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## **Standing Committee on Public Accounts**

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**Chair**

**Mr. John Williams**

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## Standing Committee on Public Accounts

Monday, January 31, 2005

• (1540)

[English]

**The Chair (Mr. John Williams (Edmonton—St. Albert, CPC)):** Good afternoon, ladies and gentlemen. Welcome to the first meeting of the public accounts committee of 2005.

The order of the day is chapter 5 of the November 2004 report of the Auditor General of Canada to the House of Commons, on the Indian and Northern Affairs Canada education program and post-secondary student support.

Our witnesses today are, from the Office of the Auditor General, Mr. Ronnie Campbell, Assistant Auditor General; Mr. André Côté; and Mr. Jerome Berthelette. From the Department of Indian Affairs and Northern Development, we have Ms. Line Paré, Mr. Michel Smith, and Mr. Michael Horgan.

In the absence of name tags, as I recognize each individual to speak, I would ask that you state your name for the record. Normally you have your name tag in front of you, but this... We're actually celebrating Robbie Burns here tonight in the House of Commons. He made a famous quote about 200 years ago about the best laid plans of mice and men don't always work out the way they should, and that's happened here this afternoon. It's appropriate, perhaps. Mr. Campbell would know all about that, his background being Scottish.

We will start off with the Auditor General's opening statement. I presume that's you, Mr. Campbell, if you could proceed.

**Mr. Ronald Campbell (Assistant Auditor General, Office of the Auditor General of Canada):** Thank you, Mr. Chairman.

I am Ronnie Campbell, Assistant Auditor General.

[Translation]

Mr. Chairman, thank you for this opportunity to present the results of Chapter 5 of our November 2004 Report on Indian and Northern Affairs Canada—Education Programs and Post-Secondary Student Support.

With me are Jerome Berthelette, the Principal, and André Côté, the Director on this audit.

This chapter is made up of two audits. The first audit focusses on the extent of the progress made by Indian and Northern Affairs Canada in addressing the issues and recommendations raised in our April 2000 audit of the elementary and secondary education program as well as those raised by the Public Accounts Committee in June 2000.

The second audit focuses on the Department's management of the Post-Secondary Student Support Program.

Mr. Chairman, I would like to start with a critical point, which is common to both audits: it is the lack of clarity in the Department's roles and responsibilities.

• (1545)

[English]

We raised this issue in 2000. The public accounts committee agreed it was important, and in its first recommendation stated that Indian and Northern Affairs Canada should immediately undertake a comprehensive review of its role in education and provide a clear and formal statement of its roles and responsibilities. In its response, the department committed to provide such a statement by the end of June 2002. This has not happened, although the department has produced numerous drafts. I believe that until the department's roles and responsibilities are clarified in collaboration with first nations and other partners, it will remain difficult to make progress in first nations education and to hold the department properly accountable.

I will now focus my comments on the elementary and secondary education program findings, and then on the post-secondary student support program.

The department has made limited progress in addressing most of the elementary and secondary education issues raised in 2000. With some exceptions, such as a new program for special education, the department has generally continued the same practices with respect to the way it supports, administers, and reports on elementary and secondary education. We noted that activities and initiatives have taken place, but many are not yet completed, despite earlier commitments.

If the education results were satisfactory, this limited progress would not be as critical. We found, however, that the department still does not have good measures of costs, performance, and results. Consequently, we determined that based on census data, the time required to close the education gap that exists between first nations people on reserves and the Canadian population has increased slightly, from 27 years to 28 years. The need to close this education gap remains urgent, given that the on-reserve population is young and growing; otherwise, a significant portion of the people living on reserves will not have access to the benefits associated with a higher education.

[Translation]

Mr. Chairman, there are two points I would like to make with respect to post-secondary student support. The Department needs to improve the management of this program, in consultation with First Nations. We found that funding allocations do not ensure equitable access to as many students as possible, and information to measure program costs, performance, and results is lacking. Further, the Department neither knows if the funding is used for the purpose intended nor whether it is sufficient to meet the demand for the program.

In addition, the Department needs to improve its reporting to Parliament. We found that the only consistent information provided is the total number of students supported by the program. Even then, the information does not explain why, despite budget increases, the number of students supported by the program has declined over recent years.

[English]

In conclusion, Mr. Chairman, I would like to acknowledge the input we received from the first nations in these audits. Although the office is not the auditor of first nations, we seek and take into account their views. This input is extremely helpful. Your committee may also find it helpful to hear from some first nation representatives during the course of your deliberations.

Your committee may also want to consider requesting commitments and timetables from the department to address the issues raised in the report. You may also want to ask departmental representatives for more information on how the Canada and aboriginal peoples round table will help to resolve these issues.

Mr. Chairman, that concludes my opening statement. My colleagues and I would be pleased to answer any questions members may have.

**The Chair:** Thank you, Mr. Campbell.

Before I continue, I'll do the appropriate and formal introduction of our guests this afternoon, since I now have the appropriate orders of the day. Our investigation of chapter 5 is from the November 2004 report of the Auditor General of Canada referred to this committee on Thursday, November 23, 2004.

Our witnesses to be properly introduced are: from the Department of Indian Affairs and Northern Development, Mr. Michael Horgan, the deputy minister; Mr. Michel Smith, acting assistant deputy minister, socio-economic policy and programs sector; and Madame Line Paré, director general, education branch. From the Office of the Auditor General of Canada are: Mr. Ronald Campbell, Assistant Auditor General; Mr. Jerome Berthelette, the principal in the office; and Mr. André Côté, a director also in the office.

Thank you very much. I apologize for not appropriately introducing you at the beginning.

Mr. Horgan, I now turn the floor to you for your opening statement.

• (1550)

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

Thank you for inviting me to appear before the committee today and for permitting me to address the findings and recommendations on first nations education contained in the recent report of the Auditor General of Canada.

First, let me also introduce my colleagues: Michel Smith, acting assistant deputy minister, socio-economic policies and programs; and Madame Line Paré, director general, education, in my department.

[Translation]

In her report, the Auditor General critiques several aspects of Indian and Northern Affairs Canada's Elementary and Secondary Education and Post-Secondary Student Support Program; in particular, the Auditor General examines and evaluates the program's management practices, accountability mechanisms and funding allocation. The report also underscores the education gap that exists between First Nations members and other Canadians, and points out that the department has made little progress on closing this gap since her office last reported on this matter four years ago.

[English]

Like the Auditor General, the department recognizes that first nations education is a challenging issue comprised of many complex aspects. For instance, a variety of socio-economic factors influence the preparation, retention, and success of first nations students.

First nations students can also receive their education through a number of different systems, including first nations schools, federally operated schools, and provincially run schools that are situated both on and off reserve. As you can appreciate, first nations education involves various jurisdictions and stakeholders, and consequently shared responsibility and accountability—hence, I believe, the Auditor General's call for greater clarity on roles and responsibilities. We don't disagree. This is not, however, a straightforward task given the number of stakeholders and differing views about the department's role in first nations education and how this role should evolve to support first nations control over first nations education.

Recognizing the need for better outcomes for first nations students, the department, based on studies and consultations, has taken concrete action. The department has implemented four key initiatives: new paths to education; the parental and community engagement strategy; the teacher recruitment and retention initiative; and the special education program. These initiatives and other proactive steps, prompted by first nations leaders, reflect the Government of Canada's commitment to support the provision of a solid education for first nations students. Indeed, the Auditor General has recognized this commitment by noting several examples of successful initiatives. The department will continue to support the creation and enhancement of such first nations regional education organizations as the First Nations Education Steering Committee in British Columbia.

Mr. Chairman, the Auditor General's report also recommends that the department obtain reliable and consistent information on the actual costs of delivering education services on reserves. In fact, a joint departmental first nations working group has undertaken a comprehensive review of the funding formula for band-operated and federal schools. This work will be crucial to ensure that on-reserve schools are properly resourced.

[Translation]

The department is also committed to the development of a First Nation Education Policy Framework that will be informed by a comprehensive review of its education programs in partnership with First Nations and other stakeholders. In recognition of the need to focus its efforts in support of better educational outcomes for First Nation students, the department has made some organizational changes. The new Education Branch headed up by Ms. Paré, and the regional offices will work closely with First Nations and other stakeholders towards transformative change.

• (1555)

[English]

An important component of the government's efforts to encourage and advance enduring fundamental change are the Canada and aboriginal peoples round-table follow-up sessions on lifelong learning. I would report to the committee that two successful sessions on lifelong learning took place last November. The sessions brought together representatives of aboriginal organizations and communities, policy experts and educators, as well as officials from federal, provincial, and territorial governments to discuss ways and means to improve education outcomes for aboriginal peoples.

