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Ms. Marlene Catterall

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• (0905)

[English]

The Chair (Ms. Marlene Catterall (Ottawa West—Nepean, Lib.)): I call to order this meeting of the Standing Committee on Canadian Heritage.

Our prime witness today is the Auditor General of Canada, Sheila Fraser, accompanied by Richard Flageole, Ginette Moreau, and Richard Gaudreau.

I want to thank Ginette for the briefing I had yesterday.

I believe we will leave it to you, Ms. Fraser, to make whatever comments you want to make. I understand that you appeared before the committee just before the election was called last year.

Ms. Sheila Fraser (Auditor General of Canada, Office of the Auditor General of Canada): That's correct.

The Chair: There was no follow-up on your presentation then. We may try to do something different today.

Thank you.

Ms. Sheila Fraser: Thank you, Madam Chair.

We thank you for the opportunity to come before the committee to discuss our observations on the mandate of Telefilm Canada, the governance of the Canadian Television Fund, as well as the protection of cultural heritage in the federal government.

As you mentioned, with me today are Richard Flageole, Assistant Auditor General, Ginette Moreau, principal, and Richard Gaudreau, director, who are responsible for auditing the protection of cultural heritage in the federal government.

Let me first turn to Telefilm Canada. Our November 2004 report included an audit observation concerning Telefilm Canada. The mission of this crown corporation, which was established in 1967, is to foster and promote the development of the feature film industry in Canada. Over the years the federal government has extended the corporation's activities to include the television sector in 1983, the new media sector in 1998, and the music sector in 2001, with memoranda of understanding and contribution agreements with the Department of Canadian Heritage.

In our opinion, the corporation's activities in supporting the development of the television new media and music industries are not consistent with its legal mandate. I recommended in that observation that the government clarify the mandate and powers that it wants Telefilm Canada to have, update the Telefilm Canada Act to reflect the changes, and obtain parliamentary approval.

Since our report was tabled, the government has acted quickly on our recommendations by introducing Bill C-18, An Act to amend the Telefilm Canada Act, and another act, that being the Financial Administration Act. On December 1, your committee examined the bill and discussed it. As you are no doubt aware, the House of Commons passed the bill on December 13, 2004, and it is now before the Senate.

[Translation]

I will now turn to the Canadian Television Fund. We examined the governance and accountability of the regime for the Canadian Television Fund and published our audit results in chapter 23 of our November 1999 report, *Involving others in governing: accountability at risk*, as well as in chapter 1 of our April 2002 report, *Placing the public's money beyond Parliament's reach*. In our second audit, we found a number of improvements in the Canadian Television Fund governing framework, notably a provision for an annual report on the fund as a whole, including financial reporting, as well as the adoption of audit and evaluation frameworks. However, we considered that there was room for further improvement, notably in the information reported to Parliament, and in key accountability mechanisms, including an external audit regime.

We are currently conducting an audit of the support that Canadian Heritage gives to the cultural industries of feature film, television, publishing and music. We are examining a number of contribution agreements that the department has signed with third parties—i.e. with Telefilm Canada and the Canadian Television Fund—to help film and television producers. The results of the audit will be included in our November 2005 report.

• (0910)

[English]

Let me turn now to the protection of cultural heritage. Our November 2003 report included a chapter entitled "Protection of Cultural Heritage in the Federal Government". Our objective in this audit was to obtain an overall picture of the federal government's protection of cultural heritage. This audit focused on built, archival, and published heritage and on some collections of federal departments. We examined the relevant protection regimes and management practices of the main organizations responsible for heritage protection, that being the Department of Canadian Heritage, the National Archives of Canada, the National Library of Canada, the Parks Canada Agency, the Treasury Board Secretariat, and certain others.

Our audit revealed that cultural heritage under the protection of the federal government is exposed to serious risk of loss. This is notably the case with the National Archives, the collections of the National Library of Canada, and several national historic sites. If nothing is done, generations to come may not have access to key parts of their heritage or may have to bear higher costs to protect them. Once a piece of our history is lost, it is lost forever.

We have recommended that the government review the objectives of protection and the available means with the participation of public and private partners, reinforce the regimes for protection, and ensure that federal organizations responsible for heritage protection improve their management practices. An overall review is necessary, because adding resources on an ad hoc basis and improving management practices will not be sufficient to guarantee the protection of cultural heritage in the long term.

The current protection regimes have reached their limits. The time has come to adopt a more strategic and global approach to the protection of cultural heritage, because our heritage continues to increase while resources are limited. We must rethink how we do things and even what elements of heritage are worthy of preserving. The Department of Canadian Heritage can and must exercise stronger leadership in the search for a more strategic and global approach to heritage protection.

The management of heritage protection is currently fragmented. The recent transfer of responsibility from the Parks Canada Agency to the Minister of the Environment underlines the need for more concerted and better coordinated efforts within the protection regime. There is a need to clarify federal organizations' responsibilities and accountabilities for the management of government information, the management of collections, and the protection of national historic sites and federal heritage buildings not owned by the Parks Canada Agency.

[Translation]

There is a need to ensure a better balance between the mandates and responsibilities for heritage protection and the resources made available for this purpose. Currently, Library and Archives Canada and the Parks Canada Agency are having difficulty fulfilling the heritage protection aspects of their legislative mandate.

All of the responsible organizations, including the Department of Canadian Heritage and the Treasury Board Secretariat, accepted the recommendations in our report. However, they will succeed in implementing the recommendations only if a shift to a culture of heritage protection takes place within the federal government, and cooperation among all entities involved is strengthened. Effective management tools need to be developed as soon as possible, particularly to identify and collect national archives or records and obtain information on the nature and the condition of our heritage.

Since our audit, the organizations responsible for heritage protection have started the process of implementing some of our recommendations. The Parks Canada Agency has announced the creation of tools for the protection of built heritage, i.e. the Commercial Heritage Properties Incentive Fund and the Canadian Register of Historic Places. However, it is too soon to evaluate these measures.

Your committee could play an active role in supporting federal heritage organizations in implementing our recommendations and in strengthening the overall protection regime.

● (0915)

[English]

For example, you could ask these organizations to provide the committee with action plans and implementation milestones. This would help the committee in discussing such actions as the ones undertaken by the Department of Canadian Heritage to undertake a global review of the results the government wants to achieve for heritage protection and the means of protection available, or actions taken by Library and Archives Canada to modernize their regime of records disposition authorities.

I thank you, Madam Chair. This concludes our opening statement. We would be pleased to answer any questions the committee may have.

The Chair: Thank you very much.

I'm sure there will be many, beginning with Ms. Oda's.

Ms. Bev Oda (Durham, CPC): Thank you very much, Madam Chair.

Welcome, and thank you for coming and making yourselves available to us this morning.

When I listened to your presentation and also read parts of your reports, I was particularly concerned about the heritage protection area. It seems that over the years there have been some serious fundamental structural deficiencies, I would say, in how we try to meet that mandate. I'll particularly point out here that in 2000-01 the Department of Canadian Heritage actually stated it was going to make the development of a strategic plan for Canadian Heritage a priority. That has since been delayed, Madam Auditor General.

However, today you've also indicated that some action will have to be taken. Do you have any reservations about such a framework being developed by the department as to whether it will be an effective first step? Is that what's needed?

You've said there has to be a cultural shift in government overall. Since there's been a delay, we have departments doing some things within their own department, but how important is the overall strategic plan by the department?

Ms. Sheila Fraser: Thank you, Madam Chair.

We really believe the overall strategic plan for all of government is essential. It is critical that it be completed so there will be a proper assessment of the actions that need to be taken.

As I said in the earlier hearing we had, some tough choices are going to have to be made here. The resources are limited. I think our report points out that in fact the funding that was given in 2000-01 is, in absolute dollars, less than it was 10 years before that, so it is impossible to do everything one might like to do.

That strategy is required in order to determine what it is absolutely necessary to do and how the resources will be used and to enable the government to make those difficult choices. It is absolutely essential. I worry, when we see a lot of ad hoc measures being taken, that they aren't coordinated and aren't linked to a broader strategic framework.

Ms. Bev Oda: It would seem to me that this is an area that requires commitment and political will, but it's also an area that requires expertise, knowledge, experience, etc. When responsibilities are scattered over a number of departments, is it realistic to think the same level of commitment can or should be expected from every department that's involved in some way?

Ms. Sheila Fraser: I don't think, Madam Chair, that we have any particular concerns about the level of expertise. There are a lot of very talented, very good people who work in the public service who know these areas well.

