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The Honourable Shawn Murphy

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• (1100)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): Ladies and gentlemen, at this point in time I'd like to call the meeting to order.

I want to welcome everyone here.

I want to welcome to the committee Mr. Michael Wernick. Michael is the new Deputy Minister of Indian Affairs and Northern Development.

He has asked to appear before the committee, and the committee certainly welcomes his presence. He was unable to attend the last meeting because of an emergency. The steering committee agreed that it is important to have the deputy here as part of the chapter we're writing on some of the issues surrounding the recommendations coming from the Auditor General's office dealing with the Department of Indian Affairs and Northern Development.

Mr. Wernick, I understand you have an opening statement. The floor is yours.

Mr. Michael Wernick (Deputy Minister, Department of Indian Affairs and Northern Development): If it's all right with you, Mr. Chairman, I thought I'd take a few minutes—I promise to be brief—and then have an exchange with the committee.

The first thing I should do is thank you for the opportunity to come here today and for accommodating what were unforeseen circumstances last week.

As I said in my letter to you, I treat relations with parliamentary committees and Parliament very seriously. In all of my previous jobs I had very constructive relationships with the parliamentary committees overseeing the department. I've had many opportunities to appear at and work with parliamentary committees. I understand the importance of your work.

It really was a crisis situation last week. I think if any of you caught your BlackBerrys or your newswires, you will have seen that the situation in Caledonia got a lot better today. Barricades are being dismantled. I think the situation is improving by the hour.

It was my decision to attend the other meeting on short notice and not be here, and I unreservedly apologize to the committee for any inconvenience it has caused you in your work or your deliberations. I hope we can move forward today.

What I'd like is to very briefly, because I know you've had the opportunity to talk to the Auditor General and some of my officials,

do a little treetop view of the comments on the Auditor General's report that was tabled last month and talk a little bit about the actions the department has taken, and, more importantly, intends to take, to address the recommendations that were raised in a series of reports over the last few years.

• (1105)

[Translation]

As the new Deputy Minister of a department that is responsible for spending several billion dollars each year to improve the living conditions of First Nations, Inuit and Métis, I can assure you that we all strive to attain the highest possible value from the money taxpayers entrust to us. And we adhere strictly to principles of probity and prudence. Money is spent honestly and wisely to further the purposes for which it is intended.

My department concurs with the Auditor General's identification of the seven critical factors that appear to enable the successful implementation of her recommendations. Specifically, the factors described in chapter 5 of the Status Report are, as you know: good coordination among departments; sustained attention to sound management practices; meaningful consultations with First Nations; building capacity within First Nations; an appropriate legislative base for programs; support for First Nation institutions; and recognition of INAC's potentially conflicting roles.

[English]

Mr. Chairman, I can assure you that these factors will guide and inform the design and implementation of policies and programs and services in the coming months and years.

Let me just move on to talk a bit about some of the specific issues that were highlighted in the Auditor General's report and talk about how some of these factors may come into play.

On the issue of mould in first nations housing, I accept entirely the challenge of bringing together, in my convening role, the three departments that have accountabilities on this file. What I have is the ability to convene, and I am going to be meeting with the president of CMHC later this week. My senior assistant deputy minister, Paul LeBlanc, whom you met last week, is pulling together an ADM's group, and there is a meeting taking place even this Friday of a working group between my department, CMHC, and Health Canada, and I can inform you that the Assembly of First Nations is involved in this exercise and is involved in shaping the framework, which we hope to turn very quickly into a concrete action plan moving forward.

So we are going to get our act together among the three departments, and I'd be happy to come back to the committee in the months ahead and report on the progress.

There's a lot to be done in that area, as you know. As the Auditor General pointed out, there are important things governments can do and important things that can be done in the community and by individual homeowners. There are issues to do with construction, with home maintenance, with practices of ventilation, and so on. We have a role to play as government and as funder. We will meet our responsibilities and help others to meet theirs.

There has been some improvement—not enough and not fast enough—but we are trying to ensure that on-reserve housing meets appropriate codes and standards, and we are trying to enforce the National Building Code in the construction of housing. It will be of importance in safeguarding the new investments taxpayers are going to fund in the renovation and creation of new housing and ensuring that these investments are not vulnerable to the mould issue.

We're working with first nations governments to raise awareness in the communities, to equip people with the knowledge and the tools and the actions they can take as occupants of housing to prevent and combat mould. Information material is being published and distributed. We're organizing training sessions in communities and bringing expert advice to bear.

