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Chair

Mr. Gary Schellenberger

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•(1530)

[*English*]

The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)): I'm going to call this meeting to order.

Please excuse my voice. Usually I'm not as raspy as I am, but it seems to be going around these days.

I must say thank you very much to the Auditor General and staff, all that are here today, for this very important meeting.

Pursuant to Standing Order 108(2), we are studying the Auditor General's reports on support to cultural industries, which is chapter 5 from November 2005, and protection of cultural heritage in the federal government, which is chapter 6 from November 2003.

I know we have some handouts here.

Ms. Fraser, if you would proceed to start this meeting off, I would appreciate it. Thank you.

Ms. Sheila Fraser (Auditor General of Canada): Thank you, Mr. Chair. We thank you for giving us this opportunity to meet the members of the committee and to discuss certain issues that we raised in our 2003 report on the protection of cultural heritage, and in our 2005 report on support to cultural industries.

Accompanying me today are Richard Flageole, the assistant auditor general, responsible for these audits; and Richard Gaudreau, director.

In our chapter on the protection of cultural heritage, we concluded that the built, archival, and published heritage under the auspices of the federal government is exposed to serious risk of loss. This is because of deficiencies in various protection regimes, weaknesses in management procedures, and the combined effect of growth in heritage to be protected, as well as to a decrease in protection expenditures.

Organizations we examined have taken some protective measures since the publication of our report. In 2006 and 2007, Library and Archives Canada plans to move its collections most at risk to more suitable storage space that it has acquired. However, issues such as the development of a legal framework for the protection of built heritage and the efficient acquisition of government archives of historic interest and archival importance have not yet been resolved.

[*Translation*]

We are following up on the measures Parks Canada and other departments have taken to protect national historic sites and federal heritage buildings. We plan to report our observations in 2007. We

also plan to follow up on measures taken to preserve the federal government's documentary heritage.

In support of cultural industries, Canadian Heritage and other organizations such as Telefilm Canada, the Canadian Television Fund Corporation, and the Canada Revenue Agency, provide about \$800 million a year to film, television, publishing, sound recording, and new media to encourage the creation, production, and distribution of Canadian cultural works.

In our November 2005 chapter, we made observations on strategic management, governance, and control. In strategic management, we concluded that Canadian Heritage has not yet clearly defined the results it wants to attain by investing in cultural industries. Furthermore, it has not set targets to measure the performance of its investments. We believe that this weakness does not promote the cohesiveness the Department needs to achieve specific objectives and is less able to report on its performance to Parliament.

•(1535)

[*English*]

We noted that the governance of the Canadian Television Fund was particularly complex, and that the administration of its program was cumbersome. At the time of our audit, Telefilm Canada and the Canadian Television Fund administered the fund's program. The boards of directors of these two corporations had to approve the budget, the business plan, and the guidelines for the program. The mandate of Telefilm Canada, which Parliament amended in 2005, is to promote and encourage the development of the Canadian audio-visual industry.

We noted that the department had considerable influence over the governance of Telefilm Canada through its contribution agreements with the crown corporation. As a result of the administrative requirements of these agreements, and the relative importance of the amounts involved, Telefilm Canada has little leeway to interpret its mandate and determine the best way of carrying it out. This degree of oversight is unique among crown corporations.

Finally, we concluded that despite the implementation of an appropriate control framework, Canadian Heritage, Telefilm Canada, and the Canada Revenue Agency do not apply their controls rigorously enough to ensure that Canadian requirements for content, project selection, and eligible expenses are met. We know that the department has taken some measures to improve the management of its programs and activities. However, we have not yet audited the implementation. Your committee may wish to ask Canadian Heritage and concerned entities about the measures they have taken or plan to take, to remedy the shortcomings that we found in our audit.

[Translation]

I would like to take this opportunity to let you know that we intend to initiate a risk-based planning exercise to help us identify future audit work in the heritage, arts, and culture sector. As part of this process, we would like to meet with some members of this committee to discuss any issues that may be of particular interest to the Committee and that we should consider in our audit work over the next three to five years.

Mr. Chairman, we would be pleased to answer the Committee's questions about these audits or our role, mandate, and work. Thank you.

[English]

The Chair: Thank you very much for that.

Does the department also have an opening statement?

Mr. Jean-Pierre Blais (Assistant Deputy Minister, Cultural Affairs, Department of Canadian Heritage): Yes, Mr. Chair. We are thinking of dividing it because there are two reports. So Lyn Elliot Sherwood will deal with one of the reports briefly, and Jean-François Bernier and I will deal with the second report.

The Chair: Okay.

[Translation]

Ms. Lyn Elliot Sherwood (Executive Director, Heritage Group, Department of Canadian Heritage): Thank you, Mr. Chairman.

I'd like to introduce Mr. Daniel Caron, who is from Library and Archives Canada.

I'll be talking about the 2003 report, which concerns the protection of cultural heritage. We identified four themes in the report, and I'd like to outline what's been done since that time.

The first theme is protection of built heritage. I'm sure the committee is aware of that fact that Parks Canada is now the responsibility of the Minister of Environment. We nevertheless continue to work with Parks Canada analyzing options for the legislative protection of the built heritage.

[English]

The second general theme within the Auditor General's 2003 report was the protection of archival and published heritage. As the Auditor General noted, an element of that falls within the management of government information policy, for which the President of the Treasury Board has the lead.

Since 2003, Library and Archives Canada has completed a comprehensive risk assessment of its collection, and is currently

working to develop an information technology system that will enable it to be more effective in reporting on the state of its collection. It's also working on an integrated risk management framework to aid decision-making.

Funding has been allocated, as the Auditor General mentioned, for temporary storage facilities in the so-called Zeller's building, and a longer term strategy is in development. I understand that meetings are taking place between Library and Archives Canada and the Office of the Auditor General to continue the review of progress to date.

• (1540)

[Translation]

The third theme is protection of heritage collections owned by other departments. Treasury Board has responsibility in this area. We're told that Treasury Board has completed its work on developing new material management policies. This new policy requires the identification and protection of heritage collections. This policy will enter into effect on November 1 of this year, and we believe that the Treasury Board Secretariat is currently working to develop guidelines associated with this policy to ensure proper implementation.

[English]

The fourth theme dealt with the definition of objectives, desired results, and appropriate resources in heritage protection. I've already identified some of the measures, such as the integrated risk management framework and strategic plan for Library and Archives Canada.

Within the department evaluations by third party consultants have been conducted on programs directed towards heritage. As I mentioned last week, indemnification was one of them, and we've developed new results-based management accountability and risk-based audit frameworks for the programs, which will clearly set out both desired results and our data collection strategies for performance indicators.

The government has invested in a number of new facilities to better protect and present national collections, including the temporary facilities for the library and archives, the new hangar for the Canada Aviation Museum, the new building for the Canadian War Museum, and upgrades to the Victoria Memorial Building for the Canadian Museum of Nature.

The Auditor General's 2003 report also called on us to complete the heritage policy framework as soon as possible. At that time we were working on a horizontal framework. We fairly quickly realized that to be effective we needed to address the issues that were specific to each area. As a result, we moved independently at the time on the historic places initiative, which is now with Parks Canada, and on a separate piece that falls into the intangible heritage category with the initiative on aboriginal languages and culture where the government announced in 2002 the allocation of \$160 million over ten years. As you are aware from what the minister said two weeks ago, we are continuing our analysis with respect to a museum policy.

Thank you.

Mr. Jean-Pierre Blais: With respect to the other study of the Auditor General, you should have in front of you a short deck. I'll just walk through it. It basically summarizes what we have done so far since the November report was tabled.

May I say, just from the outset, that I'd like to thank the committee for inviting us, but as well to say that anyone in the government who manages programs always welcomes the opportunity to have the dialogue we have with the Auditor General as well as our internal evaluators and auditors so that we can improve the program delivery.

The report is only about 30 weeks ago, but I still think we've made tremendous progress in improving it. In fact, it confirms

[*Translation*]

a number of the conclusions to which I myself came when I accepted the position of Assistant Deputy Minister for Cultural Affairs in September 2004. Moreover, I believe that the Auditor General clearly stated in paragraph 5.18 that she had noted a change in direction in November 2004, shortly after I arrived at the department. That's a good sign. However, we're still making progress in that area.

In the presentation, we'll try to divide the Auditor General's recommendations and to update progress being made on implementing them.

[*English*]

You'll note that it's obviously not a completed job. It's only been some 30 weeks, but it's always a work in progress. We're always trying to redefine the environment changes, and the needs of the cultural industries change as well.

I can tell you, for instance, that on page 2 of the presentation, the suggestion was that we needed to do stronger horizontal management in my sector, which has about 300 employees and numerous programs. I have a group that reports directly through me, which is responsible for strategic policy and planning. As a result, I'm able to have a direct influence on making sure that we have that horizontal approach. I've created research tables that are horizontal, as well as results tables, HR tables, and a task force on the impact of new technologies on the cultural sector more generally.