What I think is missing is a clear responsibility. It's very easy when there are activities or operations spread over a number of departments and agencies, but at the end of the day nobody's really in charge. I think it's important, and we believe there should be one department—and we believe it should be the Department of Canadian Heritage, but it could be another—that is tasked with doing this, leading this, and having the responsibility for making the coordinated plan. I don't believe you can do things with a whole lot of people with nobody having that direct responsibility.

Obviously, I think too that the interest of committees like this helps to focus attention on these areas. If the departments and agencies are accountable to this committee for their action plan, for meeting their timelines, and for what they are doing, it will also help to keep that attention focused over what will be a certain period of time in order for them to accomplish this.

• (0920)

Ms. Bev Oda: My final question in this area is this. Since this observation was made by you in 2000-01, there has been a delay. Have you had any further, more recent response from the Department of Canadian Heritage in this regard as far as developing a strategic plan is concerned? Our concern is that we see the department outlining and making statements regarding developing plans, developing frameworks, etc., yet we're awaiting a number of these. This one, to me, when I read some of the specifics, is quite serious. Consequently, can you update us?

Ms. Sheila Fraser: I am aware that there are consultations going on.

I could perhaps ask Ms. Moreau. She might have more specifics to provide to you.

[*Translation*]

Ms. Ginette Moreau (Principal Director, Office of the Auditor General of Canada): Madam Chair, the Department of Canadian Heritage is indeed involved in consultations, but that is all we know for the moment. That is a fundamental starting point, since the department does not actually have any policy on heritage protection. So the strategic management framework is all the more important in the current context.

[*English*]

The Chair: Thank you.

Mr. Kotto.

[*Translation*]

Mr. Maka Kotto (Saint-Lambert, BQ): Thank you, Madam Chair.

Ms. Fraser, Ms. Moreau, Mr. Gaudreau, Mr. Flageole, thank you for being here. I would like to say that you are a source of inspiration in our fragile democracy. You give the new MPs among us a reason to continue our work on these issues because you stand for integrity, you and your team. Thank you for that.

I want to react to Ms. Moreau's remark. With respect to the protection of cultural heritage, I was struck by the lack of overall political vision, which is probably the source of the problems that we see. When you don't know where your ship is headed, the engine and the rest of the equipment will not work together to take you in a given direction. If I come back to this, it is because it stands out. My background is in the artistic and cultural area. It has been clear to us for years that there is no real cultural policy or cultural vision in this country.

You are familiar with Bill C-18. Do you have any comments about this bill, which is now before the Senate?

Ms. Sheila Fraser: I will ask Ms. Moreau to answer your question, since she is more up to speed on this.

Ms. Ginette Moreau: Bill C-18 is aimed at modernizing the mandate of Telefilm Canada and enabling it to play a role in music and television as well as in new media. These changes were necessary in the present context. The department acted immediately after our recommendation. So we are satisfied in that regard.

Mr. Maka Kotto: Fine.

Ms. Fraser referred earlier to improvements in the way the Canadian Television Fund is managed, but she remains skeptical about the way some of the information is reported to Parliament.

Could you elaborate on that?

Ms. Sheila Fraser: In the course of our audit, we examined a number of organizations. Generally speaking, we found that the information provided to Parliament was not adequate to allow parliamentarians to evaluate effectively whether these organizations were meeting their objectives and whether they were in line with the overall federal government policy.

We examined foundations, for example, in those chapters. So we looked at a number of organizations. I would prefer to wait for our November report, in which we will deal more specifically with the Canadian Television Fund and Telefilm Canada and their interaction with the Department of Canadian Heritage. At that time, we will be better able to give more specific information. Our last audit showed that improvements had been made. I hope that further progress has been made since then.

● (0925)

Mr. Maka Kotto: Thank you. Given the great wisdom of you and your group, and given the fact that there is huge pressure to increase this fund and make it ongoing, how should the members of this committee react to that request? What conditions might we want to impose?

Ms. Sheila Fraser: That is a good question, but you need to be aware that the Auditor General is always reticent when asked for an opinion about additional funding. That is really a political decision that is up to the government.

We make comments when we see that there is a gap between the resources allocated and the expectations or objectives, which is the case of certain departments here. I look forward to perhaps having a longer discussion on the whole question of support for cultural organizations, when we have finished our audit next November.

Mr. Maka Kotto: Thank you.

[English]

The Chair: Mr. Angus.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you very much for a very concise and clear report.

A number of the issues that are raised have been gnawing away at me. Considering your language of having to get beyond ad hoc responses and the need for a strategic plan, it really seems to me that heritage policy in Canada is like a rudderless ship. We saw that in the fall in the situation with Tomorrow Starts Today funding, where we had arts groups across the country basically having no idea whether there would be funding coming into the new year or not.

I'm trying to get a sense of whether this is just a cultural malaise that's within the department, or whether it's that the department has virtually no standing with Treasury Board. Would you be able to give me a sense of whether it's a fundamental lack of tools that they have or whether it's an overall lack of vision?

Ms. Sheila Fraser: I find it difficult to comment on the specifics. Madame Moreau might be able to give us some insight. We haven't done any audit work yet on it, but there has been a tendency throughout government departments to give a lot of the funding on a temporary basis, which I think has also driven some behaviour that is less than satisfactory. We see evidence of it, for example, in short-term hiring of people and uncertainty about funding until people are actually into the year. It makes the management of programs on a sustained basis very difficult to do.

Coming back to this, I think what we're really talking about here is the protection of heritage assets and the need for a strategy and an overall framework and a policy. On that I'll perhaps ask Ms. Moreau to elaborate.

[Translation]

Ms. Ginette Moreau: Madam chair, it is hard to identify the real reasons involved here, but I think that part of the problem is that many cultural organizations have a well-defined heritage protection mandate. Some examples are museums, the Parks Canada Agency, Library and Archives Canada, which all have clear legislative mandates.

The role of the Canadian Heritage Department is to exercise leadership and provide direction for all this management infrastructure. The department also plays a role in supporting the minister in the development of policies and programs. The department is well aware of its responsibilities.

We need to look at the resources allocated to the department to play its heritage protection role. It is called the Department of Canadian Heritage, but most of the resources available to it are certainly not allocated to that sector. The department wears a number of hats, as you know.

I believe that the department is aware of its responsibilities. It has a leadership role to play, and we do think that it could do more and act a bit more quickly to develop this framework, which has been underway since 2000 and 2001. That is among its priorities, but things are not moving very quickly.

● (0930)

[English]

Mr. Charlie Angus: Thank you.

We have heritage that's considered heritage in Ottawa—our national treasures—but I'm very aware that much of our heritage is in all these small communities spread out across Canada, in buildings that are decaying. I've witnessed this myself in many places. One of the responses that were brought forward was to digitize these collections—the online digital collections.

I worked on a number of programs with the Algonquin Nation. We had looked to digitize the history of the Algonquin Nation through Fort-Témiscamingue-Obadjiwan in Ville-Marie, Quebec, my good friend's riding. We found it a very frustrating program. In the end our tribal council walked away from it, and nothing was ever done.

Did you look at the applicability of any programs that are out there for digitizing online content in these small, isolated communities that are trying to preserve heritage? Was that part of the mandate at all?

Ms. Sheila Fraser: No, Madam Chair, that wasn't part of the specific audit. It could be the subject of audits in the future, but it wasn't part of this.

The Chair: Thank you very much.

Mr. Simms.

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.): Thank you, Ms. Fraser.

I have a question here: "Since our audit, the organizations responsible for heritage protection have started the process of implementing some of our recommendations." Could you give me some details on what it is you're talking about?

Ms. Sheila Fraser: Sure. I'll ask my colleagues to help, as well.

I know that Parks Canada has undertaken some work and has begun a program on their historic sites, the management there.

Perhaps Ms. Moreau could give us more specifics.

[Translation]

Ms. Ginette Moreau: In general, certain steps have been taken. For example, Treasury Board is currently consulting certain departments to update its materiel management directive so as to more explicitly include the responsibility of departments that own historic sites and heritage federal buildings for protecting this part of our heritage.

Steps have been taken by Library and Archives Canada to modernize its approach to records disposition authority. We haven't audited steps taken since our report was tabled. However, we are told that our stated recommendations are being implemented.

[English]

Mr. Scott Simms: Can you comment on the incentive fund itself?

I'll touch on what Mr. Angus touched on basically, which is that a lot of this money to spend to preserve the heritage of places across this entire country.... Are you satisfied with what's been going on with the money spent to preserve cultures in several regions, say Canada's north, for example?