The round-table process itself has reinforced the value of broad consultations with, and more importantly, direct involvement of, first nations leaders and other stakeholders to enhance education policy and ensure positive and transformative change. However, it is important to keep in mind that transformative change in first nations education will take some time. I'm confident that the department can continue to count on the constructive input of the Auditor General and members of this committee as we collaborate with our first nations partners and other key stakeholders to accomplish this objective.

Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. Horgan.

Now we'll open it up to questions.

Mr. Fitzpatrick, you have the first round, eight minutes.

**Mr. Brian Fitzpatrick (Prince Albert, CPC):** I have just a few quick comments.

When you're talking about accountability, it seems to me you're already trying to dodge it. You mentioned differences in cultural and social factors, and you talked about shared responsibility. To me, that's just passing the buck and not accepting responsibility, right off the bat.

Now, you say you have some new initiatives here. Boy, I think back to when my kids were going through school in the public school system, and the public school system in the province already

had parental involvement, sir. We had teacher recruitment programs, and we certainly had special education. If we're talking 2003 or 2004 or 2005 that your department has finally gotten around to this, I'd say you're kind of late in the day to get going on this matter. But that's not my line of questioning.

First, and I don't really want a long explanation—if there's an answer, please provide it to me—how does the per capita amount spent on on-reserve aboriginal children in this country, elementary and secondary, compare with the money spent on your provincial systems? Do you have a figure on that?

**Mr. Michael Horgan:** We are working on that data. We have some preliminary data, not for all provinces, that would—

**Mr. Brian Fitzpatrick:** Surely that shouldn't be a real big chore.

**Mr. Michael Horgan:** Actually, it turns out to be rather complicated to get the right comparable data. At any rate, what it shows, for the most part, right at the moment, is that the per capita spending differs province by province but for the most part is comparable. However, I would point out that with respect to first nations there are some special factors—in terms of economies of scale, remoteness, etc.—that make equal per capita spending perhaps inadequate when it comes to first nations kids.

**Mr. Brian Fitzpatrick:** I come from Saskatchewan, and most education there is delivered in rather remote, sparsely populated areas. I still would find it very confusing that in 2005 we have a department that hasn't got a handle on a subject like that.

I have three conclusions about your department, sir. You either don't have a system in place... or you might have a bureaucracy in place but you don't have a system in place. If you do have a system in place, it's in chaos, and it doesn't have any clear objectives in sight, or else the system is just totally out of control.

You know, I'm not basing that solely on the Auditor General's report, either. A well-known, respected journalist with the *Globe and Mail* wrote an article before Christmas on this subject, comparing the skill development of Inuit students with the non-native thing. Based on independent testing in, I think, Iroquois Falls and a few other first nations places in this country, they were receiving a grade twelve diploma, but their math and reading skills and things along that line, things that are very important, were in fact at grades five and six levels.

All that tells me, sir, is that your department has been failing aboriginal children here. If we're going to improve the lot of aboriginal people in this country, it seems to me that this is the area in which we can really get some results. And we haven't been getting results. As long as I can recall, in Saskatchewan, the Department of Indian Affairs and Northern Development, under whatever names it's had over the last 30 or 40 years, has been consistently failing aboriginal people.

To see the gap widen, and to see these kinds of tests come out, is absolutely shameful. I'm quite sure that if we had an independent board of directors that you people were responsible to, there would be a housecleaning here. There are serious problems here as far as I can see, and there's absolutely no accountability.

I guess the question I would have, after reading the Auditor General's report and listening to Mr. Campbell, is how in the world can anybody in this country have any faith in giving your department more funding for education?

•(1600)

**The Chair:** Mr. Horgan.

**Mr. Michael Horgan:** Can we just step back a little bit? I don't dispute that we have a real gap with respect to first nations education in this country. There's no disagreement there. If we go back historically, I think in the early 1970s there was a movement towards first nations control over first nations education, and that's really where the Government of Canada has been moving. I don't think it's fair to say that there's been no narrowing of the gap. I think there have been real successes in here over the long term.

That's not to say that there isn't an awful long way to go. I think some of the things you've pointed out are right on the money. I guess the question is, what are the kinds of things we need to do on both a systemic basis and a funding basis to try to put the situation into order?

If we take a look at first nations education in the early 1970s, for example, the devolution of schools took place to most first nations communities. That's been taking place over time. We still retain within the federal government a few schools on reserve. But what happened with that devolution was really the devolution of schools, and schoolhouses, on reserve communities. What hasn't taken place along with that is the development of the kinds of systems of support that one would expect and that one takes for granted naturally in off-reserve kinds of situations—for example, school boards, departments of education, etc.

So in terms of going forward, I think we have to pay attention to what the particular needs are of first nations kids in their communities, and what kinds of systemic supports they need, to really break the back of the gap that does exist.

**Mr. Brian Fitzpatrick:** Just to follow up on that, I mean, you don't have very long; a child enters kindergarten and they work their way through grade twelve. If the education system fails those people, they are going to flounder in this society. It's going to be very difficult for them to optimize their God-given talents and skills and be part of the mainstream in our society. And this dithering approach that you're talking about, with more studies or more systematic things and so on...

By 2005, the Canadian public should expect from your department, sir, that we have a system in place that is getting results, and that we're getting continuous improvement such that the gaps between aboriginal or first nations students in this society of ours and the non-native community are narrowing and converging very quickly. That is not happening.

**The Chair:** Mr. Horgan.

**Mr. Michael Horgan:** I don't disagree that we have a long way to go, that we have things to do, and that we have to do it in partnership with first nations. We're working on a number of things, and we've implemented any number of stuff. We've reorganized in our own department. We also have the aboriginal round tables on lifelong learning, which is providing a lot of input into where we might go with respect to first nations education.

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

[*Translation*]

You have eight minutes, Mr. Sauvageau.

**Mr. Benoît Sauvageau (Repentigny, BQ):** Good afternoon, Mr. Chairman and colleagues.

I have a first quick question for Mr. Campbell before I get to the Department's representatives. It will help set the stage for my future questions.

You state the following in the last line of paragraph 10:

Further, the Department neither knows if the funding is used for the purpose intended nor whether it is sufficient to meet the demand for the program.

In other words, if I understand correctly, when you talk about general accountability and management problems, you're saying that funding is supposed to be allocated to education programs, but that you don't know if that is in fact the case.

My first question is directed to you, Mr. Campbell.

•(1605)

**Mr. Ronald Campbell:** Mr. Chairman,

[*English*]

I'm going to ask Mr. Côté to give the details on that, but I understand that it's due in large part to the conditions under which the funds are transferred and the flexibility that's given to communities when they receive that funding.

Monsieur Côté.

**The Chair:** Can you give kind of a quick synopsis, Monsieur Côté, please?

[*Translation*]

**Mr. Benoît Sauvageau:** I'll have additional questions for you later.

**Mr. André Côté (Director, Office of the Auditor General of Canada):** The paragraph to which you're referring pertains to post-secondary education funding. It's a matter of how funds are allocated to First Nations, a process that allows a certain measure of flexibility. Consequently, the Department does not know with 100% certainty if the funds have been used for their intended purpose by the end of the fiscal year.

**Mr. Benoît Sauvageau:** I see. Thank you very much.

My next question is for the Indian and Northern Affairs representatives.

Can you tell me what your Department's overall operating budget is?

[*English*]

**Mr. Michael Horgan:** The total budget is about \$5.8 billion.

[*Translation*]

**Mr. Benoît Sauvageau:** According to the AG's report, a total of \$1.1 billion has been allocated for elementary and post-secondary education. Specifically, \$304 million, or approximately 30% of the total budget, has been earmarked for post-secondary education.

Is that correct?

**Mr. Michael Horgan:** Yes, that's correct.

**Mr. Benoît Sauvageau:** I see.

So then, the department has allocated 30% of its budget for education and year after year...

Approximately how many departmental employees are assigned full-time to primary and post-secondary education programs and to...

**Mr. Michael Horgan:** Somewhere in the neighbourhood of 4,000 to 4,400 federal employees.

**Mr. Benoît Sauvageau:** Assigned to the education program?

**Mr. Michael Horgan:** No, not just to that program.

**Ms. Line Paré (Director General, Education Branch, Department of Indian Affairs and Northern Development):** The Education Branch's head offices are staffed by 33 employees. Each regional office has between five and eight people on staff. The Ottawa regional office has its own education branch because we continue to administer federal schools in Ontario. There is also one federally-operated school remaining in Alberta.