Since the Auditor General's report was issued, I also effected a reorganization, and my colleague here was appointed director general of cultural industries in a single place. Beforehand, cultural industries were divided up into several places with different accountabilities. This will bring stronger horizontality.

On page 3 there were comments about governance and governance framework. I can report that since the Auditor General's report, there have been developments concerning the Canadian Television Fund. As of March 1, we implemented the new structure, which had been announced by former Minister Frulla about a year ago. Everyone at Telefilm, in the department, and at the CTF worked diligently to implement a simpler, more aligned structure to deliver the CTF program.

I'm happy to report that the transition costs for the new structure came in at some \$300,000 below budget, and on a going-forward basis we will be saving about \$3 million annually, which can be

redirected towards production financing, as a result of the realignment.

I can also tell you that the administration costs have gone down from an average of 5.8% to 5.1% over that period of time. Although we had seen this issue, the Auditor General noted that we could do better. We've implemented a plan to get better results for Canadians.

Maybe I'll ask Jean-François to speak to pages 4 and 5.

• (1545)

[*Translation*]

Mr. Jean-François Bernier (Director General, Film, Video and Sound Recording, Department of Canadian Heritage): Thank you, Jean-Pierre.

As regards the implementation of controls, this mainly concerns the management of the Canadian Audio-Visual Certification Office and the co-management relationship between the Tax Credit Program and the Canada Revenue Agency. As regards the certification of files, we've already implemented the strictest analysis procedures. We now send the Canada Revenue Agency monthly reports on project certification and revocation, as the Auditor General suggested. We're updating our procedures manual for analysts of the Tax Credit Program.

All the recommendations were very serious, but one of them emphasized that we were running the risk of granting tax credit certificates for productions involving non-Canadian creators because we were not requiring Canadian citizenship. Within two weeks, we will have amended the procedures. In support of their certificate applications, producers will now have to submit proof of Canadian citizenship rather than merely an affidavit.

Now I'm going to talk about the efficiency of the controls in general. On three occasions, in the context of what's commonly called the Lincoln report, and in that of the feature film report prepared by this committee, recommendations were made in this area. The Auditor General, for her part, recommended a more strategic approach to the certification of Canadian content. As we had stated in the government's responses on the subject, we are working on ensuring that Canadian content of Canadian audio-visual productions is certified in one and the same location.

• (1550)

[*English*]

Mr. Jean-Pierre Blais: Just to conclude, Mr. Chairman, on page 6, this is about results. I can tell you one of my first things when I arrived in this new job was realizing that we weren't telling our results story as well as we could, and I put a great deal of emphasis on this in the group.

Since I've been there, we have more clearly defined what our strategic objectives are. We have five, which go from creation of various categories of works to actually getting Canadians to have access to those works. Based on defining these, we then started defining a logic model that moves us from all the various outputs the department is involved in, when funding this project or that creative activity, to immediate, intermediate, and ultimate outcomes for the department.

We now have a fully developed logic model for results and are now populating that grid so that we are able to report on an annual basis where we're heading.

You've dealt with the feature film report. That represents the sort of clear targets we want. There may be some doubts as to whether it was the right target or the right way to calculate it, but it's a perfect example of saying that if five years ago we wanted to go to 5% of the feature film market, that's what we're moving towards, and that's what our programs should be prepared and shaped to deliver.

I would be more than happy to answer some questions.

The Chair: Thank you very much.

Mr. Bélanger.

[*Translation*]

Hon. Mauril Bélanger (Ottawa—Vanier, Lib.): Thank you, Mr. Chairman.

First, I'd like to get an idea of the situation as a whole.

Madam, I listened to your remarks on the essential aspects of your two reports. I congratulate you because, as usual, you've done your work in a disciplined manner and you encourage the departments to correct the deficiencies that have been outlined.

I also listened carefully to the presentation of the departmental people. If I understood correctly, it appears that a whole set of measures has been taken since your 2003 and 2005 reports appeared. For example, the processes of Telefilm Canada and the Canadian Television Fund have been merged, and criteria revised, and things appear to be more rigorously audited with regard to the Canadian Revenue Agency. It was mentioned that significant investments had been made to protect our collections, whether it be those of the Aviation Museum, the War Museum, the Museum of Nature or others. I don't know whether specific reference was made to them, but in talks I've had with certain persons, I've been told that the merger between the National Library and the National Archives—a field where Canada appears to be innovating—was supposed to result in better management, savings, and so on, and that it appears that is the case. I don't know whether it's actually the case, but that's what I was told.

Are you satisfied with all these initiatives that the department has taken, and do you believe it reacted well to your report and the recommendations?

Ms. Sheila Fraser: As the member mentioned, we see that the departments and agencies concerned have taken the findings and recommendations of the two audits very seriously. A series of actions are currently being taken. Rather than state a finding, we prefer to go back and re-audit, which we'll do with regard to the built

heritage question. We're getting ready to start the audit at Parks Canada.

As to the cultural industries question, it's too early. These obviously aren't matters that can be resolved in six months or even a year. You have to give them time. So we'll conduct another audit later.

I would add that, as regards built heritage and archival heritage, the important issue that we raised was that protection systems are no longer sufficient. We can improve administration and perhaps change ways of doing things, but, for us, the issue was not simply a management issue. A strategy had to be developed and priorities established, because there was a gap between what they were trying to preserve and their ability to do so. We observed that, by scattering money around, they wound up not preserving the heritage as they should have. At the time we conducted the audit, two-thirds of the buildings were in a condition that left much to be desired, and 90 per cent of the archives were in unprotected premises. There was already a quite significant deficiency, and they had to review the policy and decide what they wanted to preserve based on the resources they were going to allocate to that. I would say that it is virtually up to parliamentarians and the committee to decide that.

• (1555)

Hon. Mauril Bélanger: If I understand your message correctly, the administration of existing resources appears to be adequate, but there may be reasons to increase available resources.

Ms. Sheila Fraser: When there's a discrepancy, there are two ways of proceeding. You can increase resources or limit actions.

Hon. Mauril Bélanger: The conclusion I draw from your comments is that the department took your recommendations seriously and seems to be heading in the right direction, even though there may be other audits at the appropriate time.

My other question is a general one. I know from experience that there will probably always be more demand than there are resources. That's the nature of every government, I believe.

Having said that, I would like to know whether Ms. Fraser or the departmental people can tell me whether any comparisons were drawn between Canada and other countries. How does Canada compare to other countries with regard to the protection of its built heritage and documentary heritage? I know that initiatives have been taken in a number of fields in the country, and I believe similar initiatives have been taken in other countries.

Have any comparisons been drawn, and, if so, how does Canada compare to other countries?

Ms. Sheila Fraser: We didn't do that kind of work. That would be a kind of comparative analysis, and we didn't do that. The departments and agencies may have some information on the subject.

Ms. Lyn Elliot Sherwood: This isn't the result of a systematic study, but I must say there are some major differences among the countries. In the United Kingdom, for example, lottery funds are available for institutions engaged in heritage protection. And the challenges of archives and libraries are virtually the same everywhere, including in Canada.

[English]

The Chair: Make it a short answer, please.

[Translation]

Mr. Jean-François Bernier: That's called international comparative studies in the cultural industries field. It isn't done systematically, but we have it for the film industry. Moreover, there's an appendix in the last report containing a comparative study. There's one for sound recording and another's underway for the periodicals sector.

These are the things that are available. We can forward them to the committee if that's of interest to you.

[English]

The Chair: Thank you very much.

Mr. Kotto.

[Translation]

Mr. Maka Kotto (Saint-Lambert, BQ): Thank you, Mr. Chairman. Thank you for being here again, Ms. Fraser.

Since people are probably listening to us, in order to prevent citizens from tuning out, I'd like you to explain to us briefly, in terms as ordinary as possible, your mandate as Auditor General in the context of our portfolio. I'd like you to put your work into perspective within Telefilm and the NFB. Can you do that?

Ms. Sheila Fraser: Yes, I'll be pleased to explain our mandate briefly.

First, we are the auditors of the financial statements of the Government of Canada, but also a number of Crown corporations, including Telefilm. We do Telefilm's financial auditing every year. We also do what's called management audits. These are the two audits that we are discussing today. We select programs or horizontal issues in government, and we examine the management practices and systems to determine whether improvements can be made or whether programs are operating as they should.

We publish reports for parliamentarians, to provide them with objective information that they can use to make the government accountable for the use of public funds.

So our role is really to support parliamentarians in their accountability work.