Ms. Sheila Fraser: I think our audit points to a gap between the resources that are available and the overall needs that are there. What we are recommending is that there be a strategic approach to what should be done with the resources available. We realize—and we've mentioned in here, for example—that several historic sites are in serious danger of deterioration, and if something isn't done within two to five years, they will have to be closed.

Fort Henry was listed here, for example, and there has recently been money put into that. But there are other areas. I visited Cave and Basin in Banff. It needs to have money put into it. There is a series of sites like that across the country. With the resources that are currently given to it, they cannot all be done.

Mr. Scott Simms: Earlier you alluded to the short-term incentives as being a detriment, is that correct? You said, for instance, hiring people on a short-term basis was a detriment—

Ms. Sheila Fraser: We have done that in other audits. We did an audit of hiring in the federal government about two years ago, and we found 90% of the hiring in the federal government was short term.

• (0935)

Mr. Scott Simms: Do you see a connection here between that sort of thinking and some of the shortfalls in the incentive?

Ms. Sheila Fraser: We haven't made that link in this report. What we are saying, though, is that the resources are limited. The resources that were being given to cultural and heritage protection in 2000-01 were lower in absolute dollars than they were 10 years before that. So there's been a decrease of over 20% in funding if you take inflation into account, which means that you can't do everything.

If the resources are to be at that level, you can't do everything. Yet every day there are new sites being added to heritage properties. There are newspapers and documents coming into the library and the archives. The collections are continually growing, yet the funding is limited. It means that at the end of the day there will have to be tough choices made as to what will be protected. If you continue on in this ad hoc basis, the concern is that we may in 5 or 10 years from now

realize we should have protected something and we didn't, and it will be gone, lost.

That's why that underlying strategy is critical, to ensure that the funds are going to protect the items we want to protect and that there's a longer-term vision on this.

Mr. Scott Simms: Would you advocate sacrificing some for the long-term viability of others, that type of thing?

Ms. Sheila Fraser: I think that is the reality of where the situation is right now, quite frankly, that some are being sacrificed. I guess I question whether those decisions are being made with that overall strategic mindset. We don't see any evidence of the strategic plan and the strategic framework, and decisions are being made every day about what is to be kept and what is not to be kept.

For example, we talked earlier—and I know it sounds technical—about disposition authorities. The National Archives gives authority to departments to destroy documents. The authorities are not up to date. There's a huge backlog of documents of decades. What is being kept and what is not being kept, I'm not sure anybody can really tell you.

Are documents being destroyed about which some day somebody will say, "Gee, I wish we'd kept that"? Or is there a whole mountain of documents that have not been sorted through and classified? If they are not accessible, are they useful? There is a huge issue that has to be dealt with, and it really needs that policy and that overall framework in order to make sense of the whole thing.

Mr. Scott Simms: Thank you.

The Chair: Mr. Schellenberger.

Mr. Gary Schellenberger (Perth—Wellington, CPC): Thank you.

I would like to thank you folks for coming in today. I really appreciate it.

Again, talking about what we have just been talking about in your last statement, there is a difference between a collector and a hoarder. I get this quite frequently from my wife. She calls me a hoarder. Sometimes I have to take her advice, and I can't just keep building places to put things that I think are very valuable. And yes, I have thrown the odd thing out that I wish I still had.

But just to quote a couple of your sentences here: "The current protection regimes have reached their limits. ... We must rethink how we do things and even what elements of heritage are worthy of preserving".

I do know—I think it's still practised—that if I were to write a book today, three copies of that book would go to the archives. Maybe it should be reduced to two copies, or to one. That might help. I was part of this committee when we put the archives and the library together, again to address the protection of our archival and library artifacts that are out there. I think there's a building being renovated right now to accept some of that stuff, but you can't keep building buildings, and that's for sure.

My point would be that we should be thinking a little further down the way, and rather than getting rid of all of a particular thing—and maybe some of these regulations are archaic—we could just put a line in that we don't need to send three books anymore, that one copy might be enough.

This committee is asked to bring in great reports, and then we receive weak responses from the ministry. Again, I have to say that in 2003 a report went in there on broadcasting. It was an 872-page report with 97 recommendations, I think it was, and we received a three-page report back. So we as a committee don't know what might be used out of that report, what might not be.

There's one more statement. I agree wholeheartedly that the fragmentation of the authority between the ministries is counter-productive and should be, in this case regarding our heritage, under the heritage department. I find that when it gets flipping back and forth between departments, one can blame the other.

We asked for a response to our report—it was on copyright—just before we broke for the election. We asked for a report to come back from the ministry by November 14. We asked around November 1 where the response for this report was, and we were told there was an election. Well, we were in an election, the ministry wasn't. That report wasn't brought back to us. We sit here spinning our wheels, and this is what happened.

I think there should be a little closer connection between the ministry and the standing committee. What might your feeling be on that?

• (0940)

Ms. Sheila Fraser: I very much agree that the attention of committees helps to focus attention within departments. If a committee shows an interest—asks for action plans, follows up on those action plans, and ensures there is a regular accounting as to whether things are proceeding as planned, or, if there were difficulties, what were they and what the adjustments were—we see that this does help to maintain a focus within departments. It can obviously be in a hearing setting, but it could even be through correspondence.

Many of these projects aren't things that are going to be done in a week or two. It does take a long time, and it is difficult to maintain momentum over a long time, with a lot of competing priorities, so I certainly encourage committees to ask for action plans, to follow them up with departments, and to maintain that interest on these very important issues.

Mr. Gary Schellenberger: I know a fair bit of the budget goes into the national libraries and archives. We have some tremendous archives and libraries across this whole country.

I was in an archive in my riding of Perth—Wellington, in Stratford, and the working conditions for these folks, because of the lack of funding, are pathetic. I'm not the smallest person in the world; I could not work in there, because I couldn't get down in between the files. Instead of getting a bigger building for some of the things they have, they just put in another row and squeeze them, something like we did in the House of Commons. We squeezed the seats a little tighter together.

Could some of the problem we have here in our national archives in Ottawa be farmed out to some of our regions, to our smaller archives and libraries?

Ms. Sheila Fraser: I would make two comments.

Yes, I think very much that there has to be a concerted effort between the federal institutions and other institutions—and the private sector as well—in doing this. This is one of our recommendations. We say we have to think of new ways of doing this and of involving others in the preservation effort.

If I could, too, I would suggest that if people want to see conditions that are less than stellar, you might want to visit the National Library of Canada and the National Archives; 90% of the collections are in conditions that are not suitable for preservation. I'm sure the senior officials of the library would be more than pleased to take you around and show you where the leaks are and what the conditions are of our national collections.

• (0945)

The Chair: Thank you, Ms. Fraser and Mr. Schellenberger, and thank you for the line of questioning, Mr. Schellenberger.

When our hearing ends, without being too directional to the committee, I personally would hope that we might see a motion to ask the Department of Canadian Heritage to report to this committee on what actions it has been taking and will be taking, including the actions of other government departments and agencies in response.

I would also like to suggest that the committee keep this in mind when we review the estimates of the department, since resources are such an important part of the comments the Auditor General has made, and that we might make the spending on cultural heritage preservation a focus of our estimates review.

Thank you very much for the questions.

Monsieur Lemay.

[*Translation*]

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Good morning. I'm very pleased to be sitting on this committee and to meet you. I'm newly elected to the federal government, and I'm with the Bloc Québécois. I have to admit that before the sponsorship scandal, the Auditor General of Canada didn't have a very great reputation across Canada. But I've read a lot about the work of all of the auditors general who came before you as well as about you and your team, and as my legal training comes back to the fore, I have a question for you.

Your job is to make recommendations. How do you ensure that your recommendations are followed? Is there a way of doing that? Is there a deadline of one month, six months, a year? How do you make sure your recommendations are followed?

Ms. Sheila Fraser: We do two things with recommendations. First, once a year, we do a review with the departments to see whether the recommendations have been implemented. That is part of our office performance report, because we regard the implementation of our recommendations as an indicator of our performance. That's the first thing.

As for the other, among the four reports that we have to table in Parliament, there is one that serves to re-audit certain matters that we have already audited, so as to follow up and evaluate whether the progress made is satisfactory. We rely heavily, as much as possible, on the departmental action plans to decide when it's appropriate to re-audit. It would be neither appropriate nor fair for me to say that we are going to come back in one year if the action plan shows that it will take three or four years to carry out certain recommendations.