The Chair: I'm sorry to interrupt you, but we generally restrict our opening comments to five minutes. Perhaps I can give you another minute to wrap up, and then we'll go right on with—

Mr. Michael Wernick: All right. I'll fast forward then.

In terms of the implementation of comprehensive claims agreements, we recognize implementation will be a huge part of the effectiveness. We've started an evaluation process around the impact of claims in communities. We have meetings going on with the parties to these claims. There's a national conference taking place in late June, and we're bringing to bear workshops and expertise on results-based management so that we move beyond strictly the legal obligations to the shared objectives these claims settlements represent.

I can report on progress regarding the food mail program perhaps, if that comes up in the questions. We are going through a review of the operations and the entry points, and there are pilot projects under way.

In terms of management controls and the reporting burden, we are trying to hack away at the underbrush of reporting, trying to reduce the number of national and regional reports, automate financial systems, and put in place more state-of-the-art transfer payment systems. As you know, the department works on hundreds of contribution agreements. A contribution agreement is money in exchange for reporting on what it was used for, so it's not surprising that there's a lot of reporting. We accept the challenge of pruning and simplifying this over the coming years and bringing new technology to bear, to automate and to make it as easy as possible for the recipients of funding.

I won't rehash the minister's priorities or the government's priorities. This subject was aired at the aboriginal affairs committee last week. I think he's been relatively clear on them, and therefore I

and my department have our marching orders in terms of priorities going forward.

I think I'd close on the observation that the Auditor General's work is a very important management tool for us, very important in terms of shaping policy proposals and program design going forward.

I find her enunciation of seven principles or seven standards or success factors enormously useful going forward, including the one about having a modern legislative base for core programs. It's my impression, after three and a half weeks in the department, that the department is being asked to do an awful lot with antiquated legislation and financial tools, and that this committee's advice and the Auditor General's advice on the tool kit available to us as public service managers will be enormously helpful. Therefore, I look forward to working with the committee in the months ahead.

● (1110)

[Translation]

I'll conclude on that note, Mr. Chairman, to allow committee members an opportunity to put their questions.

[English]

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

We have allotted 45 minutes for this session, and I don't want to go over because we have three committee reports I'd like to get done this morning, if at all possible.

What I propose is one round of five minutes each.

Ms. Ratansi, five minutes.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you, Chair.

And thank you for being here.

When were you appointed as the Deputy Minister for Indian Affairs?

Mr. Michael Wernick: About a month ago.

Ms. Yasmin Ratansi: So regarding the questions I'll be asking you, you might say you were not there, but I still want to know if you guys can do something about it.

With \$8 billion that the federal government invests, you have 360 programs targeted at the aboriginal communities. Why do you have 360 programs?

In your analysis, will you review those 360 programs to see if they are efficiently addressing the needs? Despite the fact that there are 360 programs, you still do not have programs comprehensively dealing with housing, health care, etc. They are still below the national average.

So can you give me an analysis of what were your first priorities when you took over?

Mr. Michael Wernick: I can give you—

The Chair: Mr. Wernick, I'm sorry to interrupt you.

I continue to caution the members that you have five minutes. We'll check your time off, Ms. Ratansi. We don't need three-minute preambles.

And Mr. Wernick, we do not tolerate long, rambling answers.

Keep the questions short, colleagues, and keep the answers brief, Mr. Wernick.

Ms. Yasmin Ratansi: I have three points. What is he doing with the 360 programs, the efficiency of them, and why are they still below the national average?

Mr. Michael Wernick: I'll try to be as quick as possible.

I believe the number is across the Government of Canada. That's a Treasury Board assessment of how many programs across the Government of Canada affect aboriginal Canadians.

My department runs many of them, but not all. There are other institutions like CMHC, which is in the housing business, that work with aboriginal communities. Health Canada is in the health business and works with aboriginal communities, and so on.

Is it as coherent as it could be? Absolutely not, and one of the challenges we have is effective partnerships. Indian Affairs and Northern Development was built around a core mandate of services to first nations communities. We're not very good at dealing with off-reserve and urban aboriginal issues. The only way we can reach some of those populations, or even do a good job on reserves, is to mobilize the expertise and talents of specialized departments.

My department is not in the health business. It is not CMHC, nor is it Industry Canada, in terms of broadband connectedness. One of my jobs is to try to lever and mobilize those efforts right across the Government of Canada.