• (1600)

Mr. Maka Kotto: That leads me to Telefilm. We noted that the November 2005 report on cultural industries detected some weaknesses in strategic management and governance and control mechanisms. In this last case, it was noted that Canadian Heritage, Telefilm Canada and the Canada Revenue Agency are not applying controls rigorously enough to guarantee compliance with requirements regarding Canadian content, project selection and expense eligibility. However, I'll limit my question to Telefilm.

Are you familiar with the Montreal festival saga, as it's called?

Ms. Sheila Fraser: No, unfortunately we haven't examined that issue.

Mr. Maka Kotto: In an interview she gave to *Le Devoir* on March 11 of this year, Louise Pelletier, who at the time sat on the

board of directors at Telefilm Canada, said that she had sent you a file on irregularities that had resulted in the creation of a new film festival that failed and, it was said, lost a lot of money. Were you informed of that?

Ms. Sheila Fraser: I would have to check the correspondence. That may be so. We receive thousands of letters every year, and I don't remember that one. I could enquire with the office and give the committee that information later.

Mr. Maka Kotto: The Minister of Canadian Heritage, Ms. Oda, directed Telefilm to prepare a report on the circumstances surrounding all those irregularities. In Quebec, the same thing occurred in the case of SODEC. Telefilm and SODEC worked together to develop this festival project. In Quebec, an exhaustive report, the Vaugeois report, was sent to Ms. Beauchamp. Have you heard about that?

Ms. Sheila Fraser: Unfortunately, I'm not aware of that. Perhaps the department is more aware than I am.

Mr. Maka Kotto: Fine. I invite you to read both reports. They may help to restore a certain amount of confidence. I won't impugn anyone's motives, but, based on the information we have, this may give us some idea of what happened. For our part, we'll try to determine all the ins and outs of this fiasco. For the moment, we're prevented from inviting Telefilm to come here because there may be cases in the courts. So I'll stop there.

I'll come back to Bill C-18. I believe you heard about it the last time you were here. Ginette Moreau was with you, and she said she was satisfied with Bill C-18 because it would make Telefilm operate in a modern manner. The problem is that that bill has prevented Telefilm's board from sitting since March 2005. Do you know why? Because two its members were in an apparent conflict of interest. That didn't prevent Telefilm from making decisions by circumventing the board of directors.

Do you think that's right? I'm simply asking you the question.

• (1605)

Ms. Sheila Fraser: In 2004, we raised certain problems. Telefilm's mandate was very limited at the time. Telefilm was carrying on activities in the audio, audio-visual and multimedia fields, and those activities were not part of its mandate at that time. So we pointed out to Parliament that that matter should be resolved, and Telefilm's mandate was expanded.

We raised another question, which I also raised in my opening remarks. The department has a lot of contracts with Telefilm, and Telefilm acts as an agent under its agreements with the department. We assume that was partly because of its limited mandate and that was one way of enabling Telefilm to do things.

However, since the mandate has been amended and expanded, we note that very rarely—this may be the only case—are the activities of a Crown corporation directed by contracts with the department rather than it being the Crown corporation that determines on its own how it will carry out its mandate.

Has that since been resolved? I don't know. I don't think so. However, that creates a governance problem and calls into question the Crown corporation's ability to determine on its own how it should carry out the mandate that has been given it by Parliament.

Mr. Maka Kotto: Do I still have time?

[English]

The Chair: No. You've taken a long time; you always have long questions.

Ms. Nash, please.

Ms. Peggy Nash (Parkdale—High Park, NDP): Thank you.

Welcome again to the Auditor General and to the other members who are making presentations today from the Department of Heritage.

My question is for the Auditor General. Are you familiar with the program for Canada Day funding? Is it something you specifically looked at in your review?

Ms. Sheila Fraser: I don't believe we have.... No, we haven't.

Ms. Peggy Nash: An article was drawn to my attention that came out a little while back in the *Ottawa Citizen* looking at the distribution of funding for Canada Day. It seemed to be quite disproportionate in terms of how some of the funding was spent, at least according to the newspaper article. Eighty percent of the money was in ridings of the governing party at the time—which would have been the previous government—even though they held only 43% of the ridings. I'm wondering whether that kind of thing is something you look at when you do your reports, whether it's something you review.

Ms. Sheila Fraser: We don't generally look at that kind of aspect. We will look to see whether the funding being given meets the conditions of the program and is in accordance with it, but we don't monitor or try to assess whether it's distributed according to certain ridings or not. You might ask the department, but I think in many departments that kind of analysis is not done either.

The department might have more information.

Mr. Jean-Pierre Blais: I don't want to be bureaucratic in the answer, but it's not my program, so I have absolutely no idea how it works out. I can bring it to the attention of my colleague, but I personally have no knowledge of it, so I wouldn't want to mislead by providing any answer I'm not an expert on.

Ms. Peggy Nash: All right.

Ms. Lyn Elliot Sherwood: It's not mine either, but we will bring it to the attention of colleagues.

Ms. Peggy Nash: Okay, thank you.

Maybe I'll ask a more general question, then. When you did your review with the heritage department, how did it compare with other departments you have audited? How did your findings compare? Did you find the results basically on a par with other reviews you've done, or did you find there were more problems here? How did it compare?

• (1610)

Ms. Sheila Fraser: It's hard to answer based on simply two audits, but I would say the issues we found here were probably not

atypical of other departments. I don't think we found any really serious management issues, which we sometimes see in other departments. The kinds of issues we saw here tended to be more the strategic issues.

In the case of the question of heritage properties—the “built archival”—I think the major question is that the protection regimes are at their capacity and are having difficulty. The government has to find new ways of doing things and has to probably prioritize. Are we able to maintain all of the historic sites we have? There's already a strain on the system, and there'll be more added every day.

I think there's a gap between the funding that's being allocated and the expectations. There are obviously two ways to fix it. One is to put more funding in, but the other one is to redefine expectations, or perhaps find new ways with partners outside the federal government to do some of this. So there has to be, I think, a more strategic look.

For the cultural industries, I'd say the main issue was, as we discussed, what we are trying to achieve with the \$800 million being spent, and the performance reporting and objectives of all of these programs, and the strategy overall. I'd say, then, it was more on the strategic issue.

There were some questions, obviously, with the verification of the conditions for Canadian content and how.... The framework was good; it was the rigorous application that wasn't always there.

Ms. Peggy Nash: Thank you.

Is that my time?

The Chair: You still have another minute or so.

Ms. Peggy Nash: Okay, I'll be quick.

Given Monsieur Blais' presentation, talking about results-based and trying to move quickly on this, are you satisfied with the follow-up action that's being taken, given that the report has been out less than a year?

Ms. Sheila Fraser: We certainly see that the department is taking it seriously, that they are addressing the recommendations we made. They agreed with us at the time and we do see that actions are under way. I guess we are cautiously optimistic. We like to wait to actually re-audit before we say if things are resolved or not.

Ms. Peggy Nash: Thank you.

The Chair: Thank you.

Mr. Fast.

Mr. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair.

Welcome, Auditor, to our meeting.

I enjoyed our time with you earlier this week, in which you gave us a bit of a primer on what your department does. Also, thanks to the rest of you for spending the time with us this afternoon.

First, I'd like to focus in on the archival heritage, your 2003 report and the protection of that heritage.

Am I correct in assuming that your audit only addressed those archives that are within the federal purview? In other words, you didn't deal with community archives across the country, did you?

Ms. Sheila Fraser: That's correct, only under the purview of the federal government.

Mr. Ed Fast: All right.

When I look at some of the main points in chapter 6 of your 2003 report, there is one concern raised, which is that archival heritage is at risk because federal departments have given little attention to information management in recent years.

I'm assuming that involves determining what our inventory of archival heritage is, also the protection of that heritage. Is it correct to assume that we still haven't completed a full inventory of what that archival heritage is?

Ms. Sheila Fraser: There was a new management of government information policy that came in at about the time of our audit, which was to address many of the questions of what documents should be conserved, for how long, the relationship with Archives Canada, but we found in this, I think, that certainly at that point this wasn't top of mind for departments. Archives Canada could probably tell you a lot of stories about very old historic documents that they've found in kind of unusual places in federal government departments.

There was also the capacity of Archives Canada to be able to deal with all of this. I can't remember offhand, but their delay in actually cataloguing information covered decades, in some cases. So there is a major challenge and a major backlog in dealing with this and in the recognition by government departments of the importance of this and how it all needed to be managed.

We haven't.... Obviously, we will have to go back—I believe we're going back next year or sometime in the future—to see how this meant new policies being implemented and whether it has helped to improve the situation.

•(1615)

Mr. Ed Fast: Are you suggesting that we still do not have a complete catalogue of what we have in our archives?

Ms. Sheila Fraser: While we haven't audited, I would be pretty sure that all of the documents have not been. There was a backlog, quite a significant backlog at the time.