As a matter of fact, next Tuesday, we will be tabling our *Status Report* in the House of Commons. It is a follow-up on eight issues that we have previously audited. Some audits go back from two to five years roughly. We re-audit these issues to see whether the government has dealt with our concerns.

Mr. Marc Lemay: If I understand correctly, you don't have the authority to direct spending.

Ms. Sheila Fraser: No, not at all. Resource allocation is truly a government decision, about which we make no comment other than perhaps to point out a discrepancy between resources allocated and expectations.

Mr. Marc Lemay: Would it be twisting your recommendation to say that from point A to point B, one of the major problems at Canadian Heritage when it comes to protecting all of the assets and archives is that there are too many people who have only temporary funding or too many employees who are only part-time?

Ms. Sheila Fraser: Yes. It would be incorrect to draw that conclusion, because that was not part of this audit. We did not do the analysis specifically for Canadian Heritage or Library and Archives Canada. That's a question that was raised in other audits and that I suggested might in part explain the difficulty the department was having in meeting demands for stable funding. Given that the funding is limited, the steps you'd like to take clearly have to be even more targeted. That, I believe, is our report's message.

• (0950)

Mr. Marc Lemay: Do I understand you correctly to be saying that they are accumulating and declaring more and more historic monuments left and right, but there's nothing to maintain them? Is the lawyer in me going too quickly?

Ms. Sheila Fraser: You're not far from the truth. There are some documents that accumulate. For example, we have documents from people who were ministers 30 years ago that have still not been placed in the archives. So the number of documents is increasing everyday.

Mr. Richard Flageole (Assistant Auditor General, Office of the Auditor General of Canada): The system was designed to ensure that things were done in a certain way. As mentioned earlier, whenever someone publishes a book, a number of copies go there. A copy of newspapers goes there every day as well. Once the system was designed in this way, resources were required. However, the resources did not keep pace with the growth of all these things. Consequently, some choices have to be made. Either we increase the resources in order to continue doing things as we did in the past, or we do these things differently. I think this is the aspect that should really be focused upon, namely, what would be the best way to proceed in the future based on the resources we wish to devote to protecting our heritage.

Mr. Marc Lemay: The chairman was saying that we could ask you to provide action plans and implementation schedules. That would be helpful to you, and it is something we could recommend.

Ms. Sheila Fraser: Yes, that would be very helpful to us, because this is important to us. We would return to do another audit after an appropriate length of time to determine whether the situation had improved.

There is one other point I could perhaps make. We have noticed that inadequate information is passed on to Parliament and parliamentarians about the state of affairs. What are historic places? What is the state of the archives? What is the state of the library? What assets are endangered? What steps will be taken? Then you would have an overview which would give you a clear idea of the current situation. At the moment, you do not have this information.

Mr. Marc Lemay: One final question, Madam Chair. There is talk about a new national library.

Ms. Sheila Fraser: About a new building.

Mr. Marc Lemay: Do you think the building meets the needs? Is it already too small? Is this a viable solution? Was this facility necessary?

Ms. Sheila Fraser: I think it is generally agreed that the current facilities are not adequate. As we mention in our report, they do not meet the humidity, temperature and other standards required in order to conserve our collections. So, there is a need for a new building that would meet all the standards to ensure documents are protected properly.

Mr. Marc Lemay: Thank you.

[English]

The Chair: Ms. Bulte, please.

Hon. Sarmite Bulte (Parkdale—High Park, Lib.): Thank you very much.

Thank you very much, Ms. Fraser, for coming today.

I may not be a brand new member, but like Mr. Lemay, I am also a big fan of yours. Welcome to the committee.

I must tell you, though, yesterday when I was reading through your letter to Ms. Catterall, it reminded me of my days as corporate counsel when we'd sit and review a management letter. We didn't always agree with it.

Let me start with the television fund. I think it's one of our greatest success stories, the Canadian Television Fund, and I have always been a huge supporter of it. In fact, I know when the fund was cut back, when Mr. Manley was the finance minister, there was a huge uproar in the community because the moneys had in fact been leveraged. I notice in your letter that you talk about it being \$150 million, but it is in fact much bigger than that. The contributions are made from cable, television and satellite, so the moneys it leverages from there are huge.

My concern is that I didn't realize there was a problem with the fund. It is a public-private partnership. The Department of Canadian Heritage has five seats on that board. Help me. Why is it broke?

I understand, too, that the board has undergone significant governance improvements in the last six months to try to make it more and more independent as well. You say that we don't have access to that information as parliamentarians, but I certainly have access to a lot of information on the fund. I think it reports quite regularly.

In 1996, the CTF provided \$1.7 billion in funding towards the creation of 18,000 hours of programming in English, French, and aboriginal languages. The total value of those productions was estimated at \$6 billion. Again, this is nothing but a success story, so help me out as to what's wrong with the fund.

• (0955)

Ms. Sheila Fraser: What we looked at in this report in 2002 were the accountability arrangements for a variety of entities. The fund was one of what we call delegated arrangements, but there was a whole series—I think there were probably twenty or more—of different types of organizations that we looked at. We looked to see if the basic elements of accountability to Parliament were in place.

We were not in any way evaluating the fund, looking at the fund in specifics. We were looking at issues like what information goes to Parliament, whether there is proper reporting, whether there is ministerial ability to have ministerial oversight, and some of the public policy things like access to information, how they deal with disputes or complaints from the public, and issues like that. It was on that side of things, and what we noted in the 2002 report was that there had been many improvements made by the fund since the earlier report in 1999.

As I mentioned, we are now doing a more focused audit on aid to cultural industries. We will be taking, if you will, more of a look at how the fund supports cultural industries, how it relates to the Department of Canadian Heritage, Telefilm, and others. It will be into more of the substance of the programming, whereas this was really about accountability mechanisms.

For example, on access to information, I think we had a comment that access to information wasn't complete, that the ministerial oversight wasn't properly defined. It was more on the broad level of governance, if you will, that we had issues, and we may come to the specific audit to see if those issues have been addressed, because they could have been addressed since 2002.

Hon. Sarmite Bulte: But specifically, was there a problem with the fund?

Ms. Sheila Fraser: On certain issues of accountability, yes, there were improvements that needed to be made.

Hon. Sarmite Bulte: Where weren't they accountable? Help me. Accountability is broad. How were they not accountable? I'm concerned, because certainly one of the things a lot of people in this industry are pushing for is a renewal of this fund to make it evergreen. When we hear things like this, though, this is a reason for the government to stop and say, whoa, maybe we shouldn't have this fund continuing.

Ms. Sheila Fraser: No, there were issues like the fact that, for example, there was no accountability to Parliament. There may have been a report to a minister or to the department, but there was no report given to Parliament. We define it as being that when there is public money, there should be some mechanism of reporting to Parliament.

One should not interpret that to mean we have concerns about what the fund was doing. It's more the relationship with Parliament and whether some of the public sector values were evident. Initially, there were even audited financial statements that weren't made public. That was corrected afterwards.

It was in those kinds of issues, not in what the fund was actually doing in its operations. We didn't look at that.

The Chair: Ms. Bulte, I'll come back to you.

Mr. Brown is next.

• (1000)

Mr. Gord Brown (Leeds—Grenville, CPC): Thank you, Madam Chair.

Thanks to you and your team, Ms. Fraser, for coming today.

One thing in which I have a great deal of interest is one of your recent reports in which you referenced Fort Henry. I happen to have chaired the provincial government agency that is the operator today; I did so from 1998 until my election to Parliament last June, so I was intimately familiar with what was going on. In that report—I think it was in November 2003—you talked about it, and today you talked about the fact that there had been significant funds spent there. That brings me really to the whole issue of our built heritage.

One thing I'm greatly distressed at is that Parks Canada has recently been moved over to the Department of the Environment. Do you think there should be a separate agency to deal with that built heritage, separate from Parks Canada or at least getting some attention separate from the Environment side? Knowing a lot about Parks Canada, in my riding of Leeds—Grenville, there are a lot of Parks Canada facilities, of course, with the Rideau Canal and St. Lawrence Islands National Park. I know what they do, but I'm concerned that the built heritage, such as the Rideau Canal and Fort Henry, is not going to receive the attention it might if it were solely in a heritage agency.

I'll throw that out there.

Ms. Sheila Fraser: It would be inappropriate of us to make comments as to how the government, or what we call "the machinery of government", organizes itself, but it is clear that Parks Canada does have a mandate to protect built heritage. It is part of their responsibility, and I think it's a responsibility, quite frankly, that they do take seriously.