It could be pruned; it can be rationalized—absolutely. That's why the Treasury Board exercise, which generated the 360-program inventory, and which I believe you're quoting, was launched

Ms. Yasmin Ratansi: My last question is that you talked about how you're going to bring about efficiency. Regarding the consensus-based decision-making displayed at the Kelowna first ministers meeting, do you think that would have helped or would help? Have you got any comments or judgment on it?

Mr. Michael Wernick: I'm not going to comment on Kelowna per se. In any area of public policy, whether it's reform to employment insurance, or agriculture, or trade policy, consultation with the people affected is an important role. We have a job to do there, and so do parliamentarians.

In the world of aboriginal policy, there is a bedrock of recognized aboriginal and treaty rights, and legal obligations from the Supreme Court for consultations that make it doubly important to work and consult with the aboriginal peoples affected by our decisions. So if Kelowna is a proxy for engaging and consulting aboriginal peoples affected by our laws and policies, absolutely it would help.

• (1115)

Ms. Yasmin Ratansi: I would like to have my colleague ask another question.

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): As a continuation on that, you indicate here on page 3 in your opening remarks, with respect to specific factors described to implement her recommendations...and you talked about good coordination among departments, and so forth. Aren't these all the

guiding principles that were determined and discussed in the Kelowna discussions?

Mr. Michael Wernick: I'm not conversant, chapter and verse, with the Kelowna accord. I think there are things that were not in Kelowna.

Kelowna was a very important diagnostic of what was important: housing, education, economic development, relationships, and so on. We don't need a royal commission to tell us those are the important issues, and those are the priorities my minister set out at the aboriginal affairs committee.

There were issues that were not in Kelowna, such as on-reserve water, housing, and infrastructure. It didn't deal so much with the governance issues, which the previous governments attempted to take on in terms of putting first nations governments on a more modern basis. So there are other issues that can be added to the mix.

Hon. Navdeep Bains: But speaking in terms of the implementation of the seven points discussed here, aren't they consistent with the guiding principles that were the driving force in the Kelowna accord? I see similarities, and that's what I'm trying to get at. The point is that—

Mr. John Williams (Edmonton—St. Albert, CPC): On a point of order, Mr. Chairman. Mr. Bains keeps referring to the Kelowna accord. I didn't think it was actually an accord. The deputy minister just refers to Kelowna—

Hon. Navdeep Bains: No, he said Kelowna accord. You can check the blues. He said Kelowna accord. You can correct me if I'm wrong, but he said Kelowna accord.

Mr. Brian Fitzpatrick (Prince Albert, CPC): Can we have that tabled so that we can follow your line of questioning?

Hon. Navdeep Bains: It was part of the fiscal update last fall.

The Chair: Could I get everyone's attention, please? Normally, this would be ruled out of order, because it's getting into policy.

Mr. Williams, the response Mr. Prentice and the previous deputy minister gave referred to the dialogue and the agreements that were set out in Kelowna. They went on for four chapters. Obviously Mr. Prentice was extremely impressed with the agreements and dialogues that arose out of Kelowna, as was Mr. Horgan. Because of the answer they gave to the observations and recommendations from the Auditor General, the question is relevant. There is something that happened in Kelowna that impressed somebody.

Hon. Navdeep Bains: [Inaudible—Editor]...in the spirit of the question. It is that we're going forward and we want to find solutions. We want to make sure we address these issues. I think the Kelowna accord is a key stepping stone towards finding these solutions.

I just want to get your feedback on the Kelowna accord and the principles that were discussed. Are they valid principles that will help with the implementation going forward in the areas with respect to the recommendations you've outlined here?

Mr. Michael Wernick: My comment would echo what Minister Prentice said at the previous committee. What happened in Kelowna in terms of a diagnostic of the issues—bringing all levels of government to the table, bringing the whole federal government around the table to cooperate, the focus on measurable, clear objectives, targets, and reporting—is absolutely a basis on which to go forward. I believe Mr. Prentice said that.

The spirit of rolling up our sleeves and trying to tackle the conditions of first nations and aboriginal peoples is absolutely something to go forward with. I'm not going to get into the semantics of accord or not accord, and who signed what and who's bound by what. There were political undertakings more than legal undertakings. I think everybody has said it's a basis on which to move forward, whether or not it's more in the spirit than the letter of the agreement, and the priorities my minister set out at the aboriginal affairs committee last week are very similar.

The Chair: Thank you very much, Mr. Wernick. Thank you very much, Mr. Bains.

We're now going to move to Mr. Lemay. Mr. Lemay, *vous aurez cinq minutes, s'il vous plaît*.