Mr. Richard Gaudreau (Director, Office of the Auditor General of Canada): We have to be careful with the notion of inventory. Certainly Archives Canada has account of their inventory. The question, and what we said, is for the departments to put in place the processes to develop the material that will become archives. In that sense, there is no inventory. It's a matter that it takes resources, persons dedicated to do this work, and that was not the priority of departments at the time we did the audit.

Ms. Sheila Fraser: May I give you one example we noted in the report? We said that the backlogs included a number of ministers'

records from the last 35 years. So there are records of ministers from 35 years ago that have not been completely catalogued and put into the archives, and I would be very surprised if the backlog has been dealt with in the last three years.

Mr. Ed Fast: Do we have a game plan, at least, for that backlog?

Ms. Sheila Fraser: You'd have to ask Archives Canada.

[*Translation*]

Mr. Daniel Caron (Director General, Corporate Management Branch, Library and Archives Canada): Yes, we have a plan. In view of what Ms. Fraser mentioned regarding the Treasury Board policy on information management, we have reviewed all our procedures and are updating all our instruments and tools in order to help the departments work with us, as Mr. Gaudreau mentioned, since this is a joint responsibility. In particular, there will be round tables with the deputy ministers during the summer in order to examine the issue of the abilities of the departments and to work together more to address this situation.

With regard to ministers' archives, which we call private archives, we're developing a plan to address this delay.

[*English*]

But it's a backlog, so it's a question of resources. So we're going to have a plan so we know how much we can do, and when, over a certain period of time.

Mr. Ed Fast: We don't yet have a timeframe, though, as to how long.

Mr. Daniel Caron: We don't have it yet, no.

Mr. Ed Fast: The second question has to do with the actual storage. I understand that at present, we don't have enough storage. But there was some discussion about the Zellers building being made available or being acquired. I'm assuming that Treasury Board has already authorized those plans.

Mr. Daniel Caron: Yes. In fact, the building was bought by Public Works two years ago. What we've been able to do is maximize its utilization by going to Treasury Board. We're going to have what we call two tiers, which is two levels of shelves, because it's a high building. So we're going to be able to store more documents, which will move from areas you've seen to a more friendly environment.

Mr. Ed Fast: I understand that it's only a temporary solution.

Mr. Daniel Caron: The condition of that building will allow us to go for at least 15 to 20 years. That's what we mean by interim. This will give us the time to work on our long-term infrastructure strategy, which we are currently working on, and to finalize it and go through the various steps to present it.

Mr. Ed Fast: Thank you.

The Chair: Thank you very much.

We'll go to Mr. Scarpaleggia. I'll get this right yet.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Thank you, Mr. Schellenberger.

Thank you for being here, Ms. Fraser.

What is a risk-based audit?

Ms. Sheila Fraser: This is how we determine which areas we're going to look at. We do a risk-based plan. So we will go through, actually, a pretty extensive exercise to determine the major risks to a department in achieving its objectives, in close consultation, obviously, with the department, but also with outside stakeholders. Then we will look to see which of those risks can be subject to audit. Some could be issues of policy, which of course we don't get into. Then we do our plan for three to five years.

•(1620)

Mr. Francis Scarpaleggia: Have you, at any time in the process of doing these two reports, looked at the issue of the portrait museum?

Ms. Sheila Fraser: No, we haven't looked at that.

Mr. Francis Scarpaleggia: May I direct a question to Ms. Sherwood?

I read headlines from time to time about the portrait museum, which is to be housed, actually, in an extraordinary piece of built heritage. What is the status of that? I seem to have read somewhere that the new government is calling the project into question. Maybe you could just brief us on what is happening.

Ms. Lyn Elliot Sherwood: What is being looked at, at this point, are details of the proposal to make sure that as the plan goes forward, it's taken forward in the most effective and cost-efficient way possible.

Mr. Francis Scarpaleggia: So it will come to fruition.

Ms. Lyn Elliot Sherwood: That's my understanding, sir.

Mr. Francis Scarpaleggia: There's another issue that perhaps you could comment on.

I recently met some individuals who are creating an extraordinary database of Canadiana factoids, if you will, and historical dates having to do with the achievements of various Canadians in the area of sport, for example. This is relevant, I guess, because Canada is about to celebrate its 100th year of participating in the Olympic Games. They said that there was nowhere in the government a collection of information or a book that describes Canada's achievements in Olympic sports since the beginning of our participation.

I would think, as a consumer, as a Canadian, as a citizen, that I should be able to go to the Canadian Heritage website and just click and get detailed information on things like that.

Is this the kind of thing that captures the imagination of officials like you, and then possibly the minister? It seems to me that it's a shame that I would have to buy a book privately, put together by people who have a passion for history and heritage, to get information that a billion-dollar department should be able to package for me.

Ms. Lyn Elliot Sherwood: I think this question may actually touch both Mr. Blais and me.

The department has a number of programs to support the development of online content through the culture online program under Monsieur Blais. A part of that is the Virtual Museum of Canada. Library and Archives Canada also has a very significant website.

The department itself wouldn't normally develop content. It would be a proposal from an external group that is illegible for one of the programs to actually put that kind of content together.

Mr. Francis Scarpaleggia: Thank you.

The Chair: Mr. Malo.

[Translation]

Mr. Luc Malo (Verchères—Les Patriotes, BQ): Thank you, Mr. Chairman. Good afternoon and welcome.

I don't know whether you can answer my question. Are any audits underway on culture and heritage?

Ms. Sheila Fraser: Yes. We're conducting a follow-up on built heritage. We'll report in about a year, in February 2007.

We're also the auditors of the museums. That's another aspect of the portfolio. We conduct special examinations, that is to say an audit of the overall management of each of the museums. The reports are submitted to the boards of directors, but they are made public.

Mr. Luc Malo: So, for the moment, there's no specific study plan or specific study request?

Ms. Sheila Fraser: There's the follow-up on built heritage.

Mr. Luc Malo: As you know, Bill C-2, the Accountability Act, has been examined in committee and will soon be debated in the House. Clause 262 of the bill provides that, every five years, the departments will have to assess the relevance and effectiveness of the grants and contributions programs in effect. So it creates a statutory obligation.

Do you think Bill C-2 will have any particular impact on the administration of the programs of the Department of Canadian Heritage?

•(1625)

Ms. Sheila Fraser: The department's officials would perhaps be better able to answer that question than I am. We definitely believe that program evaluation is an important part of their management.

We haven't audited all the evaluation services in government, although we were considering doing one in a few years. I believe we already have an obligation to conduct evaluations of certain programs, but it would be up to the department to say whether doing them every five years will greatly change current practices.

Mr. Jean-Pierre Blais: In the normal cycle of the program in a department, there are always evaluations, and they're conducted on average every five years or so. I'm not an expert on Bill C-2, and I'm not speaking out on the subject, but it changes nothing in current practice. It may be every three years or more, based on the conditions of Treasury Board's approval.

Mr. Luc Malo: In the recommendations and potential solutions you offer with regard to the accountability of the department and Telefilm Canada, you recommended that Canadian Heritage prepare to modernize the Telefilm Canada Act.

Can you provide us with more details on that subject?

Mr. Jean-François Bernier: Definitely.

Earlier we talked about Bill C-18, which was passed in the last Parliament. That bill was in response, in particular, to one remark by the Auditor General. Its purpose was to update Telefilm Canada's mandate.

We're currently working to modernize the crown corporation. We will be developing proposals for the minister concerning the governance structure of the Crown corporation, its financial powers and its powers in general, all that in the context of the act.

So we're working on this file, and it will be submitted at the appropriate time, if the government wishes.

Mr. Luc Malo: So there's no specific schedule.

Do you think that the committee can make some contribution to that modernization proposal?

Mr. Jean-François Bernier: I believe committee members have already made proposals, in particular in the two reports they tabled a week or two ago. They contain proposals on Telefilm's governance in particular.

Committee members also made certain comments during the study of Bill C-18.

So we're going to integrate all that in order to make proposals that the government sees fit or does not see fit to—

Mr. Luc Malo: So there's no specific timetable?

Mr. Jean-François Bernier: No, there's no specific timetable.

Mr. Jean-Pierre Blais: I'd like to add that one of the challenges in the development of a bill of this kind is that the experts are monopolized by Bill C-2. It entails exactly the same issues. Consequently, the same people, the same legal experts are working on this bill, which is somewhat delaying our work.

[English]

The Chair: Mr. Warkentin, go ahead, please.

Mr. Chris Warkentin (Peace River, CPC): Thank you, Mr. Chairman.

Thank you, Ms. Fraser, for coming and speaking to our committee. It seems like we've seen each other a fair bit in the last little while.