There are, though, questions of the resources that they have available to do that. I think one of the points we made in the report was that it's clear that they don't have the resources to do the mandate that has been given to them.

Again, as Mr. Flageole said, when you have that gap, there are two solutions to it. One is to give them more money, but the other one is also to redefine what it is our agency is expected to protect and how they would go about doing that.

I think it is becoming increasingly difficult for them, because as they concentrate on, for example, a Fort Henry, which was in a very bad state, it takes a lot of their funds and they let others go, and then everything becomes a crisis. It's difficult for them, I think, to do the kind of preventive work over the years to maintain these properties if they have to focus so much on doing major repairs, which become very expensive, and if they are always addressing what is the most urgent need.

So there really needs to be an inventory done of what is the state of all of this, and then what are the priorities, what should be saved, and perhaps the difficult choices about what is going to be let go. I think it would probably be good for the committee to have that discussion with the agency.

Again, we think there needs to be an involvement of the department to ensure that overall strategy and that overall coordination and to ensure that it's in a line. It can still report to the Minister of the Environment, but there needs to be that link, we believe, with the Department of Canadian Heritage as well in that overall coordination of the protection of cultural heritage.

Mr. Gord Brown: So you just think, really, it's back in the political realm of whether that should be moved around.

Ms. Sheila Fraser: That's right.

Mr. Gord Brown: You don't have any problems with the accountability of the mandate that's given.

Ms. Sheila Fraser: No.

Mr. Gord Brown: Okay. Thank you very much.

The Chair: We'll go back to Ms. Bulte.

Hon. Sarmite Bulte: I have a question on the built heritage.

I think it was two Parliaments ago that this committee tabled a report called "A Sense of Place - A Sense of Being". It was a study on our cultural policy in Canada. I think at that time, in fact, the committee recommended that something be done about the archives because of leaking document facilities. So in a sense, I'm glad it's timely.

Ms. Moreau, you said maybe the department does not have enough money—and I hope that my friends across the way heard that—to do all the things it has to do. What would you recommend?

In regard to the National Archives and the National Library and the loss of our documents—which is really under our mandate, because the historic sites have now gone under the Department of the Environment—what do you see as the solution to this, aside from more money? I can't see any way of doing it except finding more money for this. Is there something else you would recommend?

•(1005)

[Translation]

Ms. Ginette Moreau: The archives and the management of our archival heritage are a complex issue. A number of countries are facing the same type of difficulties faced by the library and the

archives. However, I must point out that serious efforts are being made to find a more effective, simpler system to authorize the disposal of documents. That is something the library and archives can do.

There's another very important measure. Responsibility for managing the archives is shared between the Treasury Board Secretariat and the departments. The Treasury Board Secretariat gives directives to departments about the way in which they should manage information. The Treasury Board Secretariat developed a new policy on information management in the federal government in 2003, and the departments should implement it. Those are the two bases of the system.

The third is the role of the Library and Archives, which is to support departments in record management, and also to identify documents that could be destroyed and those that should be transferred to the Library and Archives. The implementation of this information and records management policy is fundamental, and the cooperation among the three main players is extremely important as well.

We therefore recommended that Treasury Board, in cooperation with the Library and Archives, set up a framework for managing this policy and ensure that it is implemented. However, what is needed is a culture change: increased importance must be placed on records management in the federal public service.

[English]

Hon. Sarmite Bulte: And what is the status of that framework right now?

[Translation]

Ms. Ginette Moreau: People are experimenting with a number of components of the policy implementation framework. We have been told that is what is underway at the moment.

[English]

Hon. Sarmite Bulte: But there's still much more to do.

[Translation]

Ms. Ginette Moreau: Definitely. You are quite right.

Hon. Sarmite Bulte: Thank you very much.

[English]

The Vice-Chair (Mr. Gary Schellenberger): Thank you.

Mr. Angus.

Mr. Charlie Angus: I'd like to return to this issue of ad hocery and lack of strategic vision. When I find that 90% of our collections are not being protected or are not kept in the condition they should be, I'm sensing we're dealing with a major need for an infusion of moneys to deal with this.

At the same time, I guess I'd like to speak to the fact that heritage isn't necessarily just history. Heritage is economic development. Heritage is tourism. There are numerous heritage projects coming forward all the time, and so of course heritage is also very good for local politicians, who can come back with heritage dollars to restore old Father Bob's house from 1760 or 1972. There's lots of interest and lots of money is pumped in.

Did you examine at all how programs are being administered in terms of accountability?

Ms. Sheila Fraser: We didn't specifically look at this question. We do look at issues, for example, of how departments and agencies in their reports to Parliament, be it the reports on plans and priorities or in the performance reports...we will do that generally in the office. And we did it in this audit, so I guess if we talk about accountabilities, it would be through those documents.

One of the findings of the audit was that we felt Parliament wasn't receiving a good picture of the state of the assets, if you will. What were their condition? What were the problems? What was the potential for loss, for example, of these historic sites or archival documents? We really felt that this sort of inventory, that kind of basic information, should be presented to Parliament on a regular basis every year so that parliamentarians would be better apprised of the situation. That is one of the recommendations we made, and I guess I would encourage the committee to ask for that.

On the question of funding, as I said, yes, obviously more funding would help, but you can't just have these big injections of money every once in a while to sort of clean it up, and then everything builds up again and you give another injection of money. We really believe there has to be serious consideration given to doing things differently, and involving other partners as well.

I want to make it clear too that this isn't just a responsibility of the federal government; there are many other organizations—municipalities, provinces, and the private sector as well—who would be interested, we would expect, in also doing heritage protection. How do you involve them, and how do you make the best use of all of that?

I recognize this is not an easy issue. It's difficult even to coordinate within the federal government. When you expand it even further out, it does make it more complex. But there really needs to be, I think, serious consideration given to how to do things better. The system, as it is, is not sustainable. Just putting a whole bunch more money in will maybe resolve the backlog that's there now, but will it not just create another backlog in five or ten years? We have to get beyond that and think. And that's why we always come back to the strategy, the policy, that an overall framework needs to be put in place.

• (1010)

Mr. Charlie Angus: To continue on that line, I can't see politically how anybody will be re-elected by saving documents in the National Archives. I can't see the political will there. However, I can see many struggling members thinking, well, if I can bring \$2 million from heritage home to my riding, it will help me be re-elected. And unfortunately, those decisions often affect spending priorities. This is where I want to get back to the lack of an overall framework.

We obviously have an emergency situation with many of our national artifacts, but we don't seem to have a framework for how we are going to prioritize them. I want to get back—I'm not just digging for mud here—but I think the levers of government move for those who cry the loudest, and members of Parliament who want to be re-elected and know the government side very well will obviously be

saying, I need \$2 million for this project in my riding. Meanwhile, we do not have an overall framework.

Were you able to examine any of that, or do you have any recommendations for how we should set a prioritizing schedule?

Ms. Sheila Fraser: As we said, there obviously needs to be development of the policy, an overall framework, and a strategy going forward. As to what the priorities are, that is really up to the government and the people who know this best to decide those priorities, but there does have to be an establishment of priorities and difficult choices.

I think there is also an element of education and accessibility. It isn't only preserving something, it is also making it accessible to people and educating the population generally about the importance of this.

The sad part of all this is if we don't conserve it, we can't go back and get it again. If you haven't kept that newspaper, or a book is gone, or you have let some site go into ruin, it's hard to re-establish it again. Once it's lost, it's lost forever. That's why it's so critical that there be clear thought given to what we need to protect and want to protect and to how we are going to do it to ensure it is done.

Mr. Charlie Angus: The LaPierre report that came out on *A Charter for the Cultural Citizen Online* speaks of the need for a radical new framework for understanding online content, particularly Canadian content. I think that heritage is a fundamental feature of that, with the need to make, as you say, heritage accessible to people and new ways of preserving it. LaPierre admits that such a program would involve a major new agency that would need to oversee something of the scale that is needed.

Have you looked at how the heritage department is spending its money in terms of online digital? Is there anything to do with digital development?

Ms. Sheila Fraser: No, that is not an area that we've looked at.

Mr. Charlie Angus: Okay. Thank you.

The Vice-Chair (Mr. Gary Schellenberger): Thank you, Mr. Angus. I realize I was very fair with you on that particularly. I gave you an extra question.

I was sitting over there before I came to the chair seat, so I have the next little session here. I will be very brief. I have two things.