**Mr. Benoît Sauvageau:** That makes a large number of people without accountability or indicators who have no idea where the funds are going. Given that we're talking about 30% of a \$5 billion budget, how do you explain the fact that not once, but twice, the Auditor General has stated that the department has failed to formally clarify its roles and responsibilities in this area and that program costs, performance and results are not known?

To my mind, it's difficult for people to comprehend that \$1.5 billion out of total budget of \$5 billion are been invested in programs, when it's apparent the department has no clear idea of program costs, performance and outcomes.

Would you care to venture an opinion?

**Mr. Michel Smith (Acting Assistant Deputy Minister, Socio-economic Policy and Programs Sector, Department of Indian Affairs and Northern Development):** Mr. Chairman, we're saying that the outcomes are not clear to us. However, the past ten years have seen a marked increase in the number of students graduating from high school. The percentage of students graduating has increased from 31.4% in 1991 to 41.4% in 2001. The number of graduates pursuing post-secondary studies now stands at 25,000.

I think it's important to put things in perspective. It's easy to say that the program has been short on results, but we mustn't lose sight of the fact that responsibility for administering First Nations schools has been handed over to First Nations communities. Furthermore, each community runs its own school. For example, there are no school boards of the kind we see off-reserve.

**Mr. Benoît Sauvageau:** When responsibility for a program is transferred, does that also mean that management and accountability are transferred as well? Or, so you simply write the community a cheque and wish it good luck in its endeavours?

For example, I know that as far as official languages are concerned, transferring responsibilities or a program does not mean that accountability is transferred in the process. The department continues to be accountable for how the funds are spent.

Mr. Horgan, in your opening remarks, you attributed the problem primarily to the following circumstances:

First Nation students can also receive their education through a number of different systems, including First Nation schools, federally-operated schools, and provincially-run schools that are situated both on- and off-reserve.

What is the proportion of students attending First Nation schools versus those enrolled in federally-operated and provincially-run schools?

● (1610)

**Mr. Michel Smith:** Sixty per cent of students attend First Nations schools, while 40 per cent attend off-reserve schools. Eighty per cent of first year high-school students attend schools on reserves. However, by Grade 12, 55 per cent of students are attending provincially-run schools.

**Mr. Benoît Sauvageau:** Speaking of problems related to indicators, in its 2000 report, the committee—much like the Auditor General—recommended that the department adopt performance and results indicators as well as education program targets. It also recommended that the department report on the progress achieved in meeting these targets in its performance reports.

Has the department acted on these recommendations?

**Ms. Line Paré:** In 2003, the Department of Indian and Northern Affairs released a report on First Nations education. The department has pledged to produce a report every two years. Therefore, we can expect the next status report on the progress achieved, the initiatives implemented and the work done with First Nations to be released in December 2005.

**Mr. Benoît Sauvageau:** That's a very laudable objective, but in order to produce reports of this nature, the department needs some indicators. For example, if I'm travelling from Ottawa to Quebec City, I know that I have to go through Montreal. If I find myself passing through Toronto, then I've taken a wrong turn along the way. To reach your objective, you need to set performance and results indicators.

Has that in fact been done? If so, with whom have you shared this information?

**Ms. Line Paré:** The Department of Indian and Northern Affairs gathers statistics by referring to the list of elementary and secondary school students, as well as to the post-secondary student roster. Every year, it learns how many subsidized students are enrolled in post-secondary studies. We have the lists of elementary and secondary students and we know how many of them graduate over the course of a given year. Therefore, we do have some results measurement indicators for each one of our programs.

**The Chair:** Thank you very much, Mr. Sauvageau.

[English]

Mr. Murphy, eight minutes, please.

**Hon. Shawn Murphy (Charlottetown, Lib.):** Thank you very much, Mr. Chairman.

I just want to follow up with you, Mr. Horgan, and maybe you, Mr. Campbell or Mr. Côté, on the funding allocations for post-secondary education given to first nations.

When these allocations are given, are they on a per capita basis? How is it determined that such and such a first nation gets half a million while the next first nation gets twice that?

**A voice:** I'll ask my colleague.

**The Chair:** Ms. Paré.

**Ms. Line Paré:** With respect to post-secondary education and the allocation methodology, there's an allocation that goes to each region, and then the region signs a funding agreement with the first nations. It's based on an historical base, plus the adjustment period as we receive some increased dollars over the years.

**Hon. Shawn Murphy:** Let's assume that a certain first nation or a certain reserve was able to increase the number of students going on to post-secondary institutions, to increase the number of students graduating from community college or university. Are they able to access an increase in funding because of that, and vice versa, if a certain first nation is failing to get students to community college or university, failing to get students through, are they penalized? I would think that should be the case.

**Ms. Line Paré:** My understanding of the allocation that goes to first nations is historically based. I don't believe there is an adjustment with respect to the previous year and how many students have graduated from high school, and one of the reasons is this. We have to understand that within the post-secondary student program in the first nations communities there are more adults going back to school, so they may not be on the normal roll. It may not be the young generation graduating from high school; it may be a woman who wants to go back to further her education.

**Hon. Shawn Murphy:** When this money is given to the first nations, are there general regulations or parameters as to how it's being used? Your own statement says there is nothing to determine whether or not it's allocated equitably to the members of the first nations, so should I assume that when the cheque is given there are very strict parameters as to how the money is to be spent? Subsequently, would the people who receive the taxpayers' money report back to the department that, yes, the money was used in accordance with the regulations and parameters?

• (1615)

**Mr. Michel Smith:** It depends on the funding agreement that we have with first nations. Some first nations have flexible transfer agreements, so when the amounts for education are allocated, for example, the minimum standards must be met. Once they've met those standards, if there are surpluses, the leftovers can be used in another area, depending on community needs. For example, if  $x$  amount was identified for elementary and secondary and there was a surplus, then moneys could be given to housing, because there's a lack of housing in the community, if the community so chose. So in the flexible transfer agreements, first nation communities have that flexibility.

It also works in reverse. If there were moneys allocated for housing and they didn't spend as much on housing that year, they could pass on the surplus to their education portfolio.

**Hon. Shawn Murphy:** Again, there's no empirical evidence, but my experience with the program is that the people who live off reserve are treated differently from the people who live on reserve. They have much more difficulty accessing educational funding. Is

there not any parameter or regulation that says everyone is treated equally?

**Ms. Line Paré:** With respect to regulations, the post-secondary student support program, the Department of Indian Affairs has national guidelines, and the national guidelines are provided to each first nation as part of the funding agreement. But the first nations can design their local policy with respect to post-secondary student support programs. The department's post-secondary student support program does not have an eligibility requirement of living in the community, on reserve, so you can live both on reserve and off reserve and you can apply to the post-secondary student support program.

You also have to remember that the post-secondary student support program is a support to provide financial assistance, so depending on the availability of funds and the number of applicants, a first nation may decide to reduce, for example, the monthly allowances that will be provided to the students in order to support more students from the community. That's the kind of local flexibility the community could have.

**Hon. Shawn Murphy:** As I listen to your answer, you're saying that the first nations have this flexibility, that they can actually decide to give priority to a certain class of students over another class of students, and that there's nothing the department can do about it.

**Ms. Line Paré:** Yes, the community has that flexibility, and the department considers this local control of first nations education.

**Hon. Shawn Murphy:** If a first nation decides they are going to give priority to a student living on reserve over a student living off reserve, and they have that discretionary decision-making authority, there's absolutely nothing the department can do about it.

**Ms. Line Paré:** The department requires the first nations to establish, with their local policy, an appeal process, so that every person from a first nation can appeal a decision to the band council within their appeal process mechanism.

**Hon. Shawn Murphy:** But that appeal process would just go to the band council.

**Ms. Line Paré:** Yes.

**Hon. Shawn Murphy:** There's no appeal process to the department.

**The Chair:** Ms. Paré, I just want to follow up on Mr. Murphy's point of view that you can only appeal back to the people who made the original decision, that you can't appeal to someone else. Is that what you're saying?

**Ms. Line Paré:** Yes, there's no departmental appeal process. There's no central appeal process.

**The Chair:** Sorry, Mr. Murphy.

**Hon. Shawn Murphy:** I'll look at it as a taxpayer. Are there no incentives built in to attempt to reward success? We all want to have younger people better educated. If the band were able to increase the number of students going to post-secondary institutions, community colleges, is there no mechanism whereby their funding would rise if they were successful, and vice versa? Has that ever been explored or talked about by the department?



●(1620)

**Ms. Line Paré:** From our experience in looking at local community policy, I would say that many first nations, in their policy for support for the post-secondary student support program, really encourage students to succeed at the high school level. Some of the first nations students have to provide their report cards, and they are monitored during their post-secondary education process.