I'm not going to disappoint you. I'm going to lead out my questioning with the same thing I usually lead it out with, and that's with the buildings that the government owns. You have pointed out that two-thirds of the structures that you looked at were basically in a condition that was not acceptable or was not at a level that we'd like to see. Has there been any assessment as to what type of dollar figure would be required to bring the real estate that you talked about to a level we would like to see it at?

Ms. Sheila Fraser: To my knowledge, there hasn't been. We did not include that in our report. I should point out that the assessment as to the condition was made by the department, and you're right: two-thirds were judged poor to fair. Obviously, depending on the condition, different actions would need to be undertaken. Some

would be to restore; others could be to simply try to preserve it as it is.

So we're not aware. I don't know—the department might have done some more work on that—but I believe at the time of our audit there wasn't an overall costing of how that would be done.

● (1630)

Mr. Chris Warkentin: So for the most part, we're talking about age being the biggest issue with these buildings, or is the actual issue that the elements have affected these buildings?

Ms. Sheila Fraser: Yes, there were issues. For example, Fort Henry was one of the ones at the time. I know that since then there have been funds put in to do work there. There were other places we mentioned, but these are mainly the historic sites. So it's the wear and tear and the age of these that are creating many of the problems.

Mr. Chris Warkentin: So this deficit is not documented anywhere in terms of what this might in the future cost?

Ms. Sheila Fraser: You would have to ask the department.

Mr. Chris Warkentin: Thank you.

Ms. Lyn Elliot Sherwood: If memory serves me right, the figures at the time did deal with the national historic sites under the control of Parks Canada, and were based on the assessment that Parks Canada had done at the time. I believe that is part of the review update.

The more current information I think the committee would need to hear from Parks Canada officials.

Mr. Chris Warkentin: Thank you very much.

Ms. Fraser, you noted in your opening statement that the department exercised considerable influence over the governance of Telefilm Canada. I'm just wondering if you can elaborate on that a little bit and explain some of the issues you found there.

Ms. Sheila Fraser: The issue we raised is that many of the activities that Telefilm Canada carries out are under contract or through agreements with the department. This is a very unusual situation for a crown corporation. Usually, the crown corporation and its board of directors will receive guidance from the minister on the objectives. But the crown corporation will usually establish its own objectives in how it wants to carry out its public policy roles.

But in this case, they're really a contracting agent almost—I guess in the simplest terms—for the department, so they have little leeway in actually determining how they will fulfil the role and the mandate that Parliament has given to them.

Mr. Chris Warkentin: So the minister may actually give direction as to where the investments should be made? Do I hear you—

Ms. Sheila Fraser: You might want to ask the department, but my understanding is that given the recent changes, it is actually the Canadian Television Fund that will now make the decisions, and it is Telefilm Canada that kind of carries out the operations. But Telefilm Canada does not make the strategic or policy decisions. My understanding is that they're really an executing agent for the Canadian Television Fund. We haven't really looked at that. The department might give you more information on that.

Mr. Jean-Pierre Blais: In the Lincoln report, this committee proposed and the government implemented a simplified structure where the broad public policy direction with respect to Canadian production financing was coming from the minister, who would ask the CTF to set the sort of level two public policy issues. Then there's a service agreement with Telefilm Canada, between the CTF and Telefilm Canada, because Telefilm has regional offices across the country and is an efficient delivery partner in that context. This is the structure that was put in place.

In terms of contracts, one of the other contribution agreements between the department and Telefilm, Bill C-18 actually made an amendment to the Telefilm Canada Act that allows the department to enter into such agreements with Telefilm.

Mr. Chris Warkentin: Are you anxious about the time left?

The Chair: We have time. We'll go for another round here, anyway. You can have one quick one.

Mr. Chris Warkentin: Okay, thanks. I only wanted to ask a little bit with regard to the Canadian Revenue Agency, Canadian Heritage, and Telefilm Canada not applying the controls rigorously enough. I'm wondering if you could give me a little bit more information about that.

Ms. Sheila Fraser: This is largely related to tax credits for productions. You must have Canadian content and Canadian content is awarded on the basis of points, so if the people who work in the production are Canadians, you get certain points depending upon their.... So one of the issues was whether they were actually verifying if these people were truly Canadian. There was a question of exchange of information as well between—I'm just trying to think of the name of the organization that does the certification—CAVCO and Revenue Canada, so there would be better exchange of information between the different organizations. They had a very good framework. It simply needed to have a little more rigour in its application.

• (1635)

Mr. Chris Warkentin: So there was a possibility that there were federal dollars going into programs that weren't necessarily qualified—may not have been qualified.

Ms. Sheila Fraser: There was a risk that there could be credits given yet the people shouldn't have received them. So we were saying they needed to tighten that up.

The Chair: Thank you.

Mr. Bélanger.

Hon. Mauril Bélanger: Thank you, Mr. Chairman.

Ms. Fraser, I want to ask one more general question, if you will, and then get specific.

On the matter of looking into the department, you made some recommendations on some of its programs but not others. Are those the things you wish to be discussing with us later on, at the start of 2007, or have you covered the whole gamut of all the programs in the department?

Ms. Sheila Fraser: We have looked at other programs in the department. We recently did a follow-up on grants and contributions across government, which included a program in Heritage Canada.

We found that it was being managed well. We could easily come back with other issues. I think what we would like to engage the committee in is more going forward and what are the kinds of issues that you as parliamentarians would be interested in us looking at, and that we discuss future planning with you as well.

Hon. Mauril Bélanger: I'll leave a question as well—I'm not looking for an answer today, but it's a question I've had the habit of asking your deputy. Is there anything else we should be aware of? That is the open-ended question, and I'll leave it to you. Perhaps you can respond to it some other time.

I want to explore one other thing. You have looked at museums, for instance, or will be looking at them. In so doing, in order to assess whether or not they've met their objectives, one presumes that you'll be looking at their business plans. Is that correct?

Ms. Sheila Fraser: Yes. For the museums, we do an annual financial audit. And as is the case with now all crown corporations, once every five years they have to undergo what is called a special examination. We actually have to give an opinion as to whether there are any significant deficiencies in their management.

Hon. Mauril Bélanger: The reason I'm bringing this up is that I take it that parliamentarians are not shown, and won't be shown, the full business plans of these corporations. Are you aware of that?

Ms. Sheila Fraser: My understanding is that you receive a summary of the plans.

Hon. Mauril Bélanger: That's correct, a summary. But if we ask for the full plan, we can't get it. Is that something you're aware of?

Ms. Sheila Fraser: No, I wasn't aware of that.

Hon. Mauril Bélanger: Okay. The question I want to put—and I understand I'm not putting it to the right person here, and I apologize for putting you a bit on the spot—I'm wondering how, as parliamentarians, we can be asked to assess how certain institutions are doing, via your assessment of it, without us having the same information that you have access to.

Ms. Sheila Fraser: On that question, I would answer by saying we actually have access to a lot more information than parliamentarians do.

Hon. Mauril Bélanger: Do you think that's appropriate?

Ms. Sheila Fraser: When we conduct our audits, for example, we have access to all the classified secret information. This is a question we've been raising, that parliamentarians really need to have a vehicle whereby you can have access to that information. If we do reports that are unclassified, we should be able to tell you the results, because right now we can't.

Hon. Mauril Bélanger: As far as I know, these business plans are not classified.

Ms. Sheila Fraser: My colleague is saying he thought perhaps it was because they were considered as cabinet confidences. That might be why. I must admit I don't have the answer.

Hon. Mauril Bélanger: Okay, but do you have access to cabinet confidences—to all of them?

Ms. Sheila Fraser: We would have access to the business plans.

Hon. Mauril Bélanger: I know, the business plans....

Ms. Sheila Fraser: For cabinet confidences we have access to analysis; we don't have access to the actual recommendation. There are certain things that are excluded, but we have access to most.

Hon. Mauril Bélanger: If there were to be a problem with the implementation of a business plan, you'd then have to report to Parliament in a rather tortuous way so as not to divulge this information, but only what was divulged in the summary; is that correct?

• (1640)

Ms. Sheila Fraser: Not necessarily.

Hon. Mauril Bélanger: Not necessarily. All right. Can you elaborate on that?

Ms. Sheila Fraser: Where it would come up especially is in the five-year special examination. That report is given to the board but is also made public now; it would be available for parliamentarians. That would be one area. If there were an impact on the financial result or an area of real significance, we would also mention it in our opinion on the financial statements as another matter to be considered. And when we mention another matter, we generally include it in a report to Parliament.

Hon. Mauril Bélanger: Thank you.

Ms. Sheila Fraser: Do you want to add anything, Mr. Flageole?

Mr. Richard Flageole (Assistant Auditor General, Office of the Auditor General of Canada): The regime is described in the Financial Administration Act. The Financial Administration Act requires that only the summary plan be tabled in Parliament.