One, I believe in public-private partnerships. I think they're great when it comes to a particular festival or something like that. I have found around my region that usually if there is a dollar of government money put into a particular function, we realize that this government money that is granted to various events and to various projects is taxpayer money. It's not the money of the government of the day, it is taxpayer money. For every dollar the government usually invests in some of these things, the private sector and the people who are really involved will go out and raise \$10 or something. I think it is a great stimulus.

I have been involved in a couple of things. Mr. Angus touched on one, and that is when things are sometimes let go into disrepair, which solves a problem because they're not there any more.

However, I've been involved in one particular little event, and I will be very specific. It's the Sir Frederick Banting Homestead. It has been let go almost to the state of disrepair where all of a sudden they say that they can sell the property because it's not worth saving now. Those things are very important and we need to set our priorities there.

The other thing is that lots of times we have to think outside the box. I'll go back to the three copies of books. There should be some great value in some of these extra books that we could get rid of. We could have a garage sale. It might help to build a state-of-the-art facility.

I know regulations have to be changed, but I do agree that we have to be innovative. You can't just throw money at it, because down the road we'll be throwing more money at it. There has to be a plan. There has to be a long-term plan. We talk about long-term stable funding in heritage. We need to have a long-term plan and stable funding.

●(1015)

Ms. Sheila Fraser: Yes, and I agree very much. I think it is the plan. It is taking stock of what is the situation now, how methods can be changed within the overall strategy about what is to be kept and what is to be preserved, and ensuring, hopefully, that the funding will be there to sustain it.

The Vice-Chair (Mr. Gary Schellenberger): Okay, thank you.

Mr. Simms.

Mr. Scott Simms: No.

The Vice-Chair (Mr. Gary Schellenberger): Mr. Kotto.

[Translation]

Mr. Maka Kotto: Thank you, Mr. Chairman.

I would like to ask a question, but I do not know whether it really comes under your mandate. It has to do with micromanagement. Let me take an easy example. In the case of Telefilm Canada, there is a question surrounding the way in which grants are given for some productions. We have heard that the same people often receive the grants. Sometimes, when these production or distribution companies make profits as a result of these grants, which are public money, taxpayers' money, an equivalent sum is not reinvested in the government for the benefit of all Canadians.

Is it in your jurisdiction to examine this matter?

I also have a second question. Last week, Statistics Canada published some statistics showing that there had been massive support for culture in Quebec and Ontario. However, when we talk to creators in the field, they wonder what we are talking about. Do we really have any concrete idea of where this money went?

Ms. Sheila Fraser: I will answer part of your question. Our mandate is restricted to the activities of the federal government. Consequently, we can audit grants and contributions programs. We check on the criteria, how the requests are evaluated, how the choices are made and what accountability procedures are in place. We determine whether the objectives have been met and whether the program is in keeping with the department's policy. This is the type of matter we look into in our audits.

Generally speaking, we do not consult third parties. We may consult some occasionally to get their impression of a program, but we do not audit the books and activities of contractors or the recipients of government grants or contributions. In our current audit on assistance to the cultural industries, I presume we will be auditing the grants and contributions, the decision-making procedures and the way in which choices are made.

In most of our audits, we also ask whether the department has evaluated the program. The Auditor General does not have a mandate to evaluate programs, but our mandate is very clear in this regard: we can ask or check whether the department has done an evaluation. So we ask that question. I must confess that it is fairly rare that an evaluation was done, but when one was, we also state in our report the results of the department's evaluation.

So that is basically how it works. Clearly, in our report on assistance to the cultural industry, we will also look at the coordination and links between the various organizations that provide assistance. We are even in contact with the auditors general of the provinces to see whether they are interested in cooperating with us, because some of the provinces you mentioned, such as Quebec and Ontario, did an audit of their programs last year, I believe. So we will see whether we could coordinate our work with that done by the provincial auditors general.

●(1020)

Mr. Maka Kotto: Thank you very much.

[English]

The Vice-Chair (Mr. Gary Schellenberger): Mr. Brown, do you have any more questions?

Mr. Gord Brown: Yes, thank you, Mr. Chairman.

It's a simple one. In paragraph 15 it says that our committee could play an active role in supporting federal heritage organizations and in implementing your recommendations and in strengthening the overall protection regime. Can you expand a little more on what you really think we could do to help out?

Ms. Sheila Fraser: The major thing we encourage committees to do is to ask the departments for action plans that will address the recommendations. In this report, the departments have agreed with the recommendations, so I say, if you've agreed, then you should be putting them in place. So ask for action plan implementation and be specific. Who is responsible, what time, and what results? Then do the follow-up with them on a regular basis to ensure that the attention continues there. That would certainly be one element.

I would also encourage you to perhaps meet with certain of the agencies involved to find out what specifically they are doing to address some of the issues. For example, the National Archives could give you information on the state of their collections—and others as well. We really believe that more information has to go to parliamentarians on the state of the collections, the state of the built heritage, and the long-term plans. What is at risk, and what are the plans to address that? You could do that either in an overall fashion or by taking certain of them.

Then I would ask Canadian Heritage where they're at with their policy and their framework development, which they've been undergoing for four or five years now. When do they expect to have it done? Provide your input to them. They may welcome some input from parliamentarians on how they should be doing this.

Those are some of the elements I would certainly see the committee doing. You might want to visit them to see firsthand some of the challenges they have.

Mr. Gord Brown: That's a good idea.

Thank you.

Hon. Sarmite Bulte: Mr. Chair, just to follow up on Mr. Brown's question, we also have a problem now that the built heritage is under Parks Canada, which has now been moved to Department of the Environment. How do we coordinate that? The Department of Canadian Heritage now is basically left with the archives and the library, and not with all the historic sites. There are people applying for historic site designations all the time.

I know that in my riding we've been trying to do it, and people want more historic sites. As you say, Mrs. Fraser, where's the money to keep them up? That's the other thing I get from people in my riding. So is this workable? I know you don't want to comment on the machinery of government, but it just seems there are two separate...there's Heritage and there's Environment.

• (1025)

Ms. Sheila Fraser: I think Ms. Bulte's absolutely right that there is an issue there as to how this will work going forward. I guess we went as far as to say we really thought Canadian Heritage should have overall responsibility for coordinating. If that is the case and it is made clear, I don't think there's anything that would stop this committee from asking Parks Canada to come in and talk about that element of their mandate.

The committee can ask any department to come in at any time. The Secretariat of the Treasury Board is another key player in that. So if you decide to go on and look at this more broadly, I don't think you should be shy about asking them to come in.

The Vice-Chair (Mr. Gary Schellenberger): Mr. Lemay.

[*Translation*]

Mr. Marc Lemay: Ms. Fraser, I was wondering whether you were aware of a Canadian Heritage Program called "Tomorrow Starts Today".

Ms. Sheila Fraser: I would imagine that my colleague is familiar with it.

Mr. Marc Lemay: It is a project which is renewed year after year. In fact, it has just been renewed again.

I am trying to get to grips with how this state works. Ms. Fraser, you spoke earlier about short term funding plans.

While you were carrying out your studies and analyses, did you encounter any quadriennial funding, in other words funding which was guaranteed for more than a year, for four years? Does that exist within the Department of Canadian Heritage? I do not know whether my question is clear.

Ms. Ginette Moreau: Funding often stems from the program itself. For example, there are programs supporting music and programs that support those museums which do not fall under federal jurisdiction. Programs are established, and funding is then attributed for a three- to five-year period. That is the primary way in which the department's activities are financed. A few years ago, \$500 million were granted to "Tomorrow Starts Today" for a three-year period. The program has just been extended for a further year.

Mr. Marc Lemay: That is what I was talking about.

Ms. Ginette Moreau: That is more or less how the funding works.

Mr. Marc Lemay: Do you not find such an approach to be somewhat lacking? If it has just been renewed, the money will have to be spent before March 31st. If not...

Do you get what I am driving at?

Ms. Sheila Fraser: Yes, absolutely. Indeed, my office is currently examining the possibility of studying the entire expenditure management system. We would examine the way in which funding is allocated to various departments in order to find out whether long term planning does take place, whether there are a significant number of short term programs, and whether the appropriate evaluations are being carried out. This is a project which we would like to undertake, but we are only at the initial stage. It will involve a great deal of work for us. We would also like to view the documents which are given to parliamentarians, such as the budget estimates and the supplementary estimates. To see whether the information is presented in a way which is easy to understand, we want to know what the statutory appropriations are. We have just started worked on this and I do not think we will be able to table something before Parliament on this subject before 2006 at the earliest.