But before we get to him, is that you, Mr. Nadeau? We don't have a stranger in the committee, do we?

[Translation]

Mr. Richard Nadeau (Gatineau, BQ): Yes, it's me.

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Good day to you, Mr. Wernick.

We met at a meeting of the Standing Committee on Aboriginal Affairs and Northern Development. You were recently appointed the new Deputy Minister for Indian and Northern Affairs Canada. What is your professional background? For which department did you work previously? Were you with the public service or were you in the private sector?

Mr. Michael Wernick: I spent 25 years in the public service working for several departments, including the Department of Finance. I worked for almost 10 years at the Privy Council Office, where I held various positions. Prior to being appointed to Indian and Northern Affairs Canada, I was the Under Secretary for Planning at PCO.

• (1120)

Mr. Marc Lemay: Let's get down to the business at hand. Two of the observations made by the AG in her report concern me. I have two questions to ask you.

First of all, who will take the lead to resolve the problem of mould affecting houses in aboriginal communities, not in three years' time, but over the course of the next year?

Secondly, I could give you the names of aboriginal communities that fill out 160 reports every year. One person works full-time on this task and must produce an audited balance sheet four times a year, at a cost of \$3,000. Who's going to deal with that situation?

Can these issues be addressed within the next year?

Mr. Michael Wernick: I would say that both of these issues are my responsibility.

I accept full responsibility for rallying people to the cause and for mobilizing efforts to resolve the mould problems. This is a line responsibility entrusted directly to me by the department. The same holds true for the President of the CMHC and the Deputy Minister of Health. I've asked my ADM to assist me, as I remarked in my opening statement. Meetings have taken place and more have been scheduled. I will do everything in my power to address this problem.

As far as reports are concerned, it will take a little longer, because we have to contend with contribution agreements under which taxpayers' dollars are used to finance the attainment of a specific objective. The donor department or agency must report back to the Canadian taxpayer on how this money was used. Has progress been made in the attainment of the stated objective? The department is working to reduce the paper burden and to automate processes. Hopefully, we will have made tangible progress in a few months' time or by next year.

Mr. Marc Lemay: I have a question for you, specifically about this subject. Are automated files kept for each aboriginal community? There are over 640 such communities in Canada and 640 separate files would need to be created. Do such files exist, or are you planning to create them?

Mr. Michael Wernick: If I understand your question correctly, we use a combination of paper documents and automated files. I can get back to you with the specifics later. Our goal is to automate our files as quickly as possible, in order to simplify procedures and eliminate duplication and overlap. There are community reports, regional progress reports and national reports to file. We've already simplified things and done away with many of these steps and we will continue to look for solutions. There's still a fundamental principle at play, namely an obligation to account for transfers of funds. Other mechanisms must be developed. However, in principle, Parliament, which approves these funds, must be able to see if they were in fact used to achieve program and policy objectives.

Mr. Marc Lemay: Moving along, I'd like to discuss the negotiation of treaties or territorial land claim agreements. There are currently over 740 separate files in progress. At this rate, we'll still be negotiating agreements into the next millennium. What progress can we expect to make in the short term? Is that a light at the end of the tunnel, or are we about to be hit by an oncoming train? How many New Caledonias will it take before the message finally gets through?

Mr. Michael Wernick: As you are aware, there are several categories of claims.

Firstly, there are comprehensive land claims. We have settled all claims north of the 60th parallel, with the exception of the Deh Cho First Nations claims. There is an offer on the table and we trust that claim will be settled shortly.

South of the 60th parallel, many claims actually overlap. The process is very slow and laborious and we seem to make very little progress. Often, provinces must be brought into the negotiations because the claims involve provincial lands. A combination of factors are at play: money issues, land issues, land use for fishing, rights, and so forth. It's no simple matter. I quite agree with you that it's unwise to have nearly 1,000 specific claims outstanding. The situation has become a source of frustration for aboriginal communities and a source of friction between them and neighbouring communities. Caledonia is a case in point, as are Oka and Gustafson Lake. There's no question that we must find a better way to settle these land claims.

• (1125)

[English]

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

Mr. Fitzpatrick, five minutes.

Mr. Brian Fitzpatrick: Welcome to the committee, sir. I don't know if I'll be around here in five years from now, but I hope if I tune in on CPAC and so on, you're still the deputy minister of the department, because I think everyone's agreed, this is one of the problems: there is no consistency in the leadership and management of the department; there are too many revolving doors at the top.