There are probably a number of reasons. I'm thinking, for example about some of the commercial crowns, such as Export Development Canada. The detailed plan will probably include some commercially sensitive information.

Hon. Mauril Bélanger: I perfectly understand that and accept it. I'm talking about cases where they're not necessarily in a competitive environment—the National Gallery, for instance. Perhaps they're competitors in a very large sense of the word, but in essence they're not competing directly with any similar institutions. That's why I was wondering why such business plans would not be made available to the public at some point. They are public institutions.

I understand the confidentiality requirement for the competitive aspect, and perhaps they have it in terms of their boutiques and the business end of it. But in terms of the overall plan, one would think perhaps there should be more transparency than currently. But that's a *voeu pieux*, as we say.

Ms. Sheila Fraser: One thing this makes me think is that we could perhaps in our special examinations look to ensure that the summaries adequately reflect more details—

Hon. Mauril Bélanger: Ah, now we're getting somewhere. That would be very useful, Madam.

Ms. Sheila Fraser: —and that all the important information is brought forward into the summary.

Hon. Mauril Bélanger: With that undertaking, I'm very happy. Thank you.

The Chair: We come, then, to Mr. Fast.

Mr. Ed Fast: Thank you, Mr. Chair.

Earlier there was a question raised, I believe by Mr. Malo, regarding the Canadian Television Fund and also Telefilm Canada. My question is this. Have you conducted an audit of every corporation and agency that falls under the umbrella of the Department of Heritage?

Ms. Sheila Fraser: No. We are now auditors or co-auditors of all crown corporations. We have been doing a financial audit of Telefilm for a number of years. Telefilm wasn't previously subject and will now be subject to a special examination once every five years as well, so we will be conducting that audit. But there could be agencies within the department that don't have the status of a crown corporation and don't have annual audits for which we would do one on some sort of cyclical basis.

Mr. Ed Fast: Are the reports we have before us comprehensive for the Department of Canadian Heritage?

Ms. Sheila Fraser: No; they would simply be one aspect of the department.

Mr. Ed Fast: They would be one aspect of it. All right.

I'll follow up on the previous question I asked in my first round. We're now talking about an interim facility for, say, a 15-year-period for the storage of our archived heritage. There's also some suggestion that a long-term plan is being developed. Could I ask the officials who are here and who would have some knowledge about it what that plan entails, if in fact it has already been crafted? If not, do we have a timeline when that plan will be available?

Mr. Daniel Caron: I think the plan should probably be available next spring. We are looking very carefully at all the needs. You are probably aware that we have in our act legal deposit—acquisition of two copies of every Canadian publication—so we need to look at future needs. We're looking at the needs of departments and what it will entail for us in terms of ingesting those documents. We're also working with the Department of Canadian Heritage to see if there are needs we can deal with together, so we are currently working on the plan and analyzing those needs; we should probably have something in the spring.

Mr. Ed Fast: I think you would agree with me that before we ever acquire additional documents and archival material, we should have in place a system for protecting what we already have. In that sense, some of the archived material that we have is presumably of less historical value. Does your department have an approach for dealing with that—clearing out some of the deadwood and beefing it up with some significant historical archival material?

• (1645)

Mr. Daniel Caron: Yes; we have two things.

First, we are developing an integrated acquisition strategy for new material, but we have also put in place a decision tree to decide on what documents have the greatest historical archival value. In this way we can discriminate and prioritize the highest quality that we need to keep in storage. We use that decision tree to decide what we're going to keep where, based on what we currently have in terms of space.

Mr. Ed Fast: Could I cede some of my time to Mr. Abbott, if I have any?

The Chair: Yes, sir, he can have the next round. Your time is pretty well used up anyway.

Mr. Scarpaleggia is next.

Mr. Francis Scarpaleggia: There's a program that helps Canadian magazines with their postal distribution costs. The exact name of the program escapes me at the moment.

A voice: PAP.

Mr. Francis Scarpaleggia: It's PAP. Did you look at that program?

Ms. Sheila Fraser: No, we did not look at that program.

Mr. Francis Scarpaleggia: May I suggest that at some point it be looked at? I believe it's a very effective one and maybe could use a little positive publicity.

The Chair: I kind of rushed there. I wanted to get your name right this time, Ms. Nash. I apologize, Ms. Nash, for omitting you on your question.

[*Translation*]

Ms. Peggy Nash: That's fine; I'm not in a hurry.

[*English*]

Thank you.

I have a question about the official languages education program, which has been in place now for decades. It's quite a big expenditure for the department. Have you considered conducting a review of the effectiveness of the program and doing an overall audit of the management of the official languages education program?

Ms. Sheila Fraser: We're just checking.

I believe that support for official language communities was in the most recent grants and contributions audit we looked at, and we found that it was generally well managed.

I would like it to be clear that we don't actually do effectiveness studies. That would be the department's responsibility; we would look to see if the department had carried that out. We look at the management of the program to see whether it's being managed according to established criteria and expectations for good management.

Ms. Peggy Nash: Thank you.

Let me just ask one other question. You said that your recent report didn't audit the four national museums. Is this something you intend to do an audit on?

Ms. Sheila Fraser: We audit the museums under a different regime from the performance audits. We do, as I mentioned, the annual financial audits, and then we carry out special examinations. If there were to be issues that came up in the special examinations that were common to all the museums we might include them in a performance audit like this. But we will generally look at other programs given the amount of work that we are already doing in the museums.

• (1650)

The Chair: Thank you.

We'll come over to Mr. Abbott.

Mr. Jim Abbott (Kootenay—Columbia, CPC): Thank you.

I'm trying to get some absolute clarity, because I'm a little fuzzy on one of the answers you gave us. The answer related to the relationship of the ministry to Telefilm. You said that Telefilm was an agent of, something like that.

Ms. Sheila Fraser: Previously there were a lot, and I presume there still are a significant number, of contribution agreements between the department and Telefilm. So Telefilm wasn't able to determine the policy issues, was just carrying out the program for the department, if you will. It would be a bit like a subcontractor.

Mr. Jim Abbott: This is absolutely key. And I know my friends on the other side are listening very closely, because this is defining the relationship of the minister and the ministry, who my understanding is are responsible for establishing the direction and conveying that information to Telefilm, or CTF, or whatever the organization is, conveying a direction they want to go, but that the actual individual funding of a given project that comes under the control of Telefilm or CTF, however it works, is a decision exclusively of Telefilm or CTF.

Because your answer, maybe because I don't understand some of the terminology, wasn't really clear, I would like to get either your verification that what I just stated is correct, or in fact that it's not, because it makes a difference to the dialogue that we will be having between the government and opposition.

Ms. Sheila Fraser: Let me just perhaps clarify.

The program is established by the department, and they'll say they will give funding for whatever, and these are the conditions. Telefilm actually decides who the individual contributions are made with, but Telefilm does not decide the policy issues around the program. This is very unusual for a crown corporation. A crown corporation will generally get a general directive from the minister, and then the board and the management of the crown corporation will decide how they carry out the mandate that has been given to that crown corporation by Parliament. In this case they are really administering a program on behalf of the department, which is very rare in crown corporations.

We're not saying that this is inappropriate. As was mentioned earlier, the law was changed and that can be done. It's just that it reduces the amount of control the crown corporation itself has over carrying out its own mandate and how it defines that mandate. That's why we raise the issue.

Mr. Jim Abbott: I'm trying to get a clear definition here so that we can have our own argument. We just need the definition for the argument. I'm trying to get it absolutely crystal clear in my mind.

Let's make up something here. Let's presume that there are five production companies. Is there any way the minister or the department could advise Telefilm to choose A over B, or B over C? Or is the decision between those five companies, A through E, a decision that is made exclusive of the minister and the ministry?

Ms. Sheila Fraser: It is my understanding that the criteria would be established by the department, but the actual choice of who receives the funding is made by Telefilm.

Mr. Jim Abbott: Thank you.

The Chair: Have you finished, Mr. Abbott?

Mr. Jim Abbott: Yes, thank you very much.

The Chair: Okay, we can go another round or part of a round here.

Mr. Bélanger, and then Mr. Kotto.

Hon. Mauril Bélanger: We didn't have an argument, but I caution Mr. Abbott to be careful in what he's trying to get from Madam Fraser, because even though one would totally agree that in the case he was mentioning, Telefilm would be the one making the decision—absolutely—they would be making those decisions, though, in view of the criteria set by the ministry and the minister.

So I'm just cautioning Mr. Abbott to be careful in his line of questioning.

The Chair: Ms. Fraser.

Ms. Sheila Fraser: Mr. Chair, may I just add a point? If you are getting into this discussion about the role that Telefilm plays, I think as was mentioned earlier you should be aware as well of the new relationship with the Canadian Television Fund, which is largely producers and others from the industry who are now establishing that kind of policy, and then Telefilm will carry that out according to the policy and the criteria that have been established by the Canadian Television Fund.