We have undertaken this study because several departments are displaying symptoms of problems attributable to funding only being allocated for a short period of time. They are encountering difficulties in setting up and implementing programs within the specified time frame, and therefore the program does not get further developed. I think that that sometimes has a negative effect on personnel recruitment and long term strategies. It is a question which we would like to study. We have just started to plan out how we will undertake such a study.

• (1030)

Mr. Marc Lemay: Good luck.

Ms. Sheila Fraser: Thank you.

[*English*]

The Chair: With the committee's permission, could I ask for some clarification on that point, because I think one of the difficulties government faces is for how long it can commit potentially future governments to financing of programs, and as Auditor General you are in an ideal position to comment on whether it can do that and for how long.

Ms. Sheila Fraser: We agree very much, and we know there are certain aspects that are in the realm of policy and the political, for example, the budget and the decisions on allocations as to where the funds go. But we're looking at things like the main estimates that come in. We have seen cases where, for example, for certain crown corporations that conduct the same activities year after year and spend x dollars year after year, the main estimates that are presented are significantly less than what they spent in all those other years, and then there's a supplementary estimate that is coming in at the same time. So you say, does this really make sense, and is Parliament being adequately informed about what these programs cost?

I've seen examples of letters coming out—I probably shouldn't say this—where supplementary estimates are to go in on March 31. How can you have a supplementary estimate on March 31? It makes no sense, because you're not supposed to spend the money until it's been voted. If you haven't spent it by March 31, why would you need money then? So there's an issue about how that whole process works. We want to take a look at it, because we think it's not well understood. We think there are some issues there.

I know that in recent months there has been an effort to try to give more stability in funding to departments. When we did, for example, a project and audit on Government On-Line, which is a significant project involving many millions of dollars, the funding was only in place for 18 months. So you say, there's something that I think is inherently detrimental to the long-term planning and the long-term stability of some of these projects.

Also, with so many new parliamentarians, even discussions around what is a statutory vote, what are the main estimates, how do supplementary estimates work, vote 5—there's a lot of that where we say we could almost do a glossary of terms to help demystify some of the documents. But if committee members have any suggestions or any concerns, we would be more than glad, because we're just starting to think through how we might actually do something like that.

The Chair: I think many of the creators and programs that are supported by government funding would share your deep concerns about never knowing when the funding's going to continue or come to an end, and that leads to huge inefficiencies for them.

I want to say to the committee that we're now at 10:30 and I'd like a little time to discuss our agenda on our study of the feature film production in Canada. Could I ask who wants another intervention? I know you do, Ms. Bulte. Is there anybody else who wants another intervention? I know there's been some discussion about a motion, which we can't deal with today since it isn't translated, but we could at least hear what the intention of the motion is. It would be good to deal with that before we recess as well.

So Ms. Bulte wishes to ask more questions. Does anybody else?

Ms. Bulte, to wrap up.

Hon. Sarmite Bulte: Thank you very much.

Let's go back to the funding. I guess it all boils down to accountability a lot of the time as well. Let's say I'm in an 18-month program exactly. Sometimes a program isn't just right. One of the things I understand is that after a period of time this department goes through a summative evaluation, then after another period it goes

through a much larger evaluation, and then it gets A-base funding. So there are a number of steps we go through.

In one sense, from an accountability perspective, that works well. For example, Tomorrow Starts Today, which I'm a huge fan of as well, is still going and it's only been around since 2001. It would be great to have that funding, but if they're not accountable or it's not doing its job...

So help me here. How do we reconcile that with what the department is currently doing?

● (1035)

Ms. Sheila Fraser: I absolutely agree, and those are the mechanisms we will look at: is there evaluation at appropriate times and is there a go/no-go decision being made?

I'll give you another example of something we looked at: internal audit. The Treasury Board Secretariat created a centre of excellence for internal audit, yet the funding was only in place for 18 months. It's difficult to ask people to establish something and bring other people in when, once you start the program, your funding has run out. How do you make a mechanism that assures more stability but has the rigour in it for you to make the proper evaluations and to say, are we accomplishing what we wanted to do?

You're right, with many of the programs there's almost a bit of trial and error at the beginning.

Hon. Sarmite Bulte: That's especially so, Ms. Fraser, I'm sure you'll agree, in the whole cultural sector, because many of those organizations, such as the Canada Council, are not subject to that part of the Financial Administration Act. I can't remember which part; maybe it's part X. The reason is that cultural objectives are different from the objectives in other departments.

Ms. Sheila Fraser: In management we did another audit. I won't say which department it was, but there was a regulatory program that had no A-base funding. Does it make sense that you have a regulatory program and it has no A-base funding? Those are the kinds of issues we have seen in a number of audits.

We're still at the very early stages of how we do this. As I said, if members have any suggestions for us or any concerns, we'll be happy to.... This will all be part of our scoping exercise to determine how we do this audit.

Hon. Sarmite Bulte: Thank you.

The Chair: Thank you, Miss Bulte.

Thank you, Ms. Fraser and officials, for being with us and for being so helpful.

I think we have a motion coming forward that I'm sure will be of interest to you. As I mentioned, we can't deal with it today because it hasn't been translated and circulated yet. There may be some editorial work to be done on it, but I think we want to hear the intention of the motion.

Mr. Scott Simms: Thank you, Madam Chair.

Through you, I'd like to table this. It's somewhat a work in progress, as we say.

The motion reads as follows: That the committee report to Parliament on the Auditor General's report, requiring Heritage Canada to report to the committee on the development of a strategy and action plan, including timeframes, in response to the Auditor General's recommendations on the protection of cultural heritage. The report must also include the results of consultations with other government departments.

The Chair: Thank you.

That motion, then, is tabled for translation and circulation at our next meeting, obviously subject to amendment from people who, having seen the motion, would like to see some editorial changes to it. But I think the intention of the motion is clear.

Ms. Bulte.

Hon. Sarmite Bulte: Again, we do have a 48-hour requirement, but that's 48 hours after it's translated. If we can't deal with it on Thursday, then there's some time—

The Chair: Let me discuss that with the clerk. I think it's 48 hours after it's presented to the committee, but we'll sort that out. That's an administrative problem. I think the intention of the motion is positive and constructive.

Thank you very much again.

We do need a bit of a discussion on our agenda for the study of the film industry. If I may, first let's talk about our public hearings in the prairie provinces on the feature film study. We do not have permission from the House to travel yet, but that should come later today. Monsieur Kotto and Monsieur Lemay might want to make sure that is supported by their House leader and so on, but hopefully that will be finalized later today.

We had scheduled four hearings across Canada, but there have been a number of requests coming in from the prairie provinces, asking that the committee add a hearing in one of the central provinces. Our clerk is contacting the organizations to see how many want to appear. We could add an extra day to our trip to Vancouver and hold hearings in one prairie location. He'll continue those discussions. It really comes down to whether it makes more sense to hold an extra day of hearings in the Prairies or to bring people to one of our other hearings in Vancouver, Ottawa, Toronto, or wherever, depending on the number who want to be heard.

I'll go over the schedule in a moment, but we could accomplish this by leaving here Tuesday evening instead of leaving Wednesday evening for Vancouver. We could fly to either Winnipeg or Calgary to hear witnesses from the prairie provinces, and then go to Vancouver the evening of the 9th.

You probably don't have this schedule in front of you. I'm sorry, but I should have arranged that with the clerk for today.

•(1040)

[Translation]

Mr. Marc Lemay: Is it the same schedule that I saw earlier? Are we talking about March 8th?

[English]

The Chair: If I can start with Thursday, we initially had the Minister of Canadian Heritage scheduled. With the information that the department is also undertaking a review of "From Script to Screen"—it has begun and will be continuing to work on that—there was some concern about how the work of the committee meshes with what the department is doing, and some concern among various groups interested in this study as to whether they were going to be spending the next years running around presenting briefs to the government, briefs to this committee, and so on. What we thought would be better is to have officials from the department in on Thursday to explain exactly how their study will be proceeding, and then we can deal with how our work can mesh with that.

We then have several witnesses scheduled for the next two weeks.

Our first scheduled travel is to Vancouver the week of March 7, right after the one-week break in March.

Mr. Gary Schellenberger: Do we leave on March 7?

The Chair: No. We're currently scheduled to leave on the 8th and be in Vancouver the 9th, 10th and 11th—the Wednesday, Thursday, Friday.

•(1045)

Hon. Sarmite Bulte: We leave Tuesday night?

The Chair: Yes, Tuesday night.

Am I right?

The Clerk of the Committee (Mr. Jacques Lahaie): Yes, if we have Calgary or Winnipeg.