I want to compliment you on your report. On page 3, you identified seven critical factors. I really do believe that if you have a good system, good management, and if you have continuous improvement, you get results. The seven critical factors the Auditor General pointed out, for me, underscore that we have weaknesses in our system here, we have weaknesses in our management, and we certainly aren't into continuous improvement.

Contrary to what other members of Parliament may think, I actually believe these are more important than more money, in itself. There are people who believe you can pour money into something, and somehow if you spend enough the problem will get resolved. Unless these management issues are resolved, and we get good public administration and some discipline and direction.... That's probably more important than the money side of the issue. In fact, I can see that some of these things might even save money.

Would you concur with those sentiments, sir?

Mr. Michael Wernick: Without straying into what is cabinet and parliamentary prerogative, I work within the laws and the appropriations that Parliament gives us.

I agree entirely with the sentiment that money alone is not going to solve the socio-economic problems.

My advice to the minister—and I'm happy to put it on the public record—would be that more resources will be needed, but more resources without the structural renovations will not succeed. It's the combination of the two, and the capacity in first nations and aboriginal communities.... I'm actually quite optimistic that can be accomplished.

Mr. Brian Fitzpatrick: On prescription drugs, for example, if we had a good system in place, over-prescriptions and all the harm that caused to people might have been prevented in the first case. Or if we a good system in place on the housing issue, then the mould

problem might have been prevented. In both of those instances, a good system would actually save people money; it wouldn't cost more money. Are we in agreement on that?

Mr. Michael Wernick: I think the systems of public administration are incredibly important. I'm very glad that you and the committee would take interest in them. They're not often the most sexy things, but financial controls, information management systems, and how public administration is done in 2006—and applying those tools and techniques to these difficult issues—are very important.

Mr. Brian Fitzpatrick: I would like to make one other comment. I think this looks like a pretty good report. It doesn't sound overly bureaucratic, which is a compliment to you.

• (1130)

Mr. Michael Wernick: I think that's a compliment, coming from you.

Mr. Brian Fitzpatrick: I can actually read it and understand what you're saying. There's not much doublespeak; I haven't found any.

On page 9, I like your comments about basic principles as well. I think it's long overdue that we have some focus on bringing basic principles to first nations people in this country. Good first principles don't know any cultural divide; they apply to every society in our world. And if you don't have them, you have problems.

I'm pleased to see on page 9 that you understand and appreciate that. I think good leadership from your department might help improve the situation. So I compliment you on that.

That's all I had to say this morning. I wish you well with this important job.

Mr. Michael Wernick: Thank you.

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

We're now moving to Mr. Christopherson.

Mr. Christopherson, five minutes.

Mr. David Christopherson (Hamilton Centre, NDP): Thank you very much, Chair.

Thank you very much for appearing and for offering after, I would argue, without much doubt the loudest meeting last time and our being upset at your not being here, given the history of this ministry.

But I think you probably know that upon hearing where you were, I certainly felt it was the only decision you could make, because I knew the judge had called people into chambers that morning and that it was likely or possibly going to cause some problems. So I extend my apologies to you personally and accept very much where you were and why.

My comments are going to be a little harsh; I can't help it. I've been dealing with this for a number of years now, and it always just eats at me how poorly we as a Canadian government are doing in this regard. You're new, so obviously they don't reflect on you personally, and please don't take them personally.

That, of course, is one of the problems: we keep getting new deputies and we start fresh. But I have to tell you that I just have no confidence; that sometime within the next 18 or 24 months, if you follow history, we're going to have some other highly intelligent, highly motivated, highly caring individual who's new again, and it's going to leave us starting all over. I'd like to be wrong in that regard.

You mention the mould, and I appreciate that, because we spent a lot of time on it, but can I take from this that you or your ministry are accepting the lead? One of the problems was that nobody was saying, "I'll take responsibility for making sure these things happen." So I would ask you that.

I only have five minutes, so I'll just load my other question in here, and then let you respond in whatever way is appropriate.

The biggest concern overall, Deputy, is that we've had 37 recommendations coming out of two reports. The Auditor General, in her observations, has concluded that 22 of the 37 were implemented, although 19 of those were not completely implemented in their totality, and the balance haven't been satisfactorily addressed. The concern is that the issues that got addressed were the paper-shuffling, efficiency, administrative side of things—which, mind you, are important, but they're not as important as the people issues and the quality-of-life issues. The Auditor General's report is telling us those are the exact recommendations that are sitting all but dormant and not moving in a satisfactory fashion.