**Hon. Shawn Murphy:** Thank you very much, Mr. Chair.

**The Chair:** Thank you very much, Mr. Murphy.

Mr. Christopherson, eight minutes, please.

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

Thank you all for your presentations today.

I have to say at the outset that I was incredibly outraged the first time we dealt with this, I remained angry the second time, and I'm just as angry now as I was then. I would say to the deputy that as a deputy minister, you ought to have received this as the worst nightmare a deputy minister could receive. What it says is that not only are there deficiencies and huge problems within your ministry, but you made commitments to do something about it and didn't follow through on those commitments. So my remarks and questions are going to be around those two areas.

I have to say your presentation today, in my opinion, hasn't helped your case one little bit. In fact, the lightness of the response you presented shocked me. I really expected a bit of a fight, but there was nothing. That was a really weak response.

I'm going to get into some specifics, but first I want to take the report itself and do the same as I did last time, in your presence, with your colleagues here.

I want to say at the outset that I recognize a lot of this is political and that it's the minister who has to answer at the end of the day. I don't want to end up browbeating you, because a lot of things are politically directed, but you have to tell me where the difference is between your responsibility and where the minister gave you direction that means it's not your responsibility.

However, when I look through this... I want anybody who is paying attention to this to understand that the sub-headlines within the Auditor General's report read like this—and I'm going through the report starting on page 7:

A large education gap remains

The Department has not yet defined its roles and responsibilities

Appropriate performance and results indicators are still lacking

Remember, this is the report based on the first audit of 2000. It's not the first go-around; it's the third, if you include the committee report. It continues:

The department still does not have good cost information

Issues concerning tuition agreements persist

School evaluations need to be completed

Management and accountability framework is deficient

Roles and responsibilities for delivering the program are unclear

The Department needs better information

Discrepancies in the information provided to the Treasury Board

Parliament is not receiving a complete picture

Those are pretty damning sub-headlines.

Now let's get into some of the substance of what's here. First of all, it was found in the first audit of 2000 that you did not have a clear outline of the roles and responsibilities of the ministry. You committed, in your overall response to the Auditor General, that you accepted the criticisms and you took them seriously and you were going to do something about it, and you went a step further—when I say “you”, I mean the ministry—when you came in front of this committee and gave a deadline. You said that by June 2002 a committee would be there and would respond to the Auditor General's report and criticisms, because you agreed they were right and you would have that for the committee.

That deadline came and went. This is dated November of last year, and it still wasn't done. To the best of my knowledge, based on your presentation today, I haven't heard that it has been done yet. I'd like to know how that can be.

**The Chair:** Mr. Horgan.

**Mr. Michael Horgan:** As Deputy Minister of Indian Affairs, the one thing I'm learning is that most things are actually a lot more difficult and complicated than they seem to be.

As for roles and responsibilities, I'm not saying this doesn't have to be done; in fact, it's very important to do. There is no question that there is a real need for clarification of this. But in a system where we've been evolving and devolving responsibility of education to local communities, then the definition, the clarity that's required, has to be done in collaboration with them and respectful of the actual local communities themselves. So it actually turns out to be a fairly difficult process. I wasn't around at the time the original report was made, but I can assure you this is something we continue to work on.

With respect to the issue of performance, I agree we have to go beyond just how many students are graduating or have graduated from high school or are attending university and post-secondary education institutions. We have to introduce the concept of performance measurement, testing, and these kinds of things as well. But very few of these things, unfortunately, can be done by fiat by the department. It's a process where we want to be respectful of our first nations partners in this area, and we have a very large and complex system. More work needs to be done; there is no question about it.

●(1625)

**Mr. David Christopherson:** I understand that, and I probably would have a little bit more of a sympathetic ear if that were the argument back in 2000 about why it was going to take you until sometime beyond 2005 to get it done, but that wasn't the argument at the time. Nobody came in here and said we can't do it, it's going to take a long... They said we'll have it done by June of 2002. After the Auditor General pointed out that this needed to be done, your department came here, in front of this committee at that time, and said you will have this done. They said all the nice flowery things that you are now, about how important it is and about how you agree with the Auditor General, with lots of hand-wringing. But there was a deadline, a deadline of June 2002. It's January 2005. It's still not done.

Telling us that it's complicated and hard to do is not going to carry any water, sir. What's the new deadline? I don't think it's funny. What's the new deadline?

**The Chair:** Mr. Horgan.

**Mr. Michael Horgan:** There is no deadline.

**Mr. David Christopherson:** Well, there was before, in 2002.

**Mr. Michael Horgan:** This is an area we want to really continue to work hard on. We're trying to clarify our roles and responsibilities. It's important with respect to our relations with first nations communities. We're trying to do that. It's also important for our own department and our own bureaucracy, so that people in the field understand their role and responsibility as well. I think that's something the Auditor General has pointed out, and we agree with that.

**Mr. David Christopherson:** That's a fine speech, sir, and I agree with the sentiment, but we've heard it all before. This is the place of accountability. This is where we want to know why things aren't being done that should be done, or things we're committed to.

I'm sorry, but if you were sitting here... Anybody watching would have a heck of a time accepting that this is an answer for why a commitment made for June 2002 is still not done. Worse yet, you can't even give me a new deadline. For all we know, somebody is going to be sitting here a decade from now asking the same question.

I would be upset and concerned if you'd only progressed on the gap by one or two years, that instead of 27 years we're at only 25 years. I think all of us would be here saying you could do better, and asking why it can't be better. Worse, though, we're hearing that it's going to take longer. Based on the limited information the auditor can get, it's now going to take, instead of 27 years, 28 years.

So the cost is going up, the results are going down, and now it's going to take longer to close the gap, which is what this was all about in the first place, than it was before the first audit was done. What gives? How do you explain to the Canadian people that you as the deputy are managing the ministry and the money in an efficient way that is worthwhile for us to continue the funding when your timeframe for solving the major educational gap is going in the wrong direction? This is after we've done an audit, let's remember. This isn't a new peek-a-boo, let's have a look see at what you're doing. This is four years later.

**The Chair:** A quick response, Mr. Horgan.

**Mr. Michael Horgan:** On the gap that the Auditor General has pointed out is increasing, the fact is that the performance has improved for first nations education in the area. The gap comes from the fact that it's slightly better in the last four years for non-first nations than it is for first nations. That's why the gap has gone up. It's not that there isn't progress being made with respect to first nations.

Is that acceptable? No. I think the Government of Canada is trying a number of the initiatives that we've brought in, some of the things we're doing in our response and that we want to put in place with respect to the Auditor General's report, including the national round table on lifelong learning and whatever comes out of that. I think we want to really try to push forward as hard as we can on first nations education, because it is really important.

**The Chair:** Mr. Christopherson, I'm going to have to cut you off there.

Mr. Allison, please, eight minutes.

**Mr. Dean Allison (Niagara West—Glanbrook, CPC):** Thank you.

Thank you for coming before us today to answer some questions.

Just so I'm clear, you talk in your report, Mr. Horgan, about federal schools versus provincial schools. If the students are being sent to provincial schools, who picks up the cost of that? Is that picked up by the province or picked up by the feds, or by your department?

• (1630)

**Mr. Michael Horgan:** By the federal government.

**Mr. Dean Allison:** So it is picked up.

**Mr. Michael Horgan:** If they're on-reserve students going off reserve to provincial schools. There are tuition agreements between them.

**Mr. Dean Allison:** Okay, so that's covered off.

You talked about flexible delivery. What they're able to do, then, is that if they determine that they've done what they think they should do, they could then spend it on other things. Do you have any idea of what type of money is spent on things other than the education?

**Mr. Michael Horgan:** I don't have that in front of me, but we can look into it for you.

The way the flexible funding agreement operates is that we provide longer-term funding to the band over a period of years, and the band can use that for a certain designated area once they've met certain basic requirements in each of the program areas. So they can move moneys around beyond—

**The Chair:** Perhaps you can write a letter to the clerk of the committee outlining the different areas that can be funded. It sounds to me like it's a block funding concept, and you can spend the money in a number of different areas. Perhaps you could give us some explanation of how wide the area is, of the number of areas, and the kind of money going in that direction.

Sorry, Mr. Allison.

**Mr. Dean Allison:** Thank you.

Regarding the fact that money is set aside and it can be spent, what exactly are those minimum standards? How is it determined that we've now met our educational need, and now we're going to spend the money on housing? Because as far as we know, from the report, almost \$1.5 billion is spent on education, but quite frankly, maybe that's not actually spent on education.

