. Peter Harrison:**

As soon as we can go through Treasury Board.



**Hon. Anita Neville:**

Again, when do you expect that to be? They are really scrambling to hold it together at the moment.



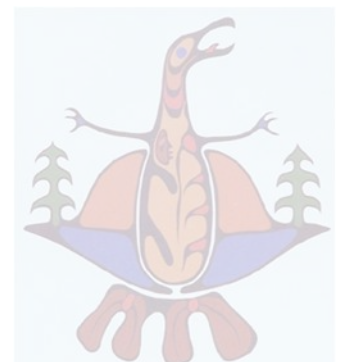
**Mr. Peter Harrison:**

I expect that will be the end of April. We're working closely with them on a daily basis.



**The Chair:**

Who is going to administer that \$125 million?



**Mr. Peter Harrison:**

That will be an arm's-length foundation.



**The Chair:**

Okay.



**Mr. Peter Harrison:**

There was a question about communications, Mr. Chair, and perhaps I could answer that.



**The Chair:**

Certainly.




**Mr. Peter Harrison:**

This is a big challenge. Under court authority, we will be moving into a notice plan. This is laid out in great detail in the settlement agreement. Once we know we're moving forward on a firm basis, there will be a six-week plan. That will include over 20,000 information mail-outs. We'll be advertising in 36 aboriginal newspapers and 35 mainstream newspapers, including local newspapers. We will have over 240 advertisements on aboriginal radio and television. We expect that well over 20 million people will be informed through this.

I think it's fair to say that the \$4 million spent on the communications is probably one of the largest efforts of a class action suit of this kind. We have professional advice on how to do this.

Madame Wilson and her officials and my officials spend a lot of time in communities meeting with survivors to explain what this is all about and how it will move forward. We work very closely with the aboriginal organizations. The Assembly of First Nations will also be very proactive in supporting this. Indeed, there is a meeting with survivors next week to talk about the common experience program.

 [\(1235\)](#)



**The Chair:**

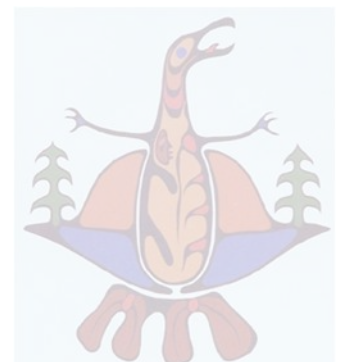
Thank you.

Ms. Crowder.



**Ms. Jean Crowder:**

On the advertising, is any of that in other languages?





**Mr. Peter Harrison:**

Yes.



**Ms. Jean Crowder:**

Okay, so it will be—



**Mr. Peter Harrison:**

It will obviously be English and French, but in the main aboriginal—



**Ms. Jean Crowder:**

Cree, Ojibway—



**Mr. Peter Harrison:**

Cree, Ojibway, Inuktitut. I can't tell you precisely.



**Ms. Jean Crowder:**

But a lot of different languages.



**Mr. Peter Harrison:**

We will also have teams of volunteers going into the communities who will be able to explain in the local language what this is about.



**The Chair:**

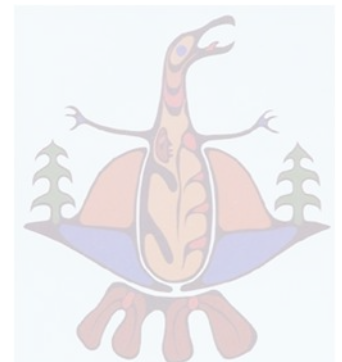
Thank you very much for that explanation.

Is there anything else, committee members? Mr. Bagnell.



**Hon. Larry Bagnell (Yukon, Lib.):**

I have one short question for Mr. Wernick.





You were mentioning your responsibility related to the Accountability Act. Could you tell me what has changed? What are the benefits we've received from that change?



**Mr. Michael Wernick:**

There's some debate about that in the public accounts committee, which I think you may be alluding to.

My understanding is that it essentially codifies the principles and practices we're always under. It makes it very clear that there's a zone the minister is responsible for in terms of political direction and priorities and there's a zone of administration that I'm responsible for as a deputy head. It codifies that and makes it very clear. I'm responsible for the efficient management of resources, internal controls, and for the running of the department under the direction of the minister.

I think it's easier for you, as parliamentarians, to decide what to hold me to account for and what to hold the minister to account for. That works well for both of us.



**Hon. Larry Bagnell:**

Have you changed any of your activities as a result?



**Mr. Michael Wernick:**

Yes. As I said, it actually has made it very clear what I have to answer for: I have to answer for the statement of internal control of the department; I have to sign the financial statements; if there are glitches or boo-boos in the financial presentation, I'm the one you should be interrogating, not the minister; and so on.

So it has given all deputies a very powerful incentive to move on having a chief financial officer look at the financial policies in the department, strengthen their audit shops, and so on. That was the intended effect of the legislation, and I can assure you that it's happening at INAC.



**The Chair:**

A good reason for this topic for you to be here, rather than the minister, quite frankly.



**Hon. Anita Neville:**

Quite the contrary, quite the contrary.



**The Chair:**

I appreciate the witnesses. Thank you. It was very informative. I think you answered all of our



questions, and so I excuse you now.

I'll take a two-minute break, and then we're just going to cover a couple of items that we need to deal with as far as the subcommittee meeting tomorrow is concerned.

Where are we with the motion by Madam Neville?



**Hon. Anita Neville:**

We haven't dealt with it. We will on Thursday.



**The Chair:**

Okay.

Is there anything else?

Okay, then. I'll just give notice that on Wednesday, from 3:30 to 5:30, there's a subcommittee. We'll be looking at witnesses. We have a few challenges for Tuesday, because the witnesses we had notified couldn't make it. So we'll talk about it then.

This meeting is adjourned.