So in that case, Telefilm itself has little ability to say how they will carry out their mandate, which again, for a crown corporation, is very unusual.

• (1655)

The Chair: Thank you.

Mr. Kotto.

[*Translation*]

Mr. Maka Kotto: I don't know who will take the question.

I intend to talk, since the subject is inspiring, about the discrepancies between the resources that are allocated and the expectations and objectives that are to be achieved. I'm thinking of Telefilm Canada, in particular, which has a mandate to enable the industry to increase market share. However, as in the case of the Canada Feature Film Fund, which has been levelled off at \$100 million since 2001, we're going to be dealing with declining production support in the short term. In Quebec in particular, according to some projections, 11 films were produced between 2004 and 2006, compared to 20 in 2003 and 2004. On the one hand, Telefilm is being asked to conquer the market for numerous reasons, including economic reasons, but I think the most important reasons are mainly cultural and identity reasons. Nature abhors a vacuum. If this room is left to the Americans, our cultural sovereignty will be in play.

My question is whether you can make, or whether you're making, any comments to your boss on this question. I could eventually go further and talk about the Canada Council for the Arts, which has

received a \$50 million increase. It receives a number of requests. They answer that the projects are good, but unfortunately there's not enough money to provide assistance. These questions are asked for these two files. What are your comments?

Mr. Jean-Pierre Blais: Some will say there's never enough money to meet all needs.

With regard to feature films, as you know, we're preparing our response to the committee's report. In our analysis, we have noted that the committee itself has asked us to consider the program in the context of existing resources. I believe you've expressed a dissenting view, but not on that point, I believe. Consequently, there are weaknesses in the program, as you know, but adjustments must be made based on the existing envelope, if we want to achieve these two objectives.

Mr. Maka Kotto: That's fine.

We're not going to elaborate on the subject. The existing resources could also come from surpluses. That's a political decision.

Mr. Jean-Pierre Blais: Indeed, it's also a matter of political decisions. I'm merely noting that the committee asked us for a response that assumed a stable fiscal framework.

Mr. Maka Kotto: That's good. Thank you.

[*English*]

The Chair: Thank you.

Seeing that we have a little more time, I'm going to be very lenient. If someone else has a question before I have the final question, I would take that question.

That having been said, I have a small question.

I understand the fragility of some of our archives. I was part of the committee that put the archives and library together. I didn't have the opportunity to see the deplorable conditions in which some of our archives and museum stuff are kept, but I'm glad to see there's been at least some progress.

At the same time, when we talk about how much it costs to keep our museums going and the amount of money that is spent, I know how little money is spent on some of our smaller museums across the country, some 2,500 museums that work with budgets of somewhere around \$9 million.

I think there are a lot of partnerships out there, and maybe there can be some partnerships for some of our national gems. We have these national gems here in Ottawa. I realize how much it costs to keep things up. At the same time, I'd suggest that our heritage and our museums across the country relay a lot of interest. I hope that somewhere along the line we can get some of this in order.

I appreciate that if our programs run correctly, and we can get our national gems into the shape they should be in, I hope there is then money for some of the small museums that we have across this country.

That's more of a commentary than a question.

Thank you very much to our witnesses for coming today. I appreciate it very much.

I'm going to ask the committee to take a five-minute recess. We then have other business to do.

• (1701)

(Pause)

• (1706)

The Chair: Maybe we can get this over with fairly quickly.

There are two or three things I'd like to bring up. One is about our meeting for next week. We could not get CBC/Radio-Canada to appear next Tuesday. The whole board of directors is meeting in Yellowknife on June 20, so it isn't here.

Mr. Chris Warkentin: Can we cancel?

The Chair: Yes, we could.

Also, Minister Oda is not available on that date either.

What Jacques and I have talked about here is that we could hold a meeting to discuss future business of the committee and its plan for the fall. That's one thing that I asked last meeting, to pick out one of the priorities so our staff can work over the summer to get us some stuff. I'd suggest we do that next Tuesday at that particular time.

There are two other things I'd like to do here today. One is that Mr. Bélanger approached me earlier and had something to say to the committee, and I've taken that to heart. The other thing is that I think Mr. Warkentin's motion was circulated to everyone, and maybe we can deal with that here at this time.

Mr. Bélanger.

Hon. Mauril Bélanger: Thank you, Mr. Chairman

I wanted to revisit a matter that this committee has already dealt with, concerning our request for a response from the government on the re-tabling of the Lincoln report. At the time, I did hear comments from the parliamentary secretary as to whether that was advisable or not. I understand his comments perhaps a little better now, but I suspect he had information at that time that we didn't have, or certainly I didn't have, the fact that over the weekend two initiatives have been launched vis-à-vis the television industry in Canada: one by the minister on Sunday in Banff, asking for the CRTC to look into the impact of technology and to report back by mid-December, and the other one by the CRTC itself in terms of the entire industry, much along the lines of what the CRTC is currently doing in regard to radio.

Given that these two initiatives have now been launched, subsequent to our request for a government response, I'd just say that I was not insensitive to Mr. Abbott's comments when we were dealing with this matter. I'm quite prepared to put forward a notice of motion to be dealt with next Tuesday if necessary, but I'm wondering whether it would not be advisable for this committee at this time to suspend the request for a response from the government and wait until these two initiatives have been completed.

The Chair: A response?

Mr. Jim Abbott: By unanimous consent, I don't think we need to wait until Tuesday.

Hon. Mauril Bélanger: I haven't had a chance to talk to all my colleagues here, but I wanted to initiate this today, knowing that next week might be our last meeting. So if you require it for notice, I'm

quite prepared to write it and make sure it's tabled before the evening is out.

The Chair: Is that acceptable to everyone?

Mr. Ed Fast: Do we require notice?

Mr. Jim Abbott: By unanimous consent, we can do anything.

The Chair: Can we take unanimous consent? Is everyone in favour of withdrawing?

Mr. Kotto.

• (1710)

Mr. Maka Kotto: I'm in favour.

The Chair: Oh, you're for suspending it.

Hon. Mauril Bélanger: If we withdraw it, we can always reinitiate it.

The Chair: So you're withdrawing or suspending your request.

All in favour?

Some hon. members: Agreed.

Hon. Mauril Bélanger: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Bélanger.

Could we deal with Mr. Warkentin's motion? Do you want to deal with it today or at the beginning of the next meeting?

Mr. Jim Abbott: Do we have time right now?

The Chair: We have time today. Let's work on it right now.

It's a motion by Chris Warkentin. It reads:

WHEREAS museums small and large across Canada are the epicentre of institutional memory—

Mr. Jim Abbott: Let's dispense. We already all have copies.

The Chair: You made sure that I got to "epicentre", though, first.

Any comments on the motion?

Yes, Mr. Simms.

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.): Rather than dispense with this so quickly, I would like to read it in a slightly different way, as to how I see it. I hope my honourable colleagues representing this area will not be offended by this. "Whereas museums across Canada deserve adequate resources"—true—"whereas a significant amount of citizens visit rural, local, national...institutions every year; therefore, considering the number of museums", and so on.

Let me read it to you this way, starting with the "furtherfore". What I'm going to do is substitute the institution itself for its location: "furtherfore, that this committee undertakes visits to local museums such as" Ottawa, Ottawa Valley, Ottawa, Ottawa, Ottawa, Ottawa, Osgoode, Nepean, Stittsville, Ottawa, Ottawa, Ottawa, Ottawa, Ottawa.

The point is that certainly there are museums outside of the national capital region that would require a visit from us. Again I mean no offence to the people who administer the museums in this area, but I certainly would like to visit say the mining museum in Charlie's riding. I think the ruins in eastern Newfoundland are a good place. I think you get the idea.

That is my only comment.

Mr. Ed Fast: Don't forget the west coast

Mr. Scott Simms: Indeed, I would not forget the west coast by any stretch. I'm sure that Vancouver Island has many.

The Chair: Mr. Bélanger.

Hon. Mauril Bélanger: Mr. Chairman, I feel a bit awkward with this motion because I certainly would encourage its spirit. I had hoped that there might be a listing in Banff and perhaps we could go there, but I don't see it.

Some hon. members: Oh, oh!

Hon. Mauril Bélanger: But joking aside, Mr. Chairman, I extend an invitation to all my colleagues over the summer. I'm quite prepared to entertain you at home any time. I'll have a barbecue, and we can go together to visit any of these, because I've visited most of them already and would encourage all my colleagues to do so.

But I have to agree with Mr. Simms. If as a committee we are going to undertake a serious look at these things, it can't only be at locations in the nation's capital. It has to go beyond this.