**Ms. Line Paré:** With respect to the funding arrangement and the minimum standards, the department asks the first nations to ensure the portability of the students. So a student in grade four, for example, in the community, who next year would be in grade five and wanted to attend a provincial school, would be in a curriculum that's comparable to the provincial school system. Those are the standards. They are mentioned in the funding arrangement, and they are part of the elementary-secondary national guidelines, which all first nations receive.

**Mr. Dean Allison:** So let me understand that. My question was on how they determine when the minimum standards have been met so that the money then can go to other things. What is the mechanism for that? Is it testing?

**Ms. Line Paré:** It's not testing, it's just part of the guidelines ensuring comparability of curriculum with the provincial school system and the portability of the student.

**The Chair:** I think Mr. Allison is asking how you test to make sure that the children are absorbing the education. It's fine to say that it's being presented, but if nobody is there to listen to it or to absorb it, what feedback and follow-up do you have?

**Mr. Michael Horgan:** We have the reports on the funding agreements that come from first nations about how they've met their program standards. Our regional offices, which are responsible for the funding agreements with each first nation, then take a look at the reports to see if they've met the standards.

**The Chair:** But do these reports give you any analysis on the level of education that is absorbed by the students?

**Mr. Michael Horgan:** If what you're asking is whether or not there is systematic testing of first nations kids' performance with respect to education in, say, grades four or six or eight or whatever, I think the answer to that is no. That's what I was saying earlier, that what we have is a system that says here are the graduation levels and achievements of first nations kids, because there are nominal rolls kept. Should there be more of that kind of testing? I think that's something we really have to take seriously.

As well, first nations kids who are participating in the provincial school systems, of course, to the extent that they have those kinds of testing systems, will be subject to that testing as well.

**The Chair:** Okay.

I stopped the clock there, Mr. Allison, so you didn't lose any time.

**Mr. Dean Allison:** Thank you.

I guess my question then revolves around minimum standards. Obviously this issue has been ongoing, not just for the last couple of years but for quite some time. So why wouldn't there be minimum standards? Do you not feel that as a ministry you guys are under some kind of obligation, as you transfer that money, to get something back as a result? It's such a broad funding mandate, it sounds to me. I

wish I had that kind of flexibility in filling out my expenses, where I could just allocate it where I want to.

Aside from that, how do we determine that the people who are delivering the services are being held accountable? We don't have testing, so there's no way to know. You could constantly just continue to write the cheques, but where's the accountability for the cheque writing? Is it because they say they have a curriculum? Once again, I don't understand the performance.

•(1635)

**Mr. Michel Smith:** Mr. Chairman, in regard to the testing, we had some testing done in some of our schools, number one. Number two, as I pointed out earlier, 55% of the students graduate from provincial schools. Therefore, they are submitted to provincial tests while they are attending provincial schools. That's another indicator of success. So there is some testing. The reason there is some reluctance around testing is quite a few of our communities is that the provincial testing is not taking into account cultural issues that first nations insist on having, that the curriculum not only meet provincial standards, or better than provincial standards, but that it also be culturally relevant. So we are working with the communities, the provinces, and first nations organizations to look at testing throughout the system. But to say there is absolutely no testing is not true. There is testing, but it's not systematic.

**The Chair:** That's a long answer, Mr. Smith, to tell us that the provincial government is doing one thing and you're not doing what they're doing.

Mr. Allison.

**Mr. Dean Allison:** I appreciate the cultural relevance, but I don't understand the cultural relevance when it comes to reading, writing, and arithmetic. Is there cultural relevance to that?

**Ms. Line Paré:** I think it could be an interesting subject for further discussion.

**Mr. Dean Allison:** For a round table?

**Ms. Line Paré:** Research has shown that sometimes there is cultural bias in testing, and this is why even provinces have been looking at testing.

In some communities for some young children there are words that are not in their vocabulary or even in their concept. Sometimes mathematics can be really difficult, and it's not because I don't understand the math concept, it's probably because I don't understand what I'm reading because it's my second language. These are some issues that first nations have brought to our attention.

With regard to the schools, it's also important to know that schools are required to do a school evaluation every five years, for which the report is public, and the first nations and the schools are required to design an action plan on how to implement the recommendations from the school evaluation. It's another mechanism to assess the schools.

**Mr. Dean Allison:** One last quick question. I'm having a hard time understanding the relevance of round tables. Is this sort of we sit down and feel good about what we talked about, or is this something that gives us measures we're actually going to take and implement? What is the purpose of the round tables?

**Mr. Michel Smith:** As you probably know, the round tables follow-up sessions were held pursuant to the April 19 Canada and aboriginal peoples round table. Commitments were made in areas identified by both government and aboriginal leaders, of which lifelong learning was one. There were also housing, economic opportunities, and so on. There were six.

In lifelong learning, the intent of all of the follow-up sessions is to bring together experts in the areas. In the case of lifelong learning we had two. Our first session was on early childhood development and K to 12 education. The following session was on post-secondary education and skills development. Experts came from across the spectrum, not only aboriginal, but also mainstream and academia. Together we were looking at what concrete steps we could take.

All the various groups will be coming together at a policy retreat to be held this spring with aboriginal leaders, the government, and provincial partners so that we can identify key areas where we can see transformative change.

**The Chair:** Thank you very much, Mr. Allison.

Mr. Carr, the last questioner of the eight-minute round.

• (1640)

**Mr. Gary Carr (Halton, Lib.):** I agree with Mr. Christopherson. I sat on public accounts committees in Ontario for three or four years. I was there for thirteen years. I've never seen anything like this in my life. I thought I had seen it all over two different governments there. The only thing I can think is that maybe you haven't been the deputy for very long. How long have you been deputy, Mr. Deputy?

**Mr. Michael Horgan:** Just a year.

**The Chair:** Excuse me.

If someone has their telephone on in this room, please turn it off.

I'm sorry to interrupt, Mr. Carr.

**Mr. Gary Carr:** Like Mr. Christopherson, I think the people in the Auditor General's office do a lot of great work. You see where they put down that there was a lack of clarity in the department's role.

This committee takes its role seriously. In the year 2000, the people around this table did a report, to immediately undertake a comprehensive review and to provide a clear formal statement of the roles and responsibilities. Why did they even bother? You haven't done that. If there is a sense of frustration, it is that the answers we get are totally inadequate, saying that it's difficult. This committee shouldn't even bother, when we take a look at what's going on.

It is totally unacceptable. I see that the assistant auditor says, "With some exceptions, such as a new program for special education, the Department has generally continued the same practices with respect to the way it supports, administers, and reports on elementary and secondary education." They're telling you it's not working, and what do you do? You continue along the same way.

I want to say up front that I'm extremely frustrated, as I think all the members are, and if there's a little anxiety, it's because this is totally unacceptable. In fact, my question isn't even what you are going to do to fix it, because I wouldn't believe you if you told me, quite frankly. It's a waste of time. My question is this: why don't we

just give our first nations complete autonomy, which they want, give them the money and let them do what they want with the money? Quite frankly, when you look at what we're doing with it, it couldn't be any worse under that system.

As deputy minister, having been a part of what went on, do you subscribe to simply giving first nations full autonomy, which they want? Whatever amount we spend, give that to the first nations and let them have full responsibility to spend it. I will tell you, having sat through and watched, I think this is the only logical conclusion anybody could come to. Quite frankly, it couldn't get any worse than it already is, having the department try to administer it.

**Mr. Michael Horgan:** Actually, that's exactly where I'd like to go. My view is that we have to really follow through on control of first nations education. I think the direction we have to go in is indeed providing the first nations with the actual autonomy and responsibility for their own education—and that would be full autonomy. And we've moved in that direction, for example, with self-government agreements and the like.

My one caveat on that would be this. At the same time, one of the problems we are confronting is that we have more than 500 communities that are almost too small to realize the kinds of economies of scale that are really important in the area of education, and there has to be some sensitivity to having some aggregation in the education area. We need greater work, greater integration with the provinces, greater work with the communities themselves, to develop first nations school systems, not just isolated schools in reserve communities. The direction I think we have to go in is indeed the one you laid out.

**Mr. Gary Carr:** That is the case, and I must say again that it couldn't be any worse under what we've done.

Let's assume we need to go that route, because sitting here and asking you when we are going to do it would be, quite frankly, a waste of our time. The ministry has clearly shown that it isn't going to proceed and it isn't going to listen, whether that be the auditor or this committee. I think what we need to do is move quickly in terms of turning over the responsibility.