On a macro level, because we've been through this in detail with your administrators and your staff earlier, the question is about getting some assurance from you, and maybe assurances that take us beyond where we've been before, because predecessors of yours have also given us assurances.

I leave it with you. We sit here frustrated. These reports come time and time again. It's always "unsatisfactory"; it always seems to be most unsatisfactory in the area that affects the actual Canadian citizens and their quality of life. Please, help me and the rest of us feel better and more positive about this, that after you leave here today we can expect some real, positive change, sir, because we desperately need it in this area.

Mr. Michael Wernick: Thank you, Mr. Christopherson.

You missed my apology to the committee for any inconvenience that was caused to you. The situation was rather hot last week, and as you probably saw in the news coverage, today's a better day—

• (1135)

Mr. David Christopherson: You were where you should be.

Mr. Michael Wernick: —which we're all grateful for.

On the mould issue, as I said to Monsieur Lemay, I accept responsibility to use my convening power to bring the energies together. I have my vertical accountability; so does my colleague at Health, and so does the president of CMHC. I will do what I have to do to bring people together to create the tables and the meetings and the collaboration that'll make progress on this issue.

Without going into the details, we have meetings and processes under way, and we have the Assembly of First Nations involved, so I hope to be able to come back to the committee with a better story, on the mould issue in particular.

In terms of the recommendations, I'm not quite sure which piece to comment on. I believe the effort to enunciate the seven factors of success is important. I accept that stability in leadership is important. I accept that a lot of the criticism is entirely valid.

I can't do much about the government appointment system. I will be here as long as the Prime Minister and the Clerk of the Privy Council want me here. It's a great job and a huge challenge, and I'm quite happy to stay here for the rest of my career, frankly, but it's not my call.

Mr. David Christopherson: I understand.

Mr. Michael Wernick: The issue of paper-shuffling was raised by Mr. Fitzpatrick. There are issues about how we do business that actually affect our ability to achieve our objectives. Some sustained attention to information tools, financial systems, the kinds of reporting burdens, and whether the energy is spent meeting requirements of agreements or doing something in the community—these make a difference over time to the accountability.

I work within the legislation and the funds Parliament provides me. I accept my responsibilities as deputy minister in terms of leadership of the executive part of the department. I'm hoping Parliament and the government will, over the next few years, renovate those tools, because frankly, trying to do what we need to do with the legislation and the tools we have now isn't exactly mission impossible, but it's a very difficult one.

The most important observation the Auditor General made was to renovate the underlying legislative basis for what we're doing.

Mr. David Christopherson: Thank you.

Thank you, Chair.

The Chair: Thank you.

Next is Mr. Wrzesnewskyj, for five minutes.

Mr. Borys Wrzesnewskyj (Etobicoke Centre, Lib.): Thank you.

Mr. Williams raised a point of order on the Kelowna accord, and after the discussions he provided some reference by saying he was having some fun.

Fun and games aside, Mr. Wernick—

Mr. John Williams: I never have fun in this game, Mr. Chair.

Mr. Brian Fitzpatrick: My point of order is that when we refer to the Kelowna accord, and the line of questioning is going to be referenced to that Kelowna accord, I'd like to have that document before me so that I can appreciate this member's line of questioning.

Without that document, this is like sitting in a vacuum. He keeps referring to that document, and I'd like to have the document. It seems to me that it's just simple courtesy to the other people on the committee for them to have this.

The Chair: Mr. Wrzesnewskyj, do you have any documents that you're able to table at this point?

Mr. Borys Wrzesnewskyj: No, but I am quite sure that the research staff would be able to go through the transcripts and table those documents.

• (1145)

The Chair: Mr. Williams, on a point of order.

Mr. John Williams: I never have fun at this game, because I take everything very seriously, Mr. Chair.

The Chair: You're not supposed to have fun in public accounts.

Mr. Wrzesnewskyj, continue.

Mr. Borys Wrzesnewskyj: Putting that aside, obviously the Kelowna accord was very serious. Whether we call it an accord or an agreement, Kelowna was a historic coming together of first nations, provincial governments, territorial governments, and the federal government. Perhaps what we should call it is a historic opportunity that's been lost.

In terms of having fun, at that last meeting there was a reference by Mr. Fitzpatrick, which has now been explained, about Marxist paradise. At that time, we assumed it was a reference to reserves and the situation there, but it was a reference to the government. It was in several newspapers. He said, "I'm frustrated that the government is not doing a better job of improving their lives". It's a rare occurrence, but I concur. This government is not doing enough, whether it's tearing up the Kelowna accord or agreement, however we'd like to call it.