The Chair: That would be if we have Calgary or Winnipeg, a third city. Otherwise we'd be leaving the night of March 9 for hearings in Vancouver on the 10th and 11th.

I want to confirm that the committee, in addition to holding hearings, is also interested in on-site visits, if available. Is that the case?

Hon. Sarmite Bulte: I just have a question on the calendar. What is the World Film Festival?

The Chair: We can go back to that.

The second thing I wanted to do today is look not only at our travel schedule but at what witnesses are currently lined up, and is that satisfactory? Does the committee want to add other witnesses, take off witnesses? I don't know.

Mr. Kotto.

[Translation]

The Clerk: You made a request for the World Film Festival.

Mr. Maka Kotto: Yes, I had requested that we hear from the World Film Festival. The World Film Festival is the Montreal cinema festival which has been around for 28 years, but may not take place this year because both Telefilm Canada and Quebec's SODEC will be discontinuing their grants. Telefilm Canada and the SODEC have launched a joint invitation to tender to set up a new festival. This has led to a new group preparing the launch of a new Montreal cinema festival, although not before 2006.

One must ask whether Telefilm Canada was within its rights to unilaterally cut its funding to this festival. We have received several requests from the World Film Festival, in this case from Mr. Losique, to be allowed to share their perspective with us. We will also have the opportunity to hear from Telefilm Canada so that we can weigh up both sides of the argument in the hope of finding a solution and, possibly, drawing the issue to the attention of the Department of Canadian Heritage so that Montreal does not go without a festival this summer.

[English]

The Chair: Ms. Bulte, I know you want to speak.

As someone relatively new to this whole field, if we are beginning a study of film production in Canada, I understand there are over 40 film festivals across the country, and I'm not sure why we should single out one to come in and meet with the committee. If we want to look at the role of festivals in supporting film production, then we might want several of them, because I imagine there are different points of view on that matter and I'm not sure it's fair to have one particular festival appear before the committee.

[Translation]

Mr. Maka Kotto: No. This issue was on the table before we had even thought about travelling around Canada to study the film industry. The file was on the table because, for the first time, Montreal risks being deprived of its film festival. This is not at all the situation of the other 39 festivals.

[English]

The Chair: To help me understand, they have an application for funding, I presume, before the government. I'm not sure about the appropriateness of the committee mixing in that process, frankly.

Anyway, I agree—

[Translation]

Mr. Maka Kotto: No, no. Madam Chair, I would like to clarify this a little. Telefilm Canada appearing before the committee has nothing to do with Canadian cinematographic policy. The reason why we would invite Telefilm Canada to appear before the committee is to find out exactly what is happening, to evaluate what factors might stand in the way of Montreal's film festival this summer. Neither Ontario nor British Columbia are faced with the same situation. The issue was raised and explained at this committee, and I think that the proposal was accepted when we were listing priority issues for the committee's consideration.

[English]

The Chair: Ms. Bulte.

Hon. Sarmite Bulte: Madam Chair, Telefilm is independent, but moneys go there. I feel very uncomfortable in getting involved in Telefilm's decisions, as a parliamentarian. It's a separate entity. I don't feel right about it at all. And not all the festivals get money from Telefilm; that's another thing. We have to be careful about what we say. Individual productions get money, but not necessarily festivals. I think we're getting involved in something we shouldn't be getting involved in.

● (1050)

The Chair: I'm somewhat uncertain as to why and how this got on the agenda. That's why I want the committee to take a few minutes now and look at other witnesses we have scheduled.

The clerk informs me that he has received a brief from the festival. I'm in the committee's hands. Do you want to receive that brief and have a look at it?

Hon. Sarmite Bulte: Then we need to include the Toronto International Film Festival, not just the World Film Festival. Then there's the Vancouver Film Festival. If we want to do that, we should get before us the Academy of Canadian Cinema and Television, which produces the Genies, and find out how much money it gets from Telefilm.

What is it we're trying to do here? Are we trying to solve the problem of what happened to the Montreal Film Festival? Is that our job? I'm concerned that we're getting involved in private sector things we shouldn't be involved in.

The Chair: Are there any other comments from committee members?

Monsieur Kotto.

[Translation]

Mr. Maka Kotto: I would like to comment on what Ms. Bulte said. It is a matter of hearing from the representatives of Quebec's oldest film festival, the Montreal World Film Festival. This festival is going to be consigned to the annals of history without its representatives having the possibility of giving evidence before their elected representatives. The request was made when I suggested it at the beginning of the session. When we were listing our priority issues, the possibility of excluding this one was never raised. Were we to consult the list of issues for consideration and the proposed agenda, we would see that everybody was in agreement. Nobody reacted the way you are reacting now.

Furthermore, as an elected representative and legislator, it is within my purview to ask whether making invitations for tender is part of Telefilm Canada's mandate. Based on my reading of the act, I would say that it is not. The objective, therefore, is to shed some light on the matter and avoid a potential conflict which will result in Montreal going without its festival. I am convinced that if this were happening in Toronto, we would not even be having this discussion. But here, we are talking about Quebec and Montreal.

[English]

Hon. Sarmite Bulte: I have a point of order, Madam Chair.

The Chair: Can I just make a comment, please.

Hon. Sarmite Bulte: No, point of order.

Mr. Maka Kotto: [Inaudible]

The Chair: Just a moment, let's not start a fight here. It seems to me we're almost being put into a position of hearing from an artist who might object because the National Gallery didn't buy his or her painting. I'm very uncomfortable with this, frankly.

Mr. Maka Kotto: No, no—

Hon. Sarmite Bulte: Madam Chair, first, I really take exception to Mr. Kotto's saying that if it were in Toronto it wouldn't be a question...because it's Montreal. There is no evidence whatsoever; that's an egregious allegation. I personally take affront to that. What I'm also concerned about is Mr. Kotto's saying that Telefilm did not have legally the.... Then there's a potential lawsuit pending, and that's another reason for us not to get involved.

Again, this committee works very well. But when you come up with egregious allegations that are unsubstantiated, then it doesn't work, with all due respect.

The Chair: What does the committee want to do with this?

Hon. Sarmite Bulte: Do we have quorum?

The Chair: We do have a quorum.

The issue is that right now the World Film Festival is scheduled to appear as a witness next Tuesday. I sense some discomfort on the part of committee members about our hearing from them.

My recommendation would be that we review the brief first as members of the committee and then decide, as a committee, whether it's appropriate for the World Film Festival to appear in front of us or not. Does somebody want to make a motion endorsing that position or not?

Mr. Khan, are you moving that we not hear from the World Film Festival next week, but that we do receive and review their brief?

•(1055)

Mr. Wajid Khan (Mississauga—Streetsville, Lib.): I think we should postpone until we understand more what they want to talk about.

The Chair: You want to postpone, okay. Thank you.

Would you like to, then, leave it to the chair to see what adjustments we make in our agenda?

Could I ask you to review the other witnesses scheduled before we meet on Thursday? I will ask the clerk and our researchers to provide you with a list of others we know want to be heard, as far as we know now. If there are witnesses you wish to add, let us know that. We can discuss that on Thursday. If there are witnesses you think are

not appropriate or if there are other ways you'd like the hearings to proceed, we can discuss that on Thursday as well.

Mr. Brown.

Mr. Gord Brown: Madam Chair, one of the recommendations that came out of Madam Fraser's presentation was that we might meet with Parks Canada to talk about built heritage. I don't know if we can fit that in that quickly, but it might be one that we could work into the schedule.

The Chair: I will consult with the clerk to see how we can adjust our agenda, okay?

Is there any other business?

Monsieur Lemay.

[*Translation*]

Mr. Marc Lemay: I have a very simple question, Madam Chair. Regarding our trip to Vancouver, I know that we are leaving on March 8, but are we coming back on the 11th or on the 12th?

The Chair: We will leave on the 8th or the 9th, and we will come back on the afternoon of the 11th.

Mr. Marc Lemay: We will have to ask our whip if we can be absent from the 8th to the 11th.

The Chair: Of course.

Mr. Marc Lemay: We will get back on the 11th.

The Chair: Yes. To be more exact, we will leave on the 8th if another meeting is organized for Calgary or Winnipeg. If not, we will leave on the 9th.

[*English*]

The Clerk: By the end of this week. Next week I will make an announcement. I'll let you know.

Mr. Gary Schellenberger: When we come back, we'll come back in fewer—

The Chair: We have a motion to adjourn from Mr. Brown.

The committee stands adjourned.

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