As I look at it, we're saying that as a ministry we're going to help the first nations administer the program. Do you know what? There isn't one of them that couldn't do a better job than we have done. Not having clear roles and responsibilities... As a ministry, you are supposed to be the ones guiding and setting the directions so that the money gets spent in the right areas. Quite frankly, you're the worst abusers of the system, and when that is brought out, it doesn't even get changed.

You've been here for a year now, and I can only assume that you've come in to replace somebody who didn't do a very good job and has moved on. We may find out the deputy has moved on to someplace else, which is normally the case. The only saving grace we have in this is that you've only been in it for one year.

That being said, if there's no responsibility for the deputy, when are we ever going to get solutions? As Mr. Christopherson said, okay, now you're in there, you have been there for a year and you've seen what happened. The auditors complained about what went on. The public accounts committee have complained and asked you very specifically when there's going to be some type of change. He is right; there has been no answer. Quite frankly, we probably couldn't believe whatever the ministry gave us anyway, but there has been no answer at all.

You've been in there for a year. Do you realize how frustrating it is to sit and watch a performance of a ministry like this, not only once but twice, and on the third time—and I will say this—being completely irresponsible and not making any of the changes? It's almost as if you thumb your nose at the committee. Then the answer we get back is that it's more difficult than it seems. This is totally unacceptable.

So I'm going to follow up on Mr. Christopherson's questions. Now that you've seen it, now that you hopefully have seen the frustration of the members, can you give us a particular timeframe for when you will be able to say yes, this has happened, and we have put in place the things the auditor has asked for twice, that this committee has asked for once? Is there a date you can possibly give us? Failing that, if you can't... Would you make a commitment to the committee, at your earliest convenience, to at least tell us that? Without that, you understand that we're sitting here asking, why bother? We may as well close up the shop and go have a coffee, because we're wasting our time, based on past performances.

•(1645)

**The Chair:** Mr. Horgan.

**Mr. Michael Horgan:** Since I've been here, I've taken a look at the area of education, and I must say the Auditor General's report on education has been an education for me in this area.

What we're trying to do in the department is this. We've taken some organizational changes, we've created a new branch for education that didn't exist in the department before, so that there would be a number of people fully dedicated to the education issue. Also, we've created a regional operations and services sector that would take care of our—

**Mr. Gary Carr:** I hate to cut in, Mr. Horgan, but I only have a minute. If you don't want to answer the question, that's fine, but just tell me you don't want to answer, rather than going on with a long-winded response.

The simple question is can you give us a date when you're going to implement the recommendations? If you don't want to do that, just say you don't want to do that or you can't give it. Don't give us a long-winded answer about what you've done. Can you give us a date? If so, give it to us now. Otherwise, it's a waste of your time and my time for you to carry on like that. Can you give us a timeframe for when you will implement the changes that the auditor and this committee have asked of you?

**Mr. Michael Horgan:** Well, we're implementing a number of those changes. So they're different, depending on which ones.

**The Chair:** Mr. Horgan, I think your answer is no, you can't at this point in time, based on Mr. Carr's direct question to you.

This is a serious issue, and you've heard from all sides of this room the concerns that members of Parliament have. I think what I'm going to do after this meeting is over is ask that this committee pass a resolution giving you a specific date, at which time you will come back and make a complete presentation to this committee, addressing all the concerns of the Auditor General, and say you are doing this and this; this is the timeframe; this is the budget; this is where we're going; this is the plan. We will discuss that, but I think that's perhaps what this committee will have to do in order to get on the public record a complete commitment by the Department of Indian and Northern Affairs that yes, they take this education issue seriously and they're going to do something about it.

We want a clear—not an ad hoc yes, we'll do something here and something over there—presentation. We'll give you some time to put that together, if the committee agrees that this is the way we should go, and then you'll come back and make your full presentation, and we'll give you the time to make that and be open to questions.

We will have our round table, Mr. Allison, so that the government can speak to the committee.

Mr. Carr, was that the kind of resolution that you think might be reasonable?

**Mr. Gary Carr:** Yes, it sounds very good. I'd be willing to support it.

**The Chair:** Okay. So I think you can expect that kind of decision coming from the committee, Mr. Horgan.

Okay, that brings the first round to an end. We're now into the four-minute second round.

Mr. Kramp, four minutes.

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

A lot of the venting has already been done, so at this particular point I'll probably hold back a lot of the comments I would have made, because I don't think there's any sense in jamming it in your ear a little bit more.

However, I actually read through this entire report, and I don't want to just echo the comments of Mr. Carr and Mr. Christopherson, but I didn't get any feeling that the department recognizes any sense of urgency at all to deal with this. This just appears to be, well, same old, same old. We've had a problem, and there's a myriad of difficulties with the system and with the department. It's just not efficient at all, for a variety of reasons.

I have two areas of real concern. We had an eminent historian here at the public accounts committee, Ned Franks, discussing accountability. In other words, the buck has to stop somewhere. Who takes responsibility for a department or a ministry that is not functioning the way it should? In other words, either heads have to roll, somebody's hind end is on the line, or results have to be delivered.

A government ministry or department is no different from the private sector. We're all still the same animal, and we have to have a level of accountability to survive. Here the ultimate accountability is to the Canadian taxpayer. The Canadian taxpayer wants to see their dollars spent in a manner that's going to give them results. When we see a department that's been historically... Back in the 1970s, I think it was, the starting point for education for the first nations people was \$9 million, give or take a little bit, and now we're up well over \$1 billion. There have been dramatic changes and dramatic demands on the system, but that has not given us results, because it has been so poorly managed.

I'm suggesting right now that you should look right in the mirror, gentlemen and ladies, and the entire group of people supporting you. There are probably a lot of wonderful people there, probably a lot of fine, dedicated people, but I hope you get a very serious message from this committee: the fact that the buck has to stop somewhere. This is not a tolerable situation. Whether it's a dramatic change of ministerial direction, whether it is looking after steps one to seven incrementally with a solid plan of action, then fine, but we cannot just keep going on willy-nilly, saying that at some point it will get better.

I can even give you a personal story about a situation I'm familiar with in my riding, yet this is a success story that has not been handled... This is not a Davis Inlet situation.

I have a first nations technical institute in my riding. It's a wonderful institute. Initially they started off with 100% funding, and they've been there 16 years now. They're now operating on probably 35% to 40% funding only, they're that successful. They've had over 2,000 graduates, people taken off the cycle of dependency. They have an over 90% placement rate of their students. They have many seconded teaching positions with the local universities and colleges. They have over 70 staff, and they contribute \$6 million to our local economy.

But of course the government and/or your department have suggested, well, let's just cut the funding. They're going to a provincial funding situation. You have a number of other technical institutes across the country, and as you go to a different funding mechanism... Why are you throwing the baby out with the bathwater? Should you not have an effective transition plan in place? You are putting hundreds of students who are involved in three- and four-year programs out on the street. People are already getting their walking papers from the teachers. I say to myself, this makes no sense at all. This is a success story, and you are deliberately cutting the feet out from under it. My goodness, if that is being done, can you imagine all of the areas where there are problems? How are they handling that?

• (1650)

So when I say I feel the department is out of control, I honestly do believe that it is, and I would ask that you not only look at items like

that—I will be following it up, naturally, because I'm personally interested within my constituency—but at the broad picture. That is only one small factor.

I'll wind this up, but I plead with you, do not take this committee lightly. They are determined to get to the bottom of this.

**The Chair:** Thank you very much, Mr. Kramp.

That was a real plea from a parliamentarian saying you have an obligation to look after and educate these people who are Canadians.

Mr. Wrzesnewskij, please. You have five minutes.

• (1655)

**Mr. Borys Wrzesnewskij (Etobicoke Centre, Lib.):** Mr. Campbell, you talk of the education gap and we heard from Mr. Smith that graduation rates have improved by 10%. Mind you, he did qualify it—it's not since 2000, but since 1991. If we have an increasing education gap, are we in fact graduating more students at the various levels, but graduating students with increasingly limited academic abilities? Can you provide me with a little better definition of the term "education gap"?

**Mr. Ronald Campbell:** I'll ask *monsieur Côté* to take that.

**Mr. André Côté:** As Mr. Smith pointed out, the situation of the number of people who have graduated from high school is increasing. The proportion of people living on reserves over the last ten years is increasing, as we show in our exhibit in the report. However, the number is also increasing for Canadians in general, and this time gap that we talk about is the time that we estimate it will take for first nations living on reserves to catch up with the rest of Canada.

**Mr. Borys Wrzesnewskij:** Well, that leads into my second question.

When I look at the timeframe you talk about, we've basically resigned ourselves—and first nations can resign themselves—to the idea that this generation of first nation youth and in fact a part of the next generation will be disadvantaged academically. Just as everyone else here, I find that a stunning admission or result that you've arrived at.