It was very encouraging that you said that if the opportunity availed itself, you'd like to spend the rest of your career in this particular department.

Three years ago, there was a committee struck to deal with mould in housing. We had report after report. Earlier you said that within months you'd like to come back before the committee. Looking at our timelines, that opportunity would most likely rise in October.

Will you have an action plan dealing with this particular problem at that time? Will you be able to present us with very concrete timelines on how we'll finally deal with the problem of mould in the housing on the reserves?

Mr. Michael Wernick: I'll take the last question. I'd be pleased to come back in the fall with a report on the progress taken to date and an action plan going forward.

Mr. Borys Wrzesnewskyj: Thank you. That's very encouraging.

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

Mr. Williams, five minutes.

Mr. John Williams: Thank you, Mr. Chairman.

I have a couple of points. One is that the new Federal Accountability Act states that you're accountable before Parliament. We understand there are situations where sometimes issues like Caledonia would take you away from coming here. But I would have thought that your officials would have been able to explain your absence when they were here last week, rather than saying, well, we think he's somewhere else. Take that as a note of caution, Mr. Wernick. The new Accountability Act requires you to be before Parliament.

One issue I want to talk about concerned the Auditor General pointing out that there are about 164 reports that you require from reserves and first nations, and many of them you don't even read. Yet when we ask for reports from your department before this committee, we don't get them, and your officials show up without even an opening statement.

Don't you think it's a bit of a double standard and unacceptable on both accounts that you ask for reports you don't read, then show up here without reports and don't respond to requests by this committee?

Mr. Michael Wernick: I'm not aware of any specific deficiency. If there's a report you've asked for, I'd be happy to take requests from the clerk of the committee and fulfill them as quickly as possible.

Mr. John Williams: Okay.

I'm going to go back several years. We had your department before this committee dealing with the financial transfer arrangements, the FTAs, which are the umbrella documents governing the Government of Canada's relationship for the funding of first nations. Because of the Montana Band agreement, or the Montana case, which stated there was a comingling of funds, the financial statements and so on could not be made public. I asked the assistant deputy minister at that time about why we don't write into the financial transfer arrangements that there be no comingling of funds. The answer was a shrug and, well, perhaps we could look at that.

Will you ensure that the financial transfer arrangements include no comingling of funds to ensure that we can get public access to the financial records of first nations?

Mr. Michael Wernick: I'm not able to make that undertaking. I can undertake finding out what the issue is and give you a better response.

Mr. John Williams: Okay. Perhaps you can write us a letter on the financial transfer arrangements and the Montana decision regarding the comingling of funds.

Mr. Michael Wernick: Okay. I'd be pleased to report back.

Mr. John Williams: The issue of water quality on the first nations reserve in Kashechewan and James Bay last year was a big item on the news. As far as I'm aware, it turned out that the water treatment plant was broken and nobody had bothered to fix it.

Don't you think it's time that if the first nations want to be government, we should expect them to act like government, and they should be open, transparent, and accountable?

Mr. Michael Wernick: Essentially those are some of the principles that the Auditor General enumerated. It means having capacity within those governments to exercise their functions, which are a combination of municipal- and provincial-like responsibilities.

Absolutely, we should be helping them to get the capacity to be accountable to their own citizens for results and to Parliament for the funds that are transferred.

Mr. John Williams: I'm glad that you say accountable to the Parliament. When can we expect to see financial statements, auditor's reports, and so on coming before these committees?

Mr. Michael Wernick: If you have specific requests, I'd be pleased to try to fulfill them.

Mr. John Williams: Okay.

As far as I'm aware, Mr. Chairman, we cannot get these financial statements. So why don't we get the financial statements and the auditor's report of the 10 largest reserves that received the largest contributions by the Government of Canada. Let's start there. Can we get these delivered to Parliament?

Mr. Michael Wernick: I will look into your request, Mr. Williams.

Mr. John Williams: Okay.

Getting back to this issue of the management of the responsibilities delegated to them, such as health, welfare, and management of the water treatment plants, why do you not supervise the management of these issues, as the government does in other areas, so that they are recognized and dealt with before they become a crisis?

I understand that the water quality on that particular reserve was reasonably well known to be deficient and ignored, and nothing happened until it became a public relations nightmare. Why aren't you supervising these things along the way?