At this stage, I think we should not adopt this motion, but put it aside. Part of our discussion on Tuesday, in terms of the work schedule we wish to consider for the fall, should perhaps address this issue. I can't support it as it is.

The Chair: Is there anyone else?

Mr. Warkentin.

Mr. Chris Warkentin: I hear the sentiments. Our hope was that we'd get some type of contrast between local and national museums to see how differently they're run. But I certainly take what's been said with no offence.

Certainly across the country museums are run completely differently from one end to the other. I would have no problem if we were to cross out the "furtherfore" in order to move this forward. Then if we wanted to move a motion at some later date, talking about different locations we could visit across the country, I would have no problem with that.

I'm most concerned that we have an opportunity to discuss museums and invite the Canadian Museums Association. I know that many of my colleagues have met with the folks from the association, who have some important issues they want to talk to us about sooner than later.

So if it would please our committee, I would certainly have no problem crossing out the more regional museums from this and talk more about the national museums. I would also like to have the opportunity to bring in the Canadian Museum Association.

• (1715)

The Chair: Mr. Kotto.

[*Translation*]

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

I would propose an enormous amendment to what I have before me. First, however, I'd like to recall that, in October 2005, the Canadian Museum Association was very enthusiastic about the sustained efforts made in this area by the former heritage minister Ms. Frulla. A museums policy was in the offing.

I believe studies are gathering dust on shelves. That leads me to keep only the last part of this motion. In other words, the committee should hear from the Canadian Museum Association, the Canadian Heritage officials who are concerned by this matter and any other interested party, at the committee's discretion.

It would be a waste of time to do tours that, in any case, wouldn't enable us, in so little time, to redo all the work previously done. We can rely on the experts, that is the technicians and officials who worked with Ms. Frulla on this file.

The compromise appears in the last line, if we add the words "the Canadian Heritage officials who are concerned by this file".

[*English*]

The Chair: Yes, Mr. Abbott.

Mr. Jim Abbott: I understand completely what Mr. Simms is saying. I think that my friend Chris was attempting to give the contrast between the very large museums and the small museums. I take the good humour that was intended in the way it was presented. Perhaps deleting that particular paragraph would be helpful.

I think you've heard me say this before. Having had the privilege of enjoying the capacity of parliamentary secretary to the minister, I've had the opportunity to visit the archives, or at least one of the buildings of the archives, the Museum of Civilization, and the Museum of Science and Technology. On my own time, I have visited the Aviation Museum. But as a parliamentarian, I think it would be of value to go there with a parliamentarian's eyes, with the help of the people who are responsible for that. I visited the Museum of Nature, which, as I think I related, is under construction. I think they are spending about \$85 million. I've been to the art gallery.

I guess what I'm saying is that my friend Mauril, being local of course, has the opportunity to visit these places and probably takes a lot of the visitors who would come to visit him and his wife, and I really respect that. But I suggest that if we're looking at it as committee members through committee eyes.... In other words, maybe what this motion might be lacking—and maybe we can get to it on Tuesday if we do a little sketching between now and Tuesday—is some ideas of how best this committee can become aware of the kinds of concerns the Auditor General is talking about and some of the challenges they face.

For example, if you go to the Museum of Science and Technology.... Here's a question for you. When you go to one of their five warehouses, there is a room that is as tall as this Railway Committee Room. And on the very top bunk are bicycles, scads and scads of bicycles all lying on top of each other. As you work your way down to the bottom, you come to the locomotives. Obviously, you wouldn't put the locomotives up there and the bicycles down below. Ask yourselves the question: Does it really make sense, in a museum of science and technology, to have that number of bicycles when if you were to do a display for science and technology about bicycles, you would fit it into something the size of a large lunch room?

Imagine dealing with a question like that—and there are about a thousand questions that can be asked like that—to become knowledgeable of some of the challenges with respect to the archiving.

So I'm simply saying we should be going to and taking a look at and becoming knowledgeable about museums. Then the second part, the Canadian Museums Association, getting more input from them—which is another dimension of museums—is something that I think this committee probably has some responsibility to take a look at. I can say that it's been very informative for me.

• (1720)

The Chair: Mr. Simms.

Mr. Scott Simms: I fully appreciate the context of what you're saying. If I may add a suggestion, the context in which you explain is a context I've never seen. So obviously I'd have a greater appreciation for that. But the way it's worded makes it seem like this an in-depth study of what is rural and what is regional and what the difficulties are with many of the smaller museums. If you wish, for the sake of time—and I am very interested in hearing the Canadian Museums Association about this, but at the same time I understand what you're saying about context—choose one of the national museums to go to, to illustrate a point. Choose one of the smaller ones—say the Osgoode Township Historical Society and Museum—have a round-table discussion there with people in the industry across this country, if that's the context you are looking for.

Mr. Jim Abbott: That's a valuable suggestion, with the exception that the challenges that are faced by the Museum of Science and Technology are so significantly different from the challenges that are faced by the Museum of Nature, the art gallery, or the archives. So it's not possible. Each one of them has challenges of varying sizes; each one of them has challenges, and some of them have absolutely catastrophic challenges.

Mr. Scott Simms: I see your point very clearly. On the national museum front, it's a very valid point. On the rural aspect or the regional aspect, however, I don't see the point of going to all of them, despite their special little nuances.

That would certainly be my suggestion, for the sake of time.

The Chair: Mr. Kotto.

[*Translation*]

Mr. Maka Kotto: Mr. Chairman, and Ms. Simms, you were sitting here last year when we were working hard on the Canadian film policy.

We haven't had the opportunity to work on film sets. We met people who work in the industry and who came to tell us about that industry and about their problems. At the same time, we had figures provided by our analysts and other objective data, and I think we can work the same way with the museums.

However, I would recall that we're not breaking new ground. We have the work that has been done. Time and energy have been invested. But that work is gathering dust on shelves. We can recover it.

That's why I would limit myself to meeting with people from the industry, with Canadian Heritage officials, in order possibly to go further, since the last election prevented us from adopting a policy.

[*English*]

The Chair: Mr. Bélanger.

Hon. Mauril Bélanger: I have comments on a couple of things that have been said.

First of all, I don't think we need to go as a committee to these institutions. I think that any member of this committee who wishes to visit any of the national institutions would be welcomed with open arms by the staff there. They would give you the royal tour and you'd have a good perspective. I invite members to do so. There are even times during the week when it's free of charge. We can find that out for members.

But in doing that, we should be very careful in substituting ourselves for the boards that each of these institutions have in terms of setting priorities and asking for government support as required. There is a relationship we have to be respectful of.

In the fall or perhaps even next week, if we have an open meeting, I have no difficulty with having the Canadian Museums Association come before us, because there are thousands of museums in this country.

Monsieur Kotto is absolutely right, sir. A lot of work had been done in the past government to the point of moving forward on a financial recommendation for greater support.

The Canadian Museums Association has invited all of us, individually, I suspect, to meet. I've met them and I know others have. They've got a great presentation, which basically states there's full agreement on where we as a country want to go on that.

If the government of the day wishes to pick up that work and move on with it, it's ready. I'm sure the Canadian Museums Association would be delighted to come and tell us that. Let's start there instead, hear from them, and then take whatever other steps may be required.

In the meantime, I'm serious about this. If any of my colleagues on the committee want to come around for a couple of days or even one day this summer, we can organize a visit. I'd be delighted to host it, along with

• (1725)

[*Translation*]

the people who work in each museum.

[English]

The Chair: Thank you.

Taking into account all of the things that have been said here today, why don't we take this motion and sleep on it until next Tuesday?

We can come back on Tuesday morning and, if anyone would like to revise anything that's here, we'll vote on it first thing. At the same time, if you would care to, we can bring the Canadian Museums Association here.

We've had a hard time getting other witnesses to come.

Hon. Mauril Bélanger: We've had a hard time getting ministers.

The Chair: We've had a hard time getting the CBC here too.

Let's see if we can't get the Canadian Museums Association here. If they can come forward, then we'll try to set out our plan for the fall. Let's hope that we have some museum business on that.

Mr. Ed Fast: Mr. Chair.

The Chair: Yes.

Mr. Ed Fast: Before you move on, if they decide to come, whether it's this Tuesday or the following Thursday, could we also have a summary of the work that has been done by Ms. Frulla?

Hon. Mauril Bélanger: We could have officials here at the same time.

Mr. Ed Fast: That would be very helpful. But I'd like to have some of that information ahead of time. Today was somewhat difficult. We had a lot of paperwork put on our desks without a chance to review it ahead of time.

The Chair: Okay.

Without further ado, let's think about what we're going to do, not only next Tuesday, but next fall. Make sure you get your priorities in shape. What we'll try to do is get the Canadian Museums Association here. If we can get some ministry people along with them, that would be good. We'll work from there.

The meeting is adjourned.

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