When I look back to Mr. Horgan's report, on page 6 he talks of how this transformative change will occur only over the long term, so I guess that reinforces that we're pretty content and happy that it may take that 27 to 28 years. The preamble for that paragraph is pretty sunny. It's something that George Orwell could have written: "The Roundtable process itself has reinforced the value of broad-consultations...". So consultations have now brought us to the conclusion that we need more consultations.

Mr. Horgan, you're the deputy, and you see that there's a huge problem. Is there a timeframe that you'd like to see this education gap closed within?

**Mr. Michael Horgan:** I'd like to close it as quickly as possible. Look, I think what we have to do is put in place the changes we want to make in the system soon, within the next year in some areas, within the next two years in other areas. I think the actual changes have to be put in place soon. All I'm saying is the actual—

**Mr. Borys Wrzesnewskyj:** Is 27 or 28 years the timeframe you're looking at?

**Mr. Michael Horgan:** No.

But look, the 28-year gap—and correct me if I'm wrong—is also going to include all of the cohorts of people who are now out of the school system.

**The Chair:** Let me find out if that's correct.

Is that correct, Mr. Campbell? Mr. Côté?

**Mr. André Côté:** Yes, that's correct.

**The Chair:** So this 28 years is to close the educational deficiencies or disparity between people of any age in first nations with people of any age in the rest of society?

**Mr. Michael Horgan:** Right. The reality is that what we have to do is concentrate on making the required changes in the schools and school systems as soon as possible, recognizing that the gap is going to be there for quite a long time simply because it includes the entire population cohort, but—

**Mr. Borys Wrzesnewskyj:** How do you define “as soon as possible”?

**Mr. Michael Horgan:** I think over the next year or two, depending on the actual area.

**Mr. Borys Wrzesnewskyj:** We come back to the question of responsibility. We have round tables. We have departments. Will there be or is there someone directly responsible whose neck will be on the line? Who's directly responsible to close this gap?

• (1700)

**Mr. Michael Horgan:** I think it's me, my officials, and our partners we work with in the first nations communities themselves.

**Mr. Borys Wrzesnewskyj:** Thank you for clarifying that. We will be looking toward you over the next year to two years.

**The Chair:** I think the minister will be carrying some responsibility as well. Anyway, we'll sort that out at some other time.

[Translation]

You have five minutes, Mr. Cleary.

**Mr. Bernard Cleary (Louis-Saint-Laurent):** Thank you, Mr. Chairman. I'd like to thank Benoît for inviting me to attend this meeting. I won't say I learned anything new, because I'm already well acquainted with the subject, but I will say that it was interesting to hear what you had to say.

I'm an Innu, a Montagnais status Indian from the Lac-Saint-Jean area. I have been involved in aboriginal affairs for the past thirty years. I've also been involved in negotiations over the past 26 years and as such, I've visited a great many reserves and heard people recount all kinds of problems.

One of the problems that poses the greatest challenge is education. Numerous reports on the subject have been tabled over the years, including the Penner Report and the Report of the Royal Commission on Aboriginal Peoples, and the process always seem to stall coming out of the gate. To make matters worse, the government is trying to transfer responsibility for education to First Nations so that they can rectify the situation. That's not possible.

You're not able to rectify the situation yourself, despite all of your experts and qualified people and the resources available to you. Yet, you expect aboriginal groups, who lack the resources and means, to succeed where you have failed. That way of thinking is Machiavellian. Five, six or seven years down the road, you'll realize that aboriginal groups haven't succeeded in accomplishing this feat. If you haven't been able to, then neither will they. Canadians will then inevitably come to the conclusion that they weren't up to the task in the first place.

Canada's fiduciary responsibility for aboriginal peoples is not to be taken lightly. A trustee has certain responsibilities to attend to and must not shift his problems on to the shoulders of the people under trusteeship.

You've highlighted some interesting points and I hope that you will continue monitoring the overall situation. It is your responsibility to do so. Do your job and see to it that over the next 28 years, First Nations catch up to other Canadians. I won't live long enough to see that day. Does that seem like a reasonable time frame to you? It may seem a little crazy to think that First Nations can catch up in 28 years. Just think of the generations of young persons who stand to be sacrificed merely for budgetary considerations. Ultimately, that's what it all boils down to.

There are those who say that ample funding is being allocated to aboriginal issues. However, it remains to be seen where that money is going. I'm not convinced that it's going to First Nations. Sooner or later, that question will need to be answered.

My question is directed to the officials from the AG's office. Were you aware of any of the issues broached by the members of this committee? Is it not your job to continue probing into this matter? I sincerely invite you to continue doing so.

Thank you.

• (1705)

[English]

**The Chair:** Mr. Horgan, a brief response, please.

[Translation]

**Ms. Line Paré:** I'll answer that question.

**Mr. Bernard Cleary:** My question was directed more to the witnesses seated opposite.

[English]

**The Chair:** I'm sorry. It was addressed to Mr. Campbell. Do you want Mr. Côté to respond, or Mr. Campbell?

[Translation]

**Mr. Bernard Cleary:** Mr. Campbell.

[English]

**Mr. Ronald Campbell:** To be brief, I don't think we've heard anything we hadn't heard before. We've been here before with these issues. No, I don't think this was new. We just need to get it fixed.

**The Chair:** Merci, Mr. Cleary.

Mr. Holland, you're next, for five minutes.

**Mr. Mark Holland (Ajax—Pickering, Lib.):** Thank you, Mr. Chairman.

I'm not going to rehash a lot of territory that has already been covered. I don't think that would be useful. But there is something I'd like more information on. On the issue of clarity in roles and responsibilities, the response that has come back thus far has been that it's difficult and more complicated than you realized. I'm not enlightened as to what is the nature of that difficulty and complexity. It does seem—and we certainly talked about it—to have taken an extraordinarily long period of time to establish these roles and responsibilities, over four and a half years. What is the nature of this difficulty?

**Ms. Line Paré:** Maybe I can provide an answer to the question about the nature of the roles and responsibilities. We have devolved the responsibility to some of the schools. We're still managing some of the federal schools. We have a director of education in Ontario who spends some of her time during the week meeting with school principals, teachers, and parents. We have some colleagues in British Columbia who are sitting at the table negotiating jurisdiction with regard to education. It varies across the country. Some regional offices work with first nations on their funding arrangement and with first nations regional education organizations, such as the First Nations Education Council in Quebec, which provides support and advice to the community Mr. Cleary is from. There is a variety of involvement of regional people across the department and regions.

**The Chair:** Mr. Smith, do you have something to say?

**Mr. Michel Smith:** Thank you, Mr. Chairman.

I think that for the last hour and a half we've been skating around the whole issue of self-government. A lot, if not most, of the first nations are demanding full control over education. As you'll appreciate, when 55% of our students are going off reserve, we also have to negotiate with the provinces. We have different partners. When we talk about self-government, what will be the format of that self-government? What will it look like? Are we talking about full devolution? Are we talking about K to 12? What are we talking about?

Every step of the way we have made a commitment, which was reiterated by the Prime Minister, that we were going to work in partnership with aboriginal groups and that we would no longer develop policy in a vacuum in Ottawa. The deputy could commit that we come back next week with a plan that would not keep in mind any consultations with first nations. That's not the case. That is not what we have committed to do. We have committed to work in partnership with first nations and other aboriginal groups.

**Mr. Mark Holland:** We talked about the length of time, four and a half years, to come to this. Part of it would be with the understanding that some roles and responsibilities may evolve or change. But I think that if they can be clearly defined and then allowed to evolve and change, that would be most helpful.

I know we're going to be dealing with a motion from this committee, and I sense there's going to be a lot of support for that type of initiative. But one of the things that I think is absolutely imperative is the need to have those roles and responsibilities spelled out in clear terms. That may only encapsulate the time we're in and may evolve. But it becomes very difficult to have a coherent system when nobody can understand who is responsible for what and what roles they have. That is inherently going to build failure into the system, because that's so critical. That's why we keep coming back

to that point. Establishing a deadline for achieving that and recognizing that those roles and responsibilities may evolve are extremely important. We can't wait another four and a half years for that to happen.

I see you nodding, so perhaps you concur with that, and you may have statements to make.

● (1710)

**Mr. Michael Horgan:** I don't disagree with you, because I think it's very important to have clarity in roles and responsibilities, but in the circumstances we're in, that clarity has to be negotiated with our partners, and there can be disagreements about what those roles and responsibilities are. Dealing with the large numbers and complex areas that we do, we could do it by fiat as a department, but that's not where we want to go in terms of our modern relationship with first nations communities.