Mr. Michael Wernick: I think there are attempts to supervise what moneys are used for and what the objectives of transfers are. This is a balance between the autonomy of the aboriginal governments—the first nations governments for the most part—for their own activities.... We work through contribution agreements, by and large, and we try to get reporting for what the money is used for. Hence, the web of reporting, which is in itself a problem.

On supervision, it's a matter of degree in terms of seeking assurances that certain things are done. There's a very substantial remedial plan in place on water to ensure that inspections take place, capacity is there, and there isn't a regulatory gap, which is often a problem. The laws of general application stop at the border of the first nations community.

I don't know why it wasn't done earlier, but there is work under way on water.

Building capacity for those governments to exercise government-like functions is part of the way forward. It was a problem for the Government of Ontario to know what was going on in Walkerton, or for the Government of Saskatchewan to deal with Prince Albert. Authorities are delegated down to lower levels of government. They have accountabilities to their own electors for what they do. What we have to do is a kind of oversight to try to make sure the systems are in place. But we cannot micromanage more than 600 communities on everything they do with every dollar. That's not the whole point. The point is for those communities to maximize control over their own socio-economic destinies.

Mr. John Williams: I want to make a comment, Mr. Chairman.

In Walkerton people went to jail, and in Kashechewan nobody was even held accountable.

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

I just have one point that was raised by other speakers, Mr. Wernick.

I echo the sentiments of Mr. Fitzpatrick. We wish you well in this portfolio. It is a difficult and complex department, probably the most complex in the Government of Canada, and I want to wish you well.

Many of my colleagues here in this committee have raised the issue of sustained management attention. I think you're the sixth deputy in eight years there. You're saying you're committed to the cause, and you're prepared to spend the time in this department to see

certain initiatives followed through and completed. Those were the exact words Mr. Horgan told the committee about a year ago. He said the same words: he was committed.

This is a recommendation that came from this committee, and it came from the Gomery commission. Governments don't seem to pay any attention to it at all, and all of a sudden.... It would certainly take six or nine months to know the intricacies of this department, and Mr. Horgan got to know it—I assume he got to know it—and bingo, he's gone. We've never received any explanation.

In the cadre of deputies you belong to, and the meetings you have, is this issue ever discussed? This committee, and I believe other parliamentarians and other people, view this as a very serious deficiency. Imperial Oil couldn't operate this way. The Royal Bank can't operate this way. Why do people in Ottawa think the Department of Indians Affairs and Northern Development can operate with a new deputy every 18 months?

Mr. Michael Wernick: I'm not the right person to ask the question to. The appointment system is an executive function the Prime Minister and the Clerk of the Privy Council exercise. These are Governor in Council appointments, and the usual explanation of why somebody is moved is to ask why the vacancy was created in the first place. There is a domino effect, such that people get assigned to other jobs because there is a vacancy to be filled. There is a relatively small pool of people who are ready to be deputy ministers of departments, and they get moved around to other assignments.

It's beyond my control how those things happen. I'd be happy to work in a different kind of system. I work in the system I'm given. You'll just have to accept my good faith to do what I can during the time I'm responsible for the department.

The Chair: Will you resist any transfer?

Mr. Michael Wernick: Pardon?

• (1150)

The Chair: If you get a call in 18 months from the clerk, will you resist the transfer?

Mr. Michael Wernick: That's between me and the clerk. I can tell you that in the past, I've been offered assignments and have turned down assignments—more than once, actually—in order to finish what I was doing. That has happened in my career in the past. But it is sometimes beyond your own individual control.

The Chair: Mr. Wernick, I want to thank you. Do you have any closing comments you want to make to the committee? I really want to thank you for your appearance here today.

Mr. Michael Wernick: My only closing comment would be to echo what I said at the beginning and what members have said. I think this is a very tough piece of public policy and public administration. There is a lot of policy work to be done. The aboriginal affairs committee will probably carry a fair bit of the lifting on it.

I think we need new laws and new tools to really accomplish what Canadians expect of us. But there are important issues that this committee is preoccupied with, in terms of accountability for results and the way public funds are expended. We are not where we want to be. I think there are gaps and deficiencies in how we do business and the results we've achieved.

I look forward to a constructive partnership with the committee in the months ahead and to coming back as your guest as often as you think is appropriate to try to help you with your work.

The Chair: Again, I want to thank you very much for your appearance.

Members, we'll break for, let's say, two minutes. We're going to resume in an in camera meeting to talk about the first of three reports we're going to be talking about today.

[Proceedings continue in camera]

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