**The Chair:** Like the rest of the members, Mr. Horgan, I'm very deeply concerned about the way in which we deliver education to our first nations, because of the report by the Auditor General showing all these failures by your department, under your leadership, to meet a fundamental obligation of a mature society to ensure that our children are educated. It doesn't matter where they live or where they are in Canada, they have the same right to education as someone in downtown Toronto or someone in downtown Ottawa.

Have you read the Indian Act in terms of your responsibility, as the deputy minister, for education of first nations children?

**Mr. Michael Horgan:** I've read the Indian Act, yes.

**The Chair:** Do you know what your responsibilities are?

**Mr. Michael Horgan:** Yes.

**The Chair:** Basically, I believe, if I can encapsulate, you as the deputy minister—and I'm not saying your department, but you as the deputy minister—have the same responsibilities as a school board. Do you agree with that, as a general statement?

**Mr. Michael Horgan:** I think this is part of the issue, Mr. Chairman, if I may. We have an Indian Act. It is the law, there's no question about it, and the Auditor General audits that. I think part of the problem we're dealing with is that we have an Indian Act that is antiquated and not up to date, and what we have is an evolving relationship that's been taking place over the last 30 years with first nations in terms of roles and responsibilities. That's why it's hard, at any moment in time, to get agreement and nail the thing down. But I agree on the importance of it.

**The Chair:** But do you agree with my statement that by and large the Indian Act says you, as the deputy minister, have responsibilities that are not that dissimilar to those of a school board?

**Mr. Michael Horgan:** Yes, provincial-like responsibilities.



**The Chair:** As you say, the act is way out of date, because your department and the Government of Canada over the last 30 years, which means more than one party, have developed and brought to Parliament a number of agreements between different first nations. Now we have a hodgepodge, as Mr. Smith says, which is difficult, because you have different agreements with different first nations. But the law of the land is the law of the land, and the law of the land is the Indian Act. Your department has not brought forward to Parliament suggested changes to that act to reflect the current situation.

You've gone off by policy, and by agreement that comes into Parliament periodically, about first nations agreements that the government uses its majority to impose, or to push through, but you are off on policies that are contrary to the law of the land, the Indian Act, which you are supposed to uphold. That is part of the problem, and a big part of the problem, that the law you are trying to administer you've walked away from, and said that's out of date, so now we'll get into ad hoc policy with first nations all over the country. We have different ways of dealing with different first nations in different parts of the country.

We understand why you have a problem, because you don't have a philosophy, you don't have a policy, you don't have a program. You're just trying to find some way to work with first nations wherever they may be. That has to change. That has to change.

First nations do not have the legal responsibility to tell the Government of Canada how they will educate their children. You have that responsibility at this point in time, and it remains with you until such time as you bring legislation back to Parliament.

Now, we're also aware—not that aware, but rumour has it—that there's a lot of corruption in these places, because they're not accountable. You have access to the financial statements of these first nations, correct?

• (1715)

**Mr. Michael Horgan:** Yes, we have the audited financial statements.

**The Chair:** Do you compare the information on these financial statements with their capacity to deliver education? Do you compare the reports of the auditors of these first nations, when they have a long list of managerial deficiencies, and say, "The money is not properly accounted for"? Do you keep sending the money over, allowing them to transfer from housing to education to somewhere else?

**Mr. Michael Horgan:** We have different kinds of intervention when we find that there are financial problems in communities, up to the extent of what we call third party management, where we put in place an outside manager of the funds provided by the Government of Canada for basic services. We have a tiered approach to that. Most first nations audit statements are fine and clear. Then we move to situations of co-management, and then third party management in the most egregious cases.

**The Chair:** Do you tie that into their capacity to deliver education?

**Mr. Michael Horgan:** It comes from their overall funding. We have a funding agreement with the first nations—

**The Chair:** It's called the financial transfer arrangements, the FTAs.

**Mr. Michael Horgan:** We have those on an annual basis, and we also have the kinds of block funding agreements we talked about earlier. I think you're quite right that oftentimes the problems in terms of financial management come in those communities where the communities are either very deeply divided themselves or they don't have the experience. We try to put in place third party managers to help them get out of their financial difficulties and clean up their management practices.

**The Chair:** Some time ago we had your department, the deputy minister and other officials, before this public accounts committee dealing with these financial transfer arrangements, which are the block funding agreements you just made reference to, and the fact that we as parliamentarians... And no other Canadian can get access to these financial reports, as we can get access to the *Public Accounts of Canada*. That's a public document.

When I asked why we couldn't get access to the financial statements, it was explained to me at that time that it was because the Montana Band in southern Alberta appealed; they were commingling private money and public money in one bank account, and the court says, yes, if you have private money and public money commingled, privacy takes precedence. We were told that this was why we couldn't access these financial statements, because they contained some private information.

Now, I asked the assistant deputy minister at the time, why don't we build into the financial transfer arrangements that there shall be no commingling of funds? The answer, as we're having today, was, well, perhaps we could think about that.

We need accountability, Mr. Horgan. That is why we in Canada enjoy a prosperous lifestyle, because our government and our civil service are accountable. There is no accountability in first nations, because everything they do is buried in policy agreements and transfer arrangements. There is no consistency. We can't get access to audited reports. There are no real reports on education.

So I hope this is a wake-up call to you, to discuss this with your minister. You've heard the comments from all sides of this committee on the report by the Auditor General. I think you and your department have to go right back down to basics. If this committee passes a motion that you will be back here to present, we may set aside a whole afternoon, or maybe a whole day, for you to come and speak to us.

I believe every Canadian deserves the opportunity to prosper in this complex and technological world. You have consigned these people to the welfare rolls by virtue of the fact that they can't read or write or comprehend the complex world we live in. I'm not prepared to tolerate that for Canadians, and I hope you are not. This Parliament will see that it doesn't continue on.

I think, ladies and gentlemen, we should bring the meeting to a close.

Mr. Fitzpatrick, do you really have something else to say?

**Mr. Brian Fitzpatrick:** Yes. There was something said in testimony here that bothered me, the Orwellian terminology that you hold a round table, and one of the conclusions you come to is that we have to have a lifelong learning program.

Mr. Horgan, I can assure you, if first nation children are going into a school system in which they don't get a grade 12 education, and most of them can't read at a grade 12 level or they don't have math skills at a grade 12 level or they don't have a good knowledge base of some things you need to know in this world, they are going to need a lifelong learning program. If you give them the skills in a quality education system so that they can be self-reliant, independent people who can function in this society, they'll learn on their own. But this sounds to me like another bureaucratic empire that somebody is trying to create in this department, and there are enough of those.

If I heard Mr. Smith right, he was basically saying that we cannot deal with this problem, we cannot manage it, we're helpless, because there are self-government things in place, and I suppose political-ministerial constraints as well. But somebody had better take control of this system if we're going to have a quality education system that gets results for aboriginal people. Something has to happen. I think we're looking at a major crisis here, and we should be moving at all-out speed to get this thing remedied.

• (1720)

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

[*Translation*]

Mr. Sauvageau, you have time for one quick question.

**Mr. Benoît Sauvageau:** Fine then. I'll be very brief.

I'd like to ask the officials from the AG's office if they are satisfied with the responses they received from Indian and Northern Affairs officials. Were they encouraged by what they heard?

Would you prefer a different question?

**Mr. Ronald Campbell:** Thank you, no.

[*English*]

**The Chair:** Briefly, Mr. Campbell.

**Mr. Ronald Campbell:** No, I'm sure the gap and the length of time it will take to close the gap is something even the officials from Indian Affairs are not pleased with.

**The Chair:** Do you have some closing comments, Mr. Campbell?

**Mr. Ronald Campbell:** Yes, Mr. Chairman, and they will be brief.

I agree with what Mr. Horgan said, that we transferred schools and not a system. I think Mr. Cleary mentioned the dangers of transferring a broken system. I think there's been talk of energy and focus on devolution and self-government. These are all things that I'm sure many of us would agree need to come to pass, but I just want to state that we shouldn't lose sight of the things that can be fixed within the system such as it is today.

I would just give one brief example. We talked about school evaluations, and about a policy in place that they get done every five years and involve a review of the curriculum, assessment of instructional quality, etc. I would just say that it's fine to have those policies, but they must be followed. They must be complied with. In our audit, we found that in many cases the evaluations had not been done and the information had not been tracked.

So while there is energy in perhaps the devolution question, a significant number of issues can be fixed within the system as it is today.

**The Chair:** Thank you, Mr. Campbell.

I think that brings the meeting to a close. The meeting is adjourned